NYSERDA 2022 OFFSHORE WIND SOLICITATION ORECRFP22-1

Chapter 7 Appendices - Part 1

Public version

Community Offshore Wind LLC

Lease OCS-A 0539

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RWE

Our energy for a sustainable life

Annual Report 2019

Our energy for a sustainable life

Electricity. This is what we have been producing for over 120 years. And it hasn't changed. But what has changed is that it is capable of so much more compared to when our company was founded in 1898. Electricity is indispensable for driving innovation and progress and it is ubiquitous in our daily lives. Charging mobile phones, taking the train to work and so much more would be impossible without electricity. It powers robots used on production lines, enables billions of digital processes, and propels entire fleets of electric vehicles.

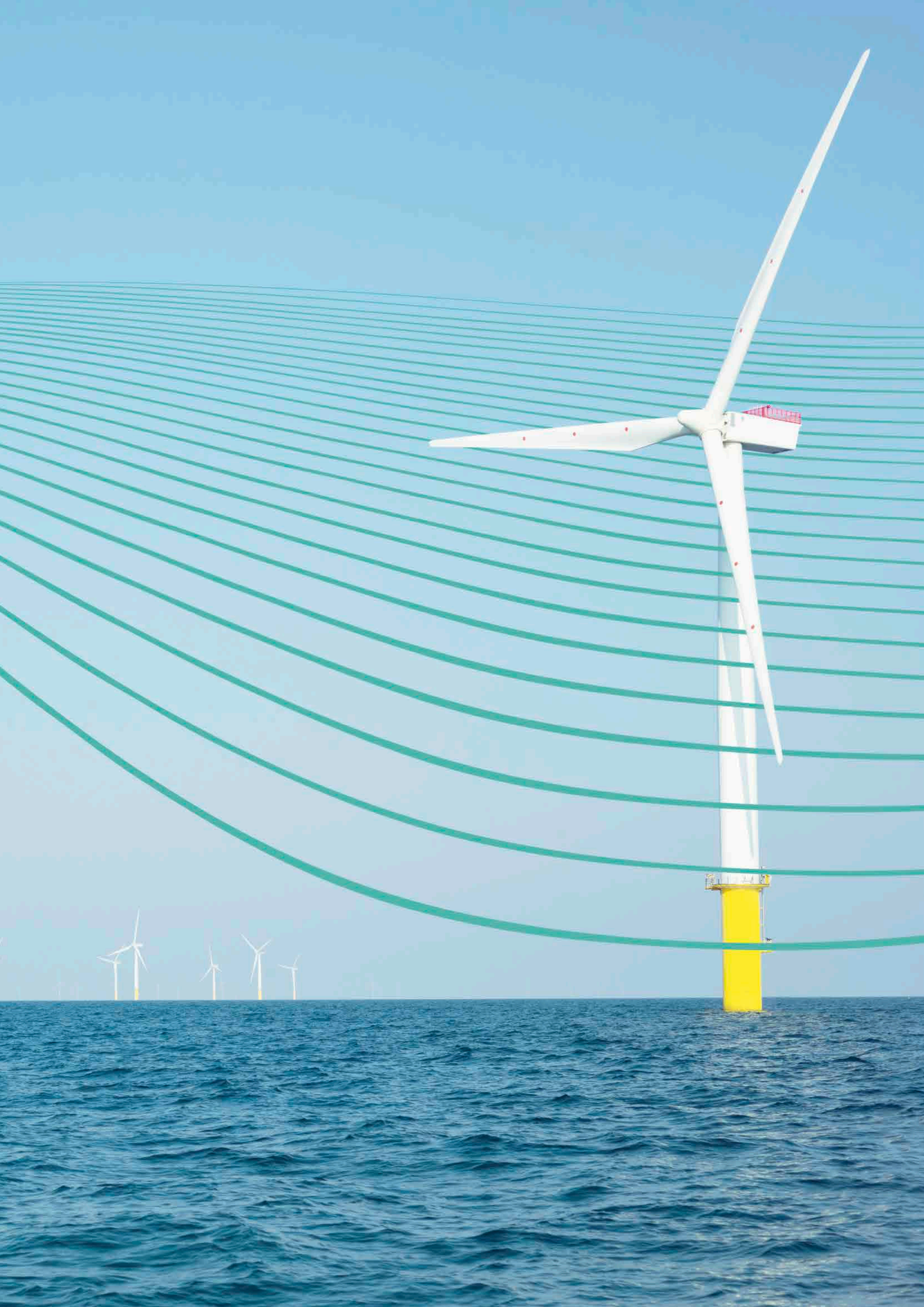
A lot has also changed in electricity generation. We now increasingly produce electricity by harnessing the energy all around us – from wind, sun and water. By contrast, we use less and less CO_2-intensive coal. In doing so, we are channelling all our energy into achieving a goal that is more important today than ever before: sustainability.

We have become a world leader in electricity generation from renewables as the result of an asset swap with E.ON. Right from the start, we will be investing in the expansion of renewable energy – a net 1.5 to 2 billion euros every year. In doing so, we will build onshore and offshore wind farms and explore new technologies enabling energy harnessed from the wind and sun to be stored so that it can be used when the wind isn't blowing and it's dark outside. Until storage infrastructure has been expanded to entirely meet demand with green electricity, we will use our flexible power stations to guarantee security of supply. We want our electricity generation to be carbon neutral by no later than 2040.

Who would have dreamt of this 120 years ago?

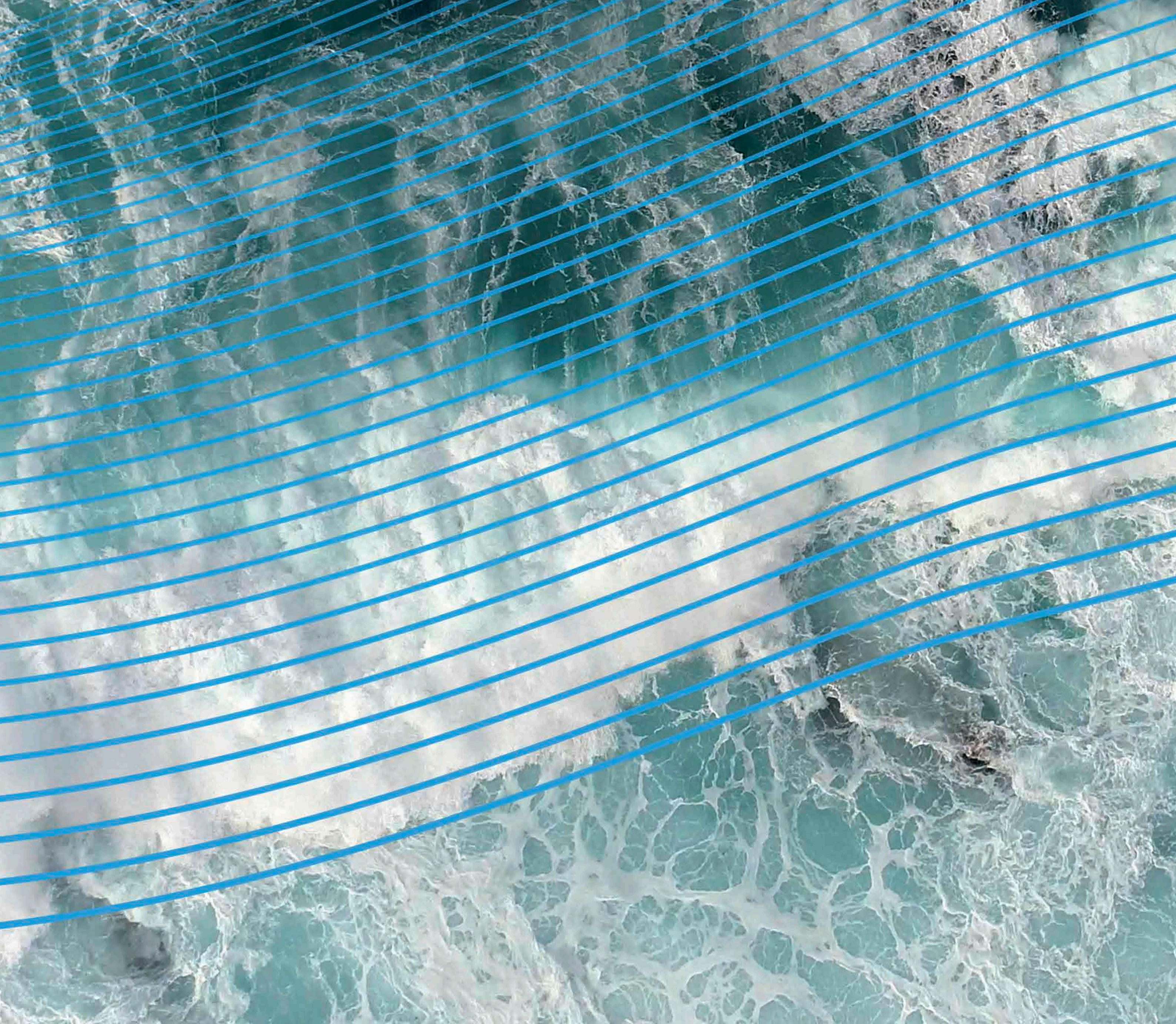
We aim to be carbon neutral by 2040

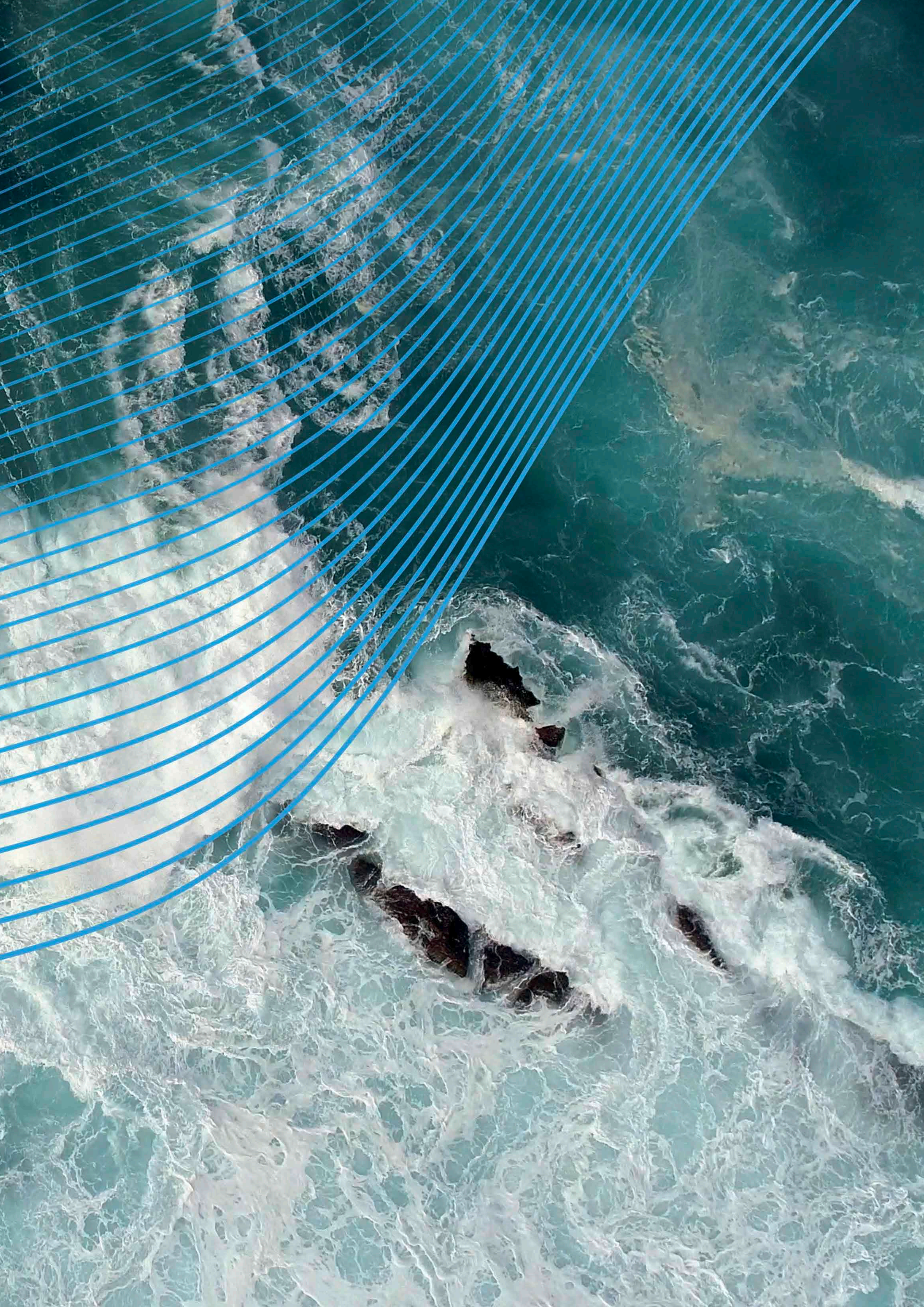
This is ten years ahead of the schedule for the EU. If you're wondering how we intend to go about this, we will rapidly expand renewables while making an exit from coal-fired electricity generation. Our accomplishments demonstrate how seriously we take this: since 2012 we have halved our CO_2 emissions.



We produce clean, secure and affordable electricity

The electricity we generate from wind, sun, water and biomass is our energy for a sustainable life. However, it is also important to ensure the availability of this energy. And under no circumstances should it become a luxury. Here, we are doing all we can by spurring the development of high-capacity, economically viable energy storage.





A global player in renewable energy

Efforts to protect the climate shouldn't stop at country borders. We also build wind and solar farms outside Europe, especially in North America and in the Asia-Pacific region. The USA is already our largest onshore wind market.

€1.5 to 2 billion in net investments per year in renewable energy

The new RWE focuses on wind, sun, water and biomass as energy sources. We want to make increasing use of them. We will set aside 1.5 to 2 billion euros to invest in this every year. As these are net figures, the funds of project partners will increase this capital expenditure.

At a glance

RWE Group – key figures		2019	2018	+/–
Power generation	billion kWh	153.2	176.0	-22.8
External revenue (excluding natural gas tax/electricity tax)	€ million	13,125	13,406[1]	-281
Adjusted EBITDA	€ million	2,489	1,538	951
Adjusted EBIT	€ million	1,267	619	648
Income from continuing operations before tax	€ million	-752	49	-801
Net income	€ million	8,498	335	8,163
Cash flows from operating activities of continuing operations	€ million	-977	4,611	-5,588
Capital expenditure	€ million	9,838	1,260	8,578
Property, plant and equipment and intangible assets	€ million	2,090	1,079	1,011
Financial assets	€ million	7,748	181	7,567
Free cash flow	€ million	-2,053	3,439	-5,492
Number of shares outstanding (annual average)	thousands	614,745	614,745	–
Earnings per share	€	13.82	0.54	13.28
Dividend per share	€	0.80[2]	0.70	0.10
		31 Dec 2019	31 Dec 2018	
Net debt of continuing operations	€ million	9,066	4,389	4,677
Workforce[3]		19,792	17,748	2,044

1 Figure adjusted due to changes in the recognition of revenues from derivative transactions.
2 Dividend proposal for RWE AG's 2019 fiscal year, subject to the passing of a resolution by the 28 April 2020 Annual General Meeting.
3 Converted to full-time positions.

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"It will take a while for what the new RWE stands for to become engrained in the public mind."

Rolf Martin Schmitz on the 'new' RWE, the plans for growth in renewable energy, and Germany's planned lignite phaseout

Mr. Schmitz, RWE has gone through major changes since the company was founded 122 years ago. And now it's transforming itself yet again. What's different about the 'new' RWE?

Our company has always risen to new challenges and adapted to the expectations of society. So what we are doing today is no different. One of the major challenges of our time is climate change. And the greatest expectation that society has of us is that we move quickly to play our part in combating it. We have therefore positioned our business to tackle climate change head on. So the 'new' RWE is a company that is staying true to itself.

Assuming that you had to give an elevator pitch to describe the new RWE ...

... I could put it in a nutshell fairly quickly. By executing a clever asset swap with E.ON, RWE has become a world-leading producer of electricity from renewables. The transaction has given us a business characterised by attractive returns, reliable framework conditions and wide public acceptance. RWE has returned to being a growth company in which the concept of being international has been expanded from being European to being global. And we have set ourselves a goal that places our actions in a much broader context than the world of economics, as we want our electricity generation to be carbon neutral by 2040. In other words, our business will stop adding to CO_2 in the atmosphere by then. So, as you can see, I can finish describing the new RWE even before the end of the elevator ride.

Becoming carbon neutral by 2040 sounds like a very ambitious target. The EU has given itself ten years longer to accomplish this.

It is indeed ambitious. You can't become carbon neutral overnight. It requires a lot of hard work and suitable framework conditions. Our message is clear: we are ready to do the heavy lifting and will go the extra mile to meet the target.

Is that credible?

I'm sure that some people are distrustful or feel that change simply doesn't happen quickly enough. But I would like to remind them of what we have accomplished already. In the last seven years, RWE has cut its carbon dioxide emissions in half. I don't know of any other company that can say this. Germany's accelerated coal phaseout will contribute to ensuring that our emissions in 2030 will be just a quarter of what they were in 2012. And ten years after that, we should have achieved our goal of generating all our electricity from renewables or hydrogen produced without carbon dioxide. If we do end up still using fossil fuels like natural gas to ensure security of supply, we will take countermeasures to offset these emissions, for example through forestation.

RWE has to invest huge sums in order to generate most of its electricity from renewables. Do you have the necessary funds?
I don't believe we will have any difficulty with financing. It's important that we find enough attractive projects that meet our return expectations. I'm confident that we can, especially given that we have set our sights beyond European borders. We will invest 1.5 to 2 billion euros to expand renewable energy every year. As this is a net figure, it will be topped up by funds contributed by project partners. By the end of 2022, we intend to increase our wind and solar generation capacity from nine to over thirteen gigawatts. A large share of the new capacity is already being built, including the wind farms Triton Knoll in the British North Sea and Big Raymond in Texas. On top of that, we hope to soon put Limondale online in Australia, which will be the largest solar farm on the continent.

Now that RWE is becoming more international, people might be minded to recall the company's failed venture into the US water business, although that lies far in the past. What do you plan to do differently this time around?
I can only speculate on what went wrong, as I wasn't at RWE in those days. My impression is that RWE was still a very German company back then. They acquired companies abroad and thought that it would be business as usual, the only difference being that everything was under the umbrella of a new parent company. But that simply isn't how things work.

Does that mean that you want to keep a tighter rein on the business outside Germany?
We have to manage it so that everyone understands that each and every asset is important to us, be it a wind farm in Ohio or in the North Sea. This means that we have to be on site, understand every single detail of the business and contribute to shaping it. Naturally, we will be more successful in some regions than others. This is why it is so important that we determine exactly where we want to go.

When it comes to renewables, nearly every country in the world has viable locations. But the fact is that many of these markets lack suitable framework conditions or are simply out of the question because our competitors have cultural advantages. This applies to most countries in Latin America, for example.

Renewable energy is really being hyped up now. Companies like RWE are the hot tickets on the stock market. Are you afraid of dashing the hopes of investors?
We will do everything we can to make sure that this doesn't happen. Subsidy conditions for wind turbines and solar panels are much worse now than they were ten years ago. What's more, tenders have become more competitive. At the same time, there has been an incredible amount of technological progress since then. This has made generation assets much more affordable and efficient. As a result, despite the reduction in payments, renewable energy is an attractive business …

… which – as you said – is becoming ever more competitive.
That's right. Unlike with lignite, when it comes to renewable energy, we no longer have our own fuel to set us apart from the competition. In addition, the number of players competing for project subsidies is rising. Cost advantages and good project management are the key success factors in this business. On top of that, we must become a leader in technological innovations.

Hold on: you want to turn RWE into a tech company?
To a certain degree, yes. What I would ask of our project developers and engineers is, "Always keep up with the pace of technology." This is because renewables are in an era where the best technology decides who is successful. And this also applies to energy storage. We simply have to lead from the front. Take floating platforms for wind turbines for instance. They would enable offshore wind farms to be built even in very deep water. This could be done in the Mediterranean or off the steep coasts of Asia and the Americas. We're working on intelligent and cost-effective variants of such platforms. If our efforts prove successful, this could set us apart from the competition.

RWE's new purpose is 'Our energy for a sustainable life'. Last year, more than 40 percent of the company's electricity generation was from coal. How can this be reconciled?
Let me start with the facts: we will stop generating electricity from coal early, by no later than 2038. We agreed a lignite phaseout roadmap with the federal government, according to which RWE will bear almost all of the initial burden. Quickly discarding a carbon-intensive generation technology while expanding renewable energy will make a very large contribution to ensuring a sustainable life.

RWE will receive 2.6 billion euros in compensation for the early coal phaseout. However, the actual burdens are much higher. Why did you go along with this?
That's right – we will foot part of the bill for the exit from coal. And it's true that this will take us to the limits of what is feasible. However, the fact that we found a compromise after months of negotiating with policymakers is also worth something. The agreed exit path gives us a reliable framework for our plans and optimisation measures. Most of all, however, it protects the interests of our 10,000 employees in the Rhenish lignite mining region. They will receive adjustment allowances from the state so that they are not left in the lurch. If we hadn't reached this compromise, we would have been stuck in a legal tug of war for years, with an uncertain outcome. Now we can look to the future and focus entirely on implementing the lignite phaseout smoothly, efficiently and in a socially acceptable manner.

Do the miners in the Rhenish region also feel the same way?
I'm sure not all of them do. But I think that the miners have less of an issue with RWE than they do with people who protest against lignite, some of whom violate the rules of common decency and the law in every respect. Many feel abandoned by the state and some perhaps also by RWE. I think that's completely understandable. But we mustn't forget that lignite-fuelled electricity generation would have ended by the middle of this century anyway. Change is happening in nearly every sector – take the auto industry, for example. I've known the utility sector for decades. My motto is "Every energy has its time, and every time has its energy." Perhaps the time has come to recognise the coal miners for all they have done for Germany in the past. They were instrumental to the economic miracle and the resulting prosperity of millions of people. We should pay our dues to this old power production technology by bidding it farewell in style and with dignity. And as far as RWE is concerned, I would like to add that our early investments in renewable energy were made with the money we earned with our lignite and nuclear power stations.

This brings us to the business performance in 2019. You made two upward adjustments to the EBITDA outlook during the year and nearly exceeded the last forecast.
We had originally forecast adjusted EBITDA for 2019 coming in between 1.4 and 1.7 billion euros. We ended up achieving a figure of 2.5 billion euros. This was mainly due to the outstanding trading performance. Another positive factor which we had not considered from the outset was the resumption of payments from the British capacity market. Furthermore, we benefited from the asset swap with E.ON. After receiving approval from the European Commission, we largely executed the transaction in September. Consequently, the renewable energy business that we received from E.ON contributed to our Group earnings for three-and-a-half months.

You signed the asset swap agreement with E.ON two years ago. When will the deal finally be completed?
Fairly soon, I hope. Basically, the remaining steps are formalities: the legal transfer of the innogy operations to us, particularly the renewables business. However, these activities are already included in our books. This means that the 2020 consolidated financial statements already fully reflect the new RWE.

You anticipate adjusted EBITDA of 2.7 to 3.0 billion euros for the current fiscal year. That would be even more than in 2019.

The rise will largely result from the inclusion in our earnings of E.ON's renewable energy business for a full twelve months. The continued expansion of our wind and solar generation capacity will also have a positive impact. However, we cannot expect to repeat the exceptional performance of our energy trading business, from which we benefited in 2019, anytime soon.

RWE's financial reporting will be presented in a new segment structure from 2020 onwards. Your newly defined core business excludes coal and nuclear energy. Why?

We simply asked ourselves what parts of our business will have a role to play in the energy world of tomorrow and should therefore become a fixture in our portfolio. Renewables definitely fit the bill. Gas-fired power stations will also be needed in the foreseeable future to meet demand during periods of insufficient electricity generation from wind and solar farms. Of course, the same applies to pumped storage. In addition, we can continue operating our Amer 9 and Eemshaven hard coal-fired power plants in the Netherlands after the established end dates for coal if we fully convert them to biomass. And, our trading subsidiary RWE Supply & Trading, which is the Group's commercial hub, is indispensable in terms of optimising our generation portfolio. All of these activities form our core business. Our German hard coal, lignite and nuclear power stations are not part of our core business, because clear exit paths have been defined for them. And we will not build any new coal-fired power plants, not even in countries where they would be widely accepted by the public.

What growth prospects do you see for the new core business?

The prospects for operating earnings growth are good, especially thanks to renewables. We expect to grow adjusted EBITDA by an average of eight percent in the next two years. And we also want our shareholders to benefit from this. We envisage paying a dividend of €0.85 per share for fiscal 2020, which would be five cents more than the dividend planned for 2019. After that, we intend to continually increase the dividend in line with the development of earnings in our core business.

One last question: at the end of September 2019, you launched the new RWE brand. Is the company's image already benefiting from it?

In some areas, yes. But it will take a while for what the new RWE stands for to become ingrained in the public mind. The capital markets were the first to understand the transformation that RWE is going through. In the two years since the announcement of the deal with E.ON, our share price has basically only moved in one direction: up. Conversely, when I speak with politicians, they are often surprised that we're pulling in the same direction when it comes to renewables. As regards the general public, we still have a lot of work ahead of us. In discussion forums and debates, I hear time and again that many haven't even realised how much we have changed. But sometimes I feel as if people are now friendlier when they greet me. And that's a good start.

This interview was conducted by Burkhard Pahnke and Jérôme Hördemann.

The Executive Board of RWE AG

Dr. Rolf Martin Schmitz
Chief Executive Officer

Born in 1957 in Mönchengladbach; doctorate in engineering; Planning Engineer at STEAG AG from 1986 to 1988; various positions, including Head of Corporate Development and Economic Policy, at VEBA AG from 1988 to 1998; Member of the Executive Board of rhenag Rheinische Energie AG from 1998 to 2001; Member of the Board of Management of Thüga AG from 2001 to 2004; Chairman of the Board of Directors of E.ON Kraftwerke GmbH from 2004 to 2005; Chairman of the Executive Board of RheinEnergie AG and Managing Director of Stadtwerke Köln from 2006 to 2009; Chief Operating Officer National of RWE AG from May 2009 to September 2010; Chief Operating Officer of RWE AG from October 2010 to October 2016 and Deputy Chairman of the Executive Board of RWE AG from July 2012 to October 2016; Chairman of the Executive Board and Chief Executive Officer of RWE AG since October 2016; concurrently Labour Director of RWE AG since May 2017.

Group-level responsibilities
- Corporate Transformation
- Internal Audit & Compliance
- Group Communications & Public Affairs
- Group Strategy
- Human Resources
- Legal & Insurance
- Corporate Business Development

Dr. Markus Krebber
Chief Financial Officer

Born in 1973 in Kleve; Banker; doctorate in economics; Management Consultant at McKinsey & Company from 2000 to 2005; various management positions at Commerzbank AG from 2005 to 2012; Managing Director and Chief Financial Officer of RWE Supply & Trading GmbH from November 2012 to August 2016; Chief Executive Officer of RWE Supply & Trading GmbH from March 2015 to May 2017; Chief Financial Officer of RWE AG since October 2016.

Group-level responsibilities
- Business Services
- Controlling & Risk Management
- Finance & Credit Risk
- Investor Relations
- IT
- Portfolio Management/Mergers & Acquisitions
- Accounting
- Tax

Supervisory Board report

"Our shareholders benefit from a renewed RWE becoming the pacesetter of the energy transition. But most importantly, this benefits all of society and therefore all of us."

Dear Shareholders,
Ladies and Gentlemen

Mahatma Ghandi once said, "Be the change you want to see in the world." At RWE, we have taken this to heart. As a result of the asset swap agreed with E.ON in March 2018, the company has become one of the world's leading producers of electricity from renewables. In the process, the company is supporting climate protection policies and opening itself up to promising prospects. Fiscal 2019 was a pivotal year for the 'new' RWE. On 17 September, the European Commission gave the go-ahead to the asset swap, which the company began to implement the day after. E.ON received a majority stake in innogy, and RWE received E.ON's renewable energy business soon thereafter. These and several other transactions have since been completed. The final step involves the legal transfer of some innogy operations to RWE, including the renewable energy business. This is scheduled to happen as soon as possible this year.

Management announced the future course of the new RWE in September 2019. The key message was that the company wants to have converted enough of its electricity generation to achieve its goal of being carbon neutral by 2040, ten years earlier than envisaged by the EU. Playing on Ghandi's quote, our company is changing faster than the world around it. This holds true not only for the future, as demonstrated by the following comparison: in the last seven years, RWE has reduced its carbon emissions by 51 %. This is roughly twice as much as what Europe has accomplished since 1990.

RWE will expand its renewable energy production rapidly with a view to becoming carbon neutral. The second building block of our emission reduction strategy is an accelerated coal phaseout. Until recently, the German government and industry have been negotiating the details of this exit intensively. The starting point was the concept presented by the Growth, Structural Change and Employment Commission ('Structural Change Commission' for short) in January 2019, which envisages gradually putting an end to electricity generation from coal by 2038. It was clear early on that the initial burdens of the lignite phaseout would primarily be shouldered by RWE. After months of talks with policymakers, an agreement was reached in January 2020 on the roadmap for the power plant closures and the level of compensation. However, the compensation of €2.6 billion pledged by the government will not be enough to fully offset RWE's burdens. At short notice, we convened a Supervisory Board meeting at which the Executive Board provided us with information on the compromise reached. What is important is that we now have clarity and the people affected know what they are up against. First and foremost, this makes me think of the 10,000 people working in the Rhenish lignite mining region: they now have certainty and can rest assured that the coal phaseout will not put them at a loss.

Now let me go into the work we did on the Supervisory Board last year. Once again, we fulfilled all of the duties imposed on us by German law and the Articles of Incorporation. We advised the Executive Board on running the company and monitored its actions attentively. Moreover, we were consulted on all fundamental decisions. The Executive Board informed us of all material aspects of business developments, the earnings situation as well as the risks and the management thereof both verbally and in writing. This was done regularly, extensively and in a timely fashion. Decisions were taken on the basis of detailed reports and draft resolutions submitted by the Executive Board. The Supervisory Board had ample opportunity to concern itself with these in its plenary sessions and its committees. We were also informed by the Executive Board of projects and transactions of special importance or urgency in several extraordinary meetings as well as in between meetings. We passed the resolutions required of us by German law or the Articles of Incorporation. Occasionally, we did so by circular. As Chairman of the Supervisory Board, I was constantly in touch with the Executive Board, allowing us to discuss major developments without delay.

Main points of debate of the Supervisory Board meetings. Last year, the Supervisory Board convened for five ordinary and two extraordinary meetings, the subject matter of which I will outline in more detail later on. In our sessions, we were informed by the Executive Board in great detail of current affairs of significance to RWE. We also discussed matters in the absence of the Executive Board. The shareholder and the employee representatives on the Supervisory Board always met separately before these meetings, so that they had the opportunity to consult on agenda items and establish joint positions where necessary in advance of the plenary sessions.

Our consultations centred on the recommendations of the Structural Change Commission and the talks between government and industry on implementing them in the Rhenish lignite mining area. The legislative process regarding the Dutch coal phaseout, the uphill battle for an orderly Brexit and the events concerning the British capacity market were also among the issues on which we concentrated. The asset swap with E.ON also drew the Supervisory Board's special attention. We followed the approval procedure and the steps taken to execute the deal very closely. In addition, we discussed the RWE Group's future strategy and its ambitious climate-protection goals.

The following issues were discussed at our meetings:

- Last year, our first meeting took place on 5 February. After the Structural Change Commission published its recommendations regarding Germany's coal phaseout, we convened an extraordinary session in which we discussed the recommendations and their potential effects on RWE and the people working in the Rhenish lignite mining region. The compensation for RWE and the measures for a socially acceptable redundancy scheme were among the issues addressed.

- At our ordinary meeting on 8 March 2019, we discussed and approved the 2018 financial statements of RWE AG, the consolidated financial statements, and the separate consolidated non-financial report. Furthermore, we adopted the agenda of the Annual General Meeting of 3 May 2019, at which a resolution was passed to convert RWE preferred shares to common shares. As the conversion required the convocation of a Preferred Shareholders Meeting, we also had to approve the agenda of that meeting. In our March session, we again discussed the final report of the Structural Change Commission. Moreover, I reported on the talks on corporate governance matters that I regularly conduct with major institutional investors. The last exchanges of this kind occurred at the end of 2018 and the beginning of 2019. Executive Board remuneration, the composition of the Executive Board and the Supervisory Board as well as succession planning were among the topics discussed.

- The ordinary meeting on 3 May 2019 centred on the last steps to prepare the Annual General Meeting and the Preferred Shareholders Meeting held on the same day, which I mentioned earlier.
- At our ordinary meeting on 11 July 2019, we decided to subject the work of the Supervisory Board to an efficiency audit with the help of the business consultants Russell Reynolds Associates. In addition, we informed ourselves of how the most recent amendments to the German Corporate Governance Code (GCGC) will affect the system of remunerating RWE's Executive Board. Furthermore, we debated the succession planning for the Executive Board and the Group's position on completion of the asset swap with E.ON.
- On 6 September 2019, we convened for another extraordinary meeting because a tender procedure for Polish offshore wind projects was about to be held and RWE's participation was subject to Supervisory Board approval. Although other companies placed the winning bids on this occasion, the Group succeeded in entering the Polish offshore wind market in 2019, securing a project pipeline in the Baltic Sea with a total installed capacity of more than 1.5 GW.
- Two weeks later, on 20 September, we met at an ordinary Supervisory Board meeting where we again discussed the succession plan for the Executive Board. One of the issues addressed was the general procedure followed in selecting and appointing new Executive Board members. We decided to seek the assistance of an external consultant in the future. RWE's new strategy and new brand appearance were highlights of our deliberations. In addition, the Executive Board kept us abreast of the developments relating to the asset swap with E.ON.
- We reviewed and adopted the company's planning for fiscal 2020 at our ordinary meeting on 18 December 2019. We also dealt in depth with the new version of the GCGC. Together with the Executive Board, we approved an updated statement of compliance as well as the corporate governance declaration along with the Corporate Governance Report. Another topic of discussion was the German law on the implementation of the Second Shareholder Rights Directive (ARUG II), which entered into force on 1 January 2020 and introduces a series of new regulations affecting management board compensation, transactions with related parties, and the transparency duties of institutional investors, among other things. We analysed the outcome of the efficiency audit of our work that began in July in great depth and debated how Supervisory Board work can be even more effective in the future. I will report on this in more detail later on.

Supervisory Board committees. Last year, the Supervisory Board had six standing committees, the members of which are listed on page 210. These committees are charged with preparing topics and resolutions for plenary sessions. Occasionally, they exercise decision-making powers conferred on them by the Supervisory Board. The Supervisory Board is informed of the work of the committees by their chairs at every ordinary meeting. In the year under review, a total of 14 committee meetings were held, about which I would now like to inform you.

- The **Executive Committee** convened three times. In two extraordinary sessions, it discussed details concerning the execution of the asset swap with E.ON, which it had been authorised to do by the Supervisory Board in March 2018. As usual, the Committee discussed the company's planning for fiscal 2020 as well as the outlook for the two subsequent years at its December meeting.
- The **Audit Committee** was in session four times. It concerned itself in particular with the financial statements of RWE AG and the Group, together with the combined review of operations, the report for the first half of the year, the quarterly statements and the consolidated non-financial report. The Committee discussed the financial statements with the Executive Board before they were published and received reports on the outcome of the audits and audit-like reviews from the independent auditors. In doing so, it also paid attention to the quality of the financial statement audits. Furthermore, the body submitted a recommendation to the Supervisory Board regarding the election of the independent auditors for fiscal 2019, prepared the grant of the audit award to the independent auditors including the fee agreement, and set the priorities of the audit. As usual, the Committee was informed of the effectiveness of the accounting-related Internal Control System (ICS). This did not reveal any issues that would call the effectiveness of the ICS into question. Moreover, the Committee discussed the spot check performed by the German Financial Reporting Enforcement Panel on the financial

statements of RWE AG and the Group for fiscal 2018, which did not reveal any errors. Furthermore, the Committee dealt with the planning and findings of the internal audit, the RWE Group's exposure to risk pursuant to the German Corporate Control and Transparency Act, data security, compliance matters as well as legal and tax issues. The independent auditors attended all of the Audit Committee meetings and also exchanged information with the Committee Chairman in between meetings. In-house experts were consulted when necessary.

- The **Personnel Affairs Committee** held four meetings during the year being reviewed. The debates focused on the level of Executive Board compensation and the design of the Executive Board's remuneration system as well as the future effects of ARUG II and the new GCGC on said system. In addition, the Committee concerned itself with planning for the successor to the CEO Rolf Martin Schmitz, whose contract expires in the middle of 2021.

- The **Nomination Committee** convened twice in 2019. Both meetings focused on the new elections of the shareholder representatives to the Supervisory Board scheduled for 2021. A key issue, which I will revisit in more detail later on, was the requirement and skills matrix of the Supervisory Board, which is considered when selecting candidates. Another topic of discussion was the consequences of the German law on the implementation of ARUG II and the new GCGC recommendations for the elections. The Committee thoroughly debated whether to shorten and stagger the tenures of the shareholder representatives. The Nomination Committee and the Supervisory Board endorse this. So far, as is customary in Germany, RWE's shareholder representatives have been elected simultaneously for five years at a time. We will make a case for limiting their tenures to a maximum of three years covering various periods. This will result in a certain degree of fluctuation every year. The advantage of this is that the Supervisory Board's staffing could be adapted more rapidly to new requirements. This would also prevent too many people from leaving the Committee at the same time, resulting in a loss of valuable experience.

- The members of the **Strategy Committee** held one session. This meeting focused on RWE's earnings prospects and growth opportunities in renewable energy.

- The **Mediation Committee** pursuant to Section 27, Paragraph 3 of the German Co-Determination Act did not have to meet in 2019.

Conflicts of interest. The members of the Supervisory Board are obliged by law and the GCGC to immediately disclose any conflicts of interest they have. In March 2018, Monika Krebber and Erhard Schipporeit, who sat on the Supervisory Board of both RWE AG and innogy SE, filed notifications of conflicts of interest in respect of the decisions regarding the envisaged asset swap with E.ON. These conflicts of interest remained in 2019. Therefore, Ms. Krebber and Mr. Schipporeit did not receive any of the preparatory documents in relation to the relevant agenda items and did not participate in the relevant consultations or passing of resolutions. Monika Krebber also had a conflict of interest as it became apparent to her that she would transfer to E.ON due to the sale of the shareholding in innogy. Therefore, she requested not to be informed about RWE's plans to reduce its financial investment in E.ON in September 2019.

Efficiency audit. The Supervisory Board is obligated to review the efficiency of its work on a regular basis. This is mandated by the GCGC. We conducted such an audit in 2019 with the assistance of Russell Reynolds Associates. One of the aspects scrutinised was whether we as a body possess the expertise required to effectively monitor the new RWE. The efficiency audit found that, on the whole, our work procedures are goal-oriented and effective. The same applies to our co-operation with the Executive Board. However, certain measures were established to help us further improve the quality of our work on the Supervisory Board, which is already high. For example, we will expand the requirement matrix that will be applied when new candidates are selected for the Supervisory Board to include certain skills, in particular relating to technology and digitisation, as well as international experience. Furthermore, we want to place greater emphasis on know-how in the energy business, in particular with regard to renewable energy.

Attendance. The table below contains an overview of Supervisory Board member attendance at the meetings of this corporate body and its committees. As the Mediation Committee did not convene in 2019, it has been omitted from this table. Here is an example of how to interpret the numbers: '3/4' means that the individual attended three of a body's meetings although their tenure on the body would have allowed them to attend four of them. As can be seen from the overview, absences were an exception, and the rare cases of absence were for good reasons (e.g. a conflict of interest).

Attendance at meetings in fiscal 2019 by Supervisory Board member	Supervisory Board	Executive Committee	Audit Committee	Personnel Affairs Committee	Nomination Committee	Strategy Committee
Dr. Werner Brandt, Chairman	7/7	3/3	4/4[1]	4/4	2/2	1/1
Frank Bsirske, Deputy Chairman	7/7	3/3		4/4		1/1
Michael Bochinsky	7/7		4/4			
Reiner Böhle (until 18 Sep 19)	5/5			2/2		
Sandra Bossemeyer	7/7	3/3				
Martin Bröker	7/7					
Anja Dubbert (since 27 Sep 19)	1/1					
Matthias Dürbaum (since 27 Sep 19)	1/1					
Ute Gerbaulet	7/7					
Prof. Dr. Hans-Peter Keitel	6/7	3/3			2/2	1/1
Dr. h.c. Monika Kircher	7/7		3/3[2]			
Monika Krebber (until 18 Sep 19)	4/5	0/2[3]				
Harald Louis	7/7			4/4		
Dagmar Mühlenfeld	7/7	3/3				
Peter Ottmann	7/7			4/4	2/2	
Günther Schartz	7/7					1/1
Dr. Erhard Schipporeit	6/7		4/4			
Dr. Wolfgang Schüssel	7/7	3/3	1/1[4]	3/4		
Ullrich Sierau	6/7		3/4			
Ralf Sikorski	7/7		2/4			1/1
Marion Weckes	7/7		4/4			
Leonhard Zubrowski	7/7	3/3				1/1

1 Dr. Werner Brandt attended meetings of the Audit Committee as a guest.
2 Dr. Monika Kircher has been a member of the Audit Committee since 1 April 2019.
3 Monika Krebber did not attend either of the meetings of the Executive Committee during her tenure due to potential conflicts of interest.
4 Dr. Wolfgang Schüssel resigned from the Audit Committee as of the end of 31 March 2019.

Personnel matters. There were two changes in personnel on the Supervisory Board in the year under review: Monika Krebber and Reiner Böhle, both of whom were employee representatives, resigned from the Board on 18 September. Given that they are innogy employees, they left the Group when the company was acquired by E.ON, which forbade them by German law from remaining on the Supervisory Board of RWE AG. Anja Dubbert and Matthias Dürbaum were appointed their successors by the Essen District Court on 27 September. On behalf of the Supervisory Board, I thank Ms. Krebber and Mr. Böhle for their valuable work and for their commitment to RWE.

The staffing of some of our committees also changed. Wolfgang Schüssel resigned the mandate he held on the Audit Committee effective at the close of 31 March. Monika Kircher was appointed his successor per a Supervisory Board resolution dated 8 March. The resignations of Monika Krebber and Reiner Böhle from the Supervisory Board also required their seats on the Executive Committee and the Personnel Affairs Committee to be filled. In addition, Leonhard Zubrowski resigned from the Executive Committee at the close of 17 December. In its session on 18 December, the Supervisory Board elected Anja Dubbert and Matthias Dürbaum to the Executive Committee and Leonhard Zubrowski to the Personnel Affairs Committee.

Financial statements for fiscal 2019. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited and issued an unqualified auditor's opinion on the 2019 financial statements of RWE AG, which were prepared by the Executive Board in compliance with the German Commercial Code, the financial statements of the Group, the combined review of operations for RWE AG and the Group, and the accounts, which were prepared pursuant to Section 315a of the German Commercial Code in compliance with International Financial Reporting Standards (IFRS). In addition, PricewaterhouseCoopers found that the Executive Board had established an appropriate early risk detection system. The company had been elected independent auditor by the Annual General Meeting on 3 May 2019 and commissioned by the Supervisory Board to audit the financial statements of RWE AG and the Group.

The 2019 Annual Report and the audit reports as well as documents supporting the annual financial statements were submitted to the members of the Supervisory Board in good time. Furthermore, the Executive Board commented on the documents in the Supervisory Board's balance sheet meeting of 6 March 2020. The independent auditors reported at this meeting on the material results of the audit and were available to provide supplementary information. The Audit Committee had previously concerned itself in depth with the financial statements of RWE AG and the Group, as well as audit reports, during its meeting on 5 March 2020, with the auditors present. It recommended that the Supervisory Board approve the financial statements as well as the appropriation of profits proposed by the Executive Board.

The Supervisory Board reviewed the financial statements of RWE AG and the Group, the combined review of operations, the Executive Board's proposal regarding the appropriation of distributable profit, and the consolidated non-financial report. No objections were raised as a result of this review. As recommended by the Audit Committee, the Supervisory Board approved the results of the audits of the financial statements of RWE AG and the Group and approved both financial statements. The 2019 financial statements are therefore adopted. The Supervisory Board concurs with the Executive Board's proposal regarding the appropriation of profits, which envisages paying a dividend of €0.80 per share.

Thanks to the employees of RWE. The changes we are experiencing at RWE present everyone involved with huge challenges which demand courage and tenacity as well as flexibility and creativity. RWE's employees demonstrated that they can adapt to change, even if it has serious consequences for them. They therefore deserve the utmost respect. I would like to take this opportunity to express my sincere gratitude to them for this on behalf of the entire Supervisory Board. I have absolutely no doubt that RWE is on the right path. Proof of this can be found on the stock market: an investment in RWE common shares at the end of 2017 yielded a total return of over 100 % by the end of January 2020. Our shareholders benefit from a renewed RWE becoming the pacesetter of the energy transition. But most importantly, this benefits all of society and therefore all of us. With this motivation, we will also rise to the challenges that will inevitably arise in the future.

On behalf of the Supervisory Board

Werner Brandt

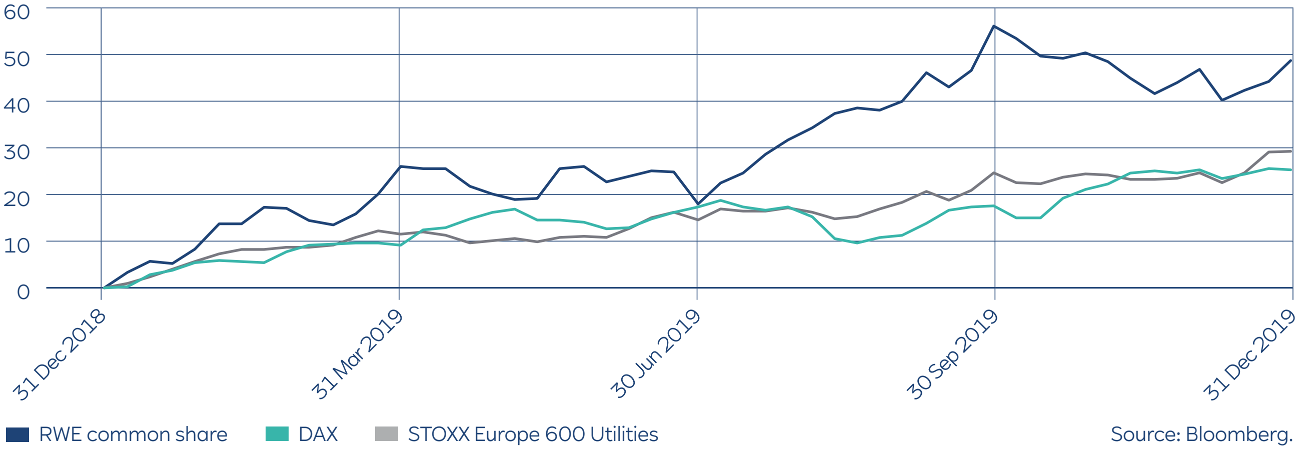
Werner Brandt
Chairman

Essen, 6 March 2020

RWE on the capital market

The stock markets had a good year in 2019. Germany's blue chip index, the DAX, rose by 25 %, more than offsetting its weak performance in 2018. The biggest stimulus was provided by the expansionary monetary policy of leading central banks. Our share actually outperformed the DAX: it yielded a total return of 49 %, closing the year far above the sector average. This proves that the capital market rewarded us in particular for the progress made in implementing our asset swap with E.ON, which has transformed us into one of the leading producers of electricity from renewables.

Total return of the RWE common share compared with the DAX and STOXX Europe 600 Utilities
% (average weekly figures)



Source: Bloomberg.

Stock market on the rise despite economic cooldown. Equity investors were able to celebrate high returns in 2019 after a weak year on stock markets in 2018. Germany's leading index, the DAX, rose by 25 % to 13,249 points, the biggest increase since 2013 when it rose by exactly the same percentage. This development came as a surprise to some experts, as the trade conflict between the USA and China and the Brexit saga caused considerable uncertainty among investors. However, the DAX benefited from the fact that the European Central Bank further relaxed its monetary policy in the face of negative economic signals. Zero interest rates and partly negative yields on government bonds are attracting more and more investors to the stock market.

RWE common share posts total return of 49 %. Fiscal 2019 was a particularly good year on the stock market for RWE shareholders. Our common share rose from €18.97 to €27.35. Including the dividend of €0.70 paid in May, this resulted in a total return of 49 %, thereby clearly outperforming the DAX for the third time running and displaying much better development than the sector index STOXX Europe 600 Utilities (+ 30 %). The main reason for RWE's strong performance was the progress made in the asset swap with E.ON. Large parts of the transaction have been finalised, a move that will see RWE become a world leading producer of electricity from renewable sources. Many investors and analysts see this as being a considerable value driver for the RWE share. RWE's successful business performance together with the reinstatement of the British capacity market had a positive effect on our share price, whilst the continued uncertainty concerning the framework conditions of the German coal phaseout had a negative impact. After the Growth, Structural Change and Employment Commission appointed by the government made specific proposals and recommended appropriate compensation for the power producers concerned in January 2019, the subsequent negotiations on the implementation between the government, states and industry ran through to 2020 (see pages 42 et seqq.).

RWE share indicators		2019	2018	2017	2016	2015
Earnings per share[1]	€	13.82	0.54	3.09	-9.29	-0.28
Cash flows from operating activities of continuing operations per share[1]	€	-1.59	7.50	-6.13	3.83	5.43
Dividend per common share	€	0.80[2]	0.70	1.50	–	–
Dividend per preferred share[3]	€	–	0.70	1.50	0.13	0.13
Dividend payment	€ million	492[2]	430	922	5	5
Common share price						
End of fiscal year	€	27.35	18.97	17.00	11.82	11.71
Highest closing price	€	28.69	22.48	23.14	15.95	25.68
Lowest closing price	€	18.97	15.10	11.80	10.17	9.20
Common share dividend yield[4]	%	2.9	3.7	8.8	–	–
Number of shares outstanding (annual average)	thousands	614,745	614,745	614,745	614,745	614,745
Market capitalisation at the end of the year	€ billion	16.8	11.7	10.3	7.1	7.1

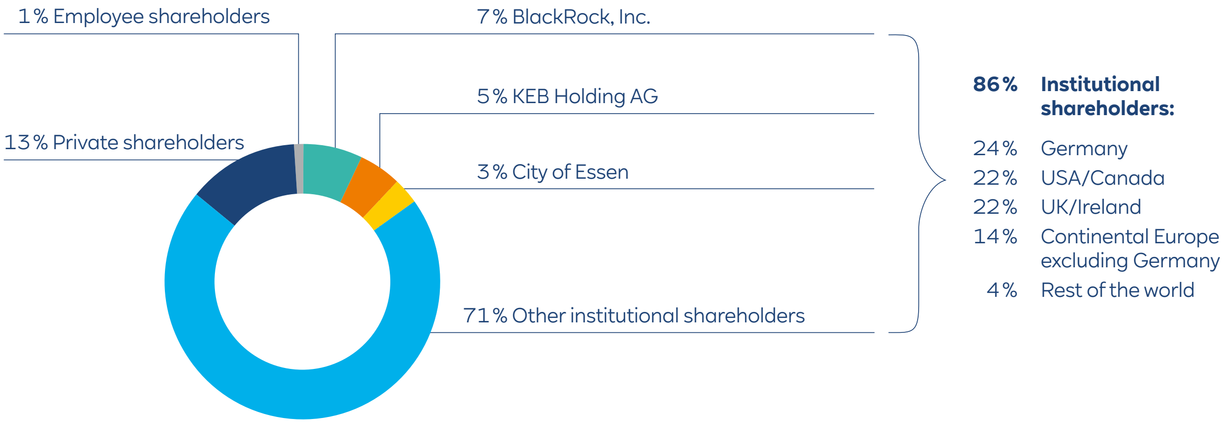
1 In relation to the annual average number of shares outstanding.
2 Dividend proposal for RWE AG's 2019 fiscal year, subject to the passing of a resolution by the 28 April 2020 Annual General Meeting.
3 RWE preferred shares were converted to common shares in mid-2019 (see commentary below).
4 Ratio of the dividend per share to the share price at the end of the fiscal year.

RWE converts preferred shares into common shares. In mid-2019, we converted all 39 million RWE preferred shares into voting common shares, thereby securing equal rights for every RWE shareholder. The conversion occurred 1:1 without any payments. The corresponding resolution was passed on 3 May 2019 by the Group's Annual General Meeting and Preferred Shareholders Meeting, acting on the proposal of the Executive Board and the Supervisory Board. On 28 June 2019, the required amendment to the Articles of Incorporation was entered in the Commercial Register at the Essen District Court and, after the close of trading, the preferred shares were delisted. In early July, the custodians reclassified the RWE preferred shares of their customers as RWE common shares. This increased the total number of common shares to 614.7 million. Institutional investors favour the 'one share - one vote' principle, which RWE is now honouring.

Dividend proposal for fiscal 2019. The Supervisory Board and the Executive Board of RWE AG will propose to the Annual General Meeting on 28 April 2020 a dividend of €0.80 per share for the past fiscal year, a €0.10 gain on the previous year. The dividend proposal reflects RWE's strong earnings.

Broad international shareholder base. Based on our latest survey, at the beginning of 2020, an estimated 86 % of the total of 614.7 million RWE shares were held by institutional investors and 14 % were owned by individuals (including employees). Institutional investors from Germany owned 24 % of RWE (previous year: 25 %). In other countries in Continental Europe, this investor group held 14 % of RWE's subscribed capital (previous year: 15 %). In North America, the United Kingdom and Ireland, it accounted for a combined 44 % (previous year: 43 %). At the start of the year, RWE AG's single-largest shareholder was the US asset management company BlackRock, which owned 7 % of our subscribed capital. KEB Holding, which is backed by the City of Dortmund, was in second place with just under 5 %, followed by the City of Essen in third place, with 3 %.

Shareholder structure of RWE AG[1]



1 As of 1 January 2020; percentages reflect shares in subscribed capital.
Sources: RWE data and notifications from shareholders in accordance with the German Securities Trading Act.

The free float of our common shares considered by Deutsche Börse in terms of index weighting was 100 % when this report went to print. Normally, shares held by investors accounting for at least a cumulative 5 % of the capital stock are not included in the free float. However, a higher threshold of 25 % applies to asset management companies like BlackRock.

About 1 % of our stock is owned by our current and former staff members. We enable the personnel of our German and British subsidiaries to take shares in the company on preferential terms through employee share ownership plans. Last year, over 5,852 people, representing 36 % of all qualifying staff members, made use of this offer. They bought a total of 333,000 common shares. We spent €2,503,000 on the preferential terms and the administration of the programme.

RWE represented on numerous stock markets.
RWE shares are traded on the Frankfurt Stock Exchange and other stock exchanges in Germany, as well as via electronic platforms such as Xetra. They are also available on stock markets in the rest of Europe. In the USA, instead of our shares being traded, RWE is represented via American Depositary Receipts (ADRs) in a Level 1 ADR programme. ADRs are share certificates issued by US depositary banks, representing a certain number of a foreign company's deposited shares. Under RWE's programme, one ADR represents one common share.

Ticker symbols of RWE common share	
Reuters: Xetra	RWEG.DE
Reuters: Frankfurt Stock Exchange	RWEG.F
Bloomberg: Xetra	RWE GY
Bloomberg: Frankfurt Stock Exchange	RWE GR
German Securities Identification Number	703712
International Securities Identification Number (ISIN)	DE0007037129
American Depositary Receipt (CUSIP Number)	74975E303

Combined review of operations

01

1.1 Strategy

Last year saw the launch of the new RWE: our asset swap with E.ON has turned us into one of the world's leading renewable energy companies. We are now an all-rounder in electricity generation and are leading the field in the creation of a sustainable energy system. For as long as necessary, we will ensure security of supply with our flexible power plants. Sustainable power production must be carbon neutral. We intend to meet this ambition as early as 2040. To this end, every year, we will invest billions in wind and solar power as well as in energy storage. And, we will play our part by exiting from coal-based electricity generation early in a socially acceptable manner.

The new RWE: focus on sustainable power generation and energy trading. Our company has repositioned itself fundamentally over the last few years. At the beginning of this transformation process, RWE was still an integrated utility, which was active along the entire energy value chain. Now, we are a company specialising in power production and energy trading that wants to make a contribution to the substantial transformation of the energy sector on the strength of almost carbon-free electricity generation that is both secure and affordable.

The road to the new RWE began in 2016 when we pooled the Renewables, Grid & Infrastructure and Retail divisions in a new subsidiary called innogy and took it to the stock market. One-and-a-half years later, in early 2018, we agreed an extensive asset swap with E.ON, which has since largely been completed. As part of the transaction, we sold our 76.8 % investment in innogy in September 2019 and received in return E.ON's renewable energy business, a 16.67 % stake in E.ON, and the minority interests in our nuclear power stations Gundremmigen (25 %) and Emsland (12.5 %) held by the E.ON subsidiary PreussenElektra. The final step will be the legal transfer of certain innogy operations back to RWE: the renewable energy business, the German and Czech gas storage facilities, and a 37.9 % stake in the Austrian energy utility Kelag. They have been recognised in the item 'innogy – continuing operations' in the consolidated financial statements. We provide detailed commentary on the asset swap with E.ON on page 45.

Outstanding starting position in renewable energy. The renewable energy operations of E.ON and innogy under the RWE umbrella have turned us into a world leading producer of electricity from renewable sources. At the end of 2019, we had a renewable energy portfolio with a total capacity of 9.9 GW. This is the generation capacity allocable to us on a prorated basis, i. e. in accordance with the stakes that we hold. Onshore and offshore wind farms account for the largest share of this: 8.6 GW. We are the world No. 2 in offshore wind. In addition to existing assets, we have acquired a large number of growth projects in various stages of development. Here again, the focus is on wind, followed by photovoltaics. Electricity production from renewables will clearly be our strongest income generator. It will account for more than half of our adjusted EBITDA as early as 2020.

Our goal by 2040: RWE will become carbon neutral. We continued to develop our strategy concurrently to the implementation of the asset swap with E.ON and set ourselves ambitious goals in terms of lowering our greenhouse gas emissions. RWE reduced its annual carbon dioxide emissions by 51 % from 2012 to 2019. By 2030, we plan to have lowered them by 75 %. The phaseout of electricity generation from coal will play a central role. By 2040, we want to have converted enough of our power plant portfolio to achieve our goal of being carbon neutral. To this end, we will rapidly expand renewable energy, make more use of storage technologies and use CO_2-neutral fuel to produce electricity. This strategic alignment is also reflected in RWE's brand. Our purpose, 'Our energy for a sustainable life', is an expression of the determination of the RWE Group and its approximately 20,000 employees to ensure a sustainable energy system.

Fast growth in wind and solar power. The most important element of our strategy is shifting our focus to make increased use of renewable energy sources. The asset swap with E.ON gives us an excellent starting position, which we will strengthen rapidly. We want to increase our wind and solar capacity, which totalled 8.7 GW (pro-rata) at the end of 2019, to over 13 GW by the end of 2022. We plan to invest a net €1.5 billion to €2.0 billion on this every year. Reinvesting proceeds from the sale of stakes in projects could actually cause the gross expenditure to be much higher. Our technological focus rests on wind energy and photovoltaics. Geographically, we will concentrate on markets in Europe, the Americas and the Asia-Pacific region.

At present, our largest construction project is the 860 MW Triton Knoll offshore wind farm off the eastern coast of England, for which innogy secured a guaranteed payment of £74.75/MWh. We are also building huge onshore wind farms, e. g. Big Raymond and Cranell in the US state of Texas, which will have total capacities of 440 MW and 220 MW, respectively. In 2020, we want to commission our Limondale solar farm in New South Wales, Australia. With an installed capacity of 349 MWp, it will be the most powerful installation of its kind in the country. We will maintain the integrated business model pursued by innogy and E.ON to date, meaning that our new projects will cover the entire value chain from development to construction and operation wherever possible.

High-capacity storage: prerequisite for 100 % electricity generation from renewables. Expanding renewable energy is not enough. Electricity generated by wind and solar power greatly depends on the weather, time of day and season. Sometimes, power produced from renewable sources only covers a fraction of demand, and at other times, it exceeds local needs to such an extent that it actually has to be throttled. Consequently, storage technologies are increasingly coming to the fore as renewable energy continues to be expanded. They do not yet meet the technical and economic requirements for large-scale use to secure supply. But we are working on changing the situation. In several research and development projects, we are dedicating ourselves to Power-to-Gas technologies, which convert green electricity to hydrogen and then use this gas as a carbon-neutral commodity. For example, we joined forces with gas network operators and industrial enterprises in the Get H_2 initiative to put the production, storage, transport and use of hydrogen to the test on an industrial scale at our power plant site in Lingen (see page 36). In addition to Power-to-Gas and thermal or mechanical storage concepts, batteries can also help to mitigate fluctuations in renewable energy. RWE is already involved in the development and construction of battery storage facilities, which is a business we are expanding.

Conventional electricity generation: growing significance of gas as a source of energy. Building the storage infrastructure required for a nationwide supply of green electricity is a task that will take decades, not years to accomplish. Therefore, power stations capable of offsetting fluctuating wind and solar power feed-ins will remain necessary for the foreseeable future. With our conventional generation capacity, we are making an indispensable contribution to the reliable and tailored supply of electricity in our core markets in Germany, the United Kingdom and the Benelux region. Our gas-fired power stations, most of which are state-of-the-art, are especially well suited to partner with renewable energy because they emit little carbon dioxide and their output can be adapted to load fluctuations in the grid very quickly. In terms of generation capacity, gas is already our major conventional source of energy, and its share of our power plant portfolio is expected to increase further. However, we believe the greatest potential for growth is currently harboured by the acquisition of existing stations. New builds are usually unprofitable at present, unless the assets receive guaranteed payments under the German Combined Heat and Power Act or as a result of invitations to tender from the network operators.

Conversely, coal and nuclear power stations will increasingly lose importance within our generation portfolio. In Germany, nuclear energy is subject to a phaseout roadmap, which stipulates a latest possible shutdown date for every single plant. Two RWE nuclear power stations are still online: Gundremmingen C and Emsland. We can operate these assets until the end of 2021 and the end of 2022, respectively, after which they must be closed. Thereafter, our nuclear operations will largely be limited to safe and efficient dismantling. In addition, we are exploring how to continue to make use of the locations of our power plants in the energy business.

Permission to use coal as a source of energy is also likely to end in the foreseeable future. All three countries in which RWE has coal-fired power stations already have concrete phaseout roadmaps. The United Kingdom has set its sights on the earliest exit year, which is 2024. Aberthaw B, the last RWE hard coal-fired power plant in operation there, was taken offline in December 2019 so that it can be decommissioned early.

The Netherlands intend to phase out coal by the end of 2029. This has been enshrined in law since last year. We currently have two hard coal-fired power plants there, Amer 9 and Eemshaven, which will have to be converted to run on alternative fuels or shut down after 2024 and 2029, respectively. Thanks to state subsidies, we have begun to co-fire biomass in both these stations. Moreover, we will explore whether we can run them solely on this energy fuel in the long run.

At the beginning of 2020, the German government presented a draft law on the country's exit from coal, which orients itself towards the recommendations of the Growth, Structural Change and Employment Commission. The roadmap envisages the country gradually reducing the number of coal power plants to zero by 2038. The draft law also mandates the early closure of lignite-fired power stations in the Rhenish coal mining region, on which we reached an agreement with the government following lengthy negotiations. Detailed information can be found on pages 42 et seqq. The exit roadmap makes it possible to have a reliable regulatory framework, within which we can work towards carbon-neutral electricity generation by 2040. However, it also poses major social and operational challenges, mainly relating to our lignite business in the Rhineland. For example, we have to end our opencast mining activities in Hambach early, which will be extremely expensive as this will involve maintaining Hambach Forest. Furthermore, we are forced to implement major layoffs and redundancy programmes for the affected employees. We managed to negotiate a total of €2.6 billion in compensation with the government, but we will have to cover some of the additional costs ourselves.

Germany's coal phaseout will accelerate structural change in the Rhenish lignite mining region substantially. We intend to play an active role in shaping this change and help to ensure that the energy industry continues to prosper in the region. Some recultivation land is very well suited for the expansion of renewable energy. Three innogy onshore wind farms are already located there. We also intend to continue developing our power plant sites. For example, there are plans to build an innovation, technology and commercial park in Frimmersdorf and the surrounding area. We will perform test drillings at the Weisweiler site within the scope of an EU project in order to determine whether the location's geothermal activity is suitable for generating district heat (see pages 34 et seq.). In addition, we will thoroughly explore Power-to-Gas technology at the Niederaussem Innovation Centre, where we have been operating an electrolyser for producing hydrogen since 2013.

Supply & Trading – commercial hub for the generation business. Energy trading is part of RWE's core business. It forms the economic link between the elements of our value chain, the regional markets and the various energy commodities. It is overseen by the Group company RWE Supply & Trading, which focuses on trading electricity, gas, coal, oil, biomass, and CO_2 certificates. RWE Supply & Trading mainly conducts these activities from Europe as well as via subsidiaries in New York, Singapore and Beijing. Another of the Group company's activities consists of marketing the electricity from RWE power stations and procuring the fuel and emission allowances required to produce it. The objective here is to limit price risks. On top of that, RWE Supply & Trading is in charge of the commercial optimisation of our power plant dispatch. However, the generation segments are entitled to the resulting earnings, which is why we report them in those segments. Companies outside of the RWE Group can also benefit from the expertise of our trading business. They are offered a wide range of products and services, running the gamut from traditional energy supply contracts and comprehensive energy management solutions to sophisticated risk management concepts. In addition, RWE Supply & Trading makes minor investments in energy assets or energy companies, for which value-enhancing measures can be taken in order to realise high returns upon resale (referred to as principal investments). At the end of 2019, RWE Supply & Trading had a portfolio of seven principal investments, four of which are in the USA.

Intermediary trading and storage of gas harbour additional earnings potential. Another string to RWE Supply & Trading's bow is the gas business. This is an area in which the company aims to establish itself as a leading European intermediary. The company already supplies gas to numerous companies inside and outside of the RWE Group. To this end, it enters into long-term supply agreements with producers, organises gas transportation by booking pipelines and optimises the timing of deliveries using leased gas storage facilities. The greater the size and diversification of the procurement and supply portfolios, the greater the chances to commercially optimise them. RWE Supply & Trading also concludes transactions involving liquefied natural gas (LNG). The main objective is to take advantage of differences in price between regional gas markets which are not connected via pipelines.

The asset swap with E.ON further expands our gas business. We will receive eleven gas storage facilities from our former subsidiary innogy: five in Germany with a total capacity of 1.6 billion cubic metres and six in the Czech Republic with a total capacity of 2.7 billion cubic metres. In 2020, we will start reporting income from the management of these assets in the Supply & Trading segment. Due to regulatory restrictions these storage facilities will not be owned by RWE Supply & Trading, but by legally independent Group companies, which lease them to companies such as RWE Supply & Trading. The lessees use the storage facilities for timing arbitrage transactions. They are filled in the warm months, when little gas is needed to heat buildings, and gradually emptied in the cold season, when demand is high. The income achieved through such arbitrage transactions and, in turn, storage capacity auctions depends on the seasonal differences in gas prices. The differences in price between summer and winter gas are much smaller today than they have been in the past. This applies above all to the German market, which currently has an oversupply of storage capacity. A recovery of margins is not in sight. However, we believe that periods of scarcity and price spikes will become more frequent again in the long run, in part due to rising demand for gas used to generate electricity. This is something from which we would benefit two-fold, both as user and as owner of the storage facilities.

Attractive investment portfolio increases financial strength. RWE's business operations are supplemented by a portfolio of financial investments in energy companies, which we believe will be a reliable source of substantial income. The largest position is the stake in E.ON, which we received as part of the asset swap. It amounted to 16.7 % when it was acquired in September 2019. We reduced it to 15 % shortly thereafter. Our investment portfolio also includes a 25.1 % share of the German transmission system operator Amprion and the 37.9 % interest in the Austrian utility Kelag mentioned earlier, which is part of the continuing innogy operations. Kelag's strong position in hydroelectric power makes the company a perfect fit for our renewable energy strategy.

New Group structure: coal and nuclear pooled in single segment. We will present the RWE Group in a new structure from 2020 onwards. One major change compared to 2019 is that we will dissolve the interim 'innogy – continuing operations' and 'acquired E.ON operations' segments and break down the generation business solely by energy source. We have pooled our German lignite, hard coal and nuclear power stations in a single segment. As these technologies are subject to exit roadmaps mandated by the state, plant dismantling and opencast mine recultivation will gain importance relative to electricity generation. Additional information on the new segment breakdown can be found on pages 94 et seq. The old structure, which forms the basis for our financial reporting on fiscal 2019, is set out on pages 49 et seq.

RWE AG's management system. Ensuring sustainable growth in shareholder value is at the heart of our business policy. To manage the Group's activities, RWE AG deploys a groupwide planning and controlling system, which ensures that resources are used efficiently, and provides timely, detailed insight into the current and prospective development of the company's assets, financial position and net worth. Based on the targets set by the Executive Board and management's expectations regarding the development of the business, once a year we formulate our medium-term plan, in which we forecast the development of key financial indicators. This plan contains the budget figures for the following fiscal year and planned figures for the years thereafter. The Executive Board submits the plan to the Supervisory Board, which reviews and approves it. The Supervisory Board occasionally requests adjustments to be made prior to giving its approval. During the fiscal year, we produce internal forecasts linked to the budget. The Executive Boards of RWE AG and the main operating units meet regularly to analyse the interim and annual financial statements and update the forecasts. In the event that the updated forecast figures deviate significantly from the budget figures, the underlying reasons are analysed and countermeasures are taken if necessary. We also immediately notify the capital market if published forecasts need to be modified.

Important key performance indicators used in managing our business are adjusted EBITDA, adjusted EBIT, adjusted net income, and net debt. EBITDA is defined as earnings before interest, taxes, depreciation and amortisation. In order to improve its explanatory power in relation to the development of ordinary activities, we remove non-operating or aperiodic effects: capital gains or losses, temporary effects from the fair valuation of derivatives, impairments and other material special items are shown in the non-operating result. Subtracting operating depreciation and amortisation from adjusted EBITDA yields adjusted EBIT. Net income corrected to exclude all major special items (adjusted net income), is another key operating indicator.

Until 2019, for management purposes, we also used key figures reflecting innogy as a purely financial investment in accounting terms. innogy was considered on the income statement only with the dividend due RWE. This approach, which deviates from IFRS consolidation principles, is explained in further detail on page 69. It enabled us to present innogy's role adequately. Another advantage of the greater independence of accounting regulations was that we did not have to make any methodological adjustments when implementing the asset swap with E.ON. Therefore, this approach was also applied to determine the key earnings figures forming the basis of the Executive Board's variable remuneration.

We primarily use the internal rate of return for evaluating the attractiveness of investment projects. The Group's financial position is analysed using cash flows from operating activities, amongst other things. We also attach special importance to the development of free cash flow. It is the result of deducting capital expenditure from cash flows from operating activities and adding to them proceeds from divestments and asset disposals. Net debt is another indicator of RWE's financial strength. The starting point for calculating it is RWE's net financial position, to which provisions for pensions and similar obligations, for nuclear waste management, for mining damage (e.g. the recultivation of opencast mining sites) and for the dismantling of wind farms are added. However, we will stop including provisions for mining damage and the financial assets used to cover them in net debt from fiscal 2020 onwards. In managing our indebtedness, we orientate ourselves towards the leverage factor, the ratio of net debt to adjusted EBITDA. In the future, we will calculate this ratio solely based on income achieved in our core business, the definition of which is provided on pages 94 et seq.

Sustainable management – more than just reducing emissions. We can only succeed over the long term if we ensure society's acceptance by embracing our corporate responsibility (CR). Today, CR is a top priority. It relates to multifaceted environmental, economic and social matters and therefore goes far beyond the reduction of greenhouse gas emissions. To optimise our assessment of the expectations which society has of us, we constantly seek to engage in dialogue with stakeholder groups. These are primarily shareholders, employees, politicians, associations, non-government organisations and civic initiatives. The stimulus we receive by interacting with our stakeholders helps us to determine the focal points of our CR activities. In addition to reducing our emissions, we take a number of further matters very seriously. These include the health of our staff, biodiversity at our sites, the diversity of our workforce and the attractiveness of RWE as an employer. We have set ourselves specific goals in respect of numerous CR issues and measure the degree to which we achieve them using KPIs. In so doing, we create transparency while making our sustainability strategy more binding. This is also achieved by the fact that the degree to which CR targets are met has a direct effect on the remuneration of the Executive Board of RWE AG (see page 80).

Further information on our goals and measures in relation to CR can be found in our separate consolidated non-financial report in accordance with Section 315b, Paragraph 3 of the German Commercial Code, which will be published separately from the combined review of operations as part of our CR Report in April 2020. The CR Report is entitled 'Our responsibility' and can be accessed on the internet at www.rwe.com/cr-report.

1.2 Innovation

Few other industrial sectors are in the throes of as great a transformation as that affecting the energy industry. Armed with innovative spirit, curiosity and drive, we are helping to shape this change, prompting us to have launched or helped progress 190 innovation projects this past year alone. A total of 370 employees and numerous industrial and research partners were involved in these projects. And as varied as they may be, they have one goal in common: overcoming the technical and economic challenges of the energy transition.

With around 290 inventions, we are amongst the pioneers of European utilities. RWE is innovative in many ways. We are motivated both by a desire to remain competitive in an ever-changing environment as well as a passion to be a driving force propelling this transition. With the help of our innovation projects, we are looking to develop solutions that help us advance power generation from renewable sources and harness the potential of our conventional power plants in order to facilitate a successful energy transition.

With 1,070 patents and patent applications, based on close to 290 inventions, we are in the leading pack of European utilities. Last year, we worked on approximately 190 projects in the field of research and development (R & D). About 370 of our staff were solely dedicated to these activities or contributed to them in addition to performing their normal tasks. In most R & D projects, we co-operate with other companies or research institutions, meaning we generally only bear a portion of the project costs. In 2019, the RWE Group's operating R & D spending amounted to €21 million (previous year: €18 million). innogy is only included in all of these figures based on the operations we are continuing.

In the following we present a small selection of current innovation projects. They illustrate the range of challenges we are facing in light of the energy transition and signify the creativity with which we are tackling these issues.

The floating TetraSpar turbine: new solution for offshore wind expansion. RWE is the world No. 2 in offshore wind power production. Traditional offshore wind turbines have one thing in common: they are firmly secured to the seabed and therefore located in waters with a maximum depth of 50 metres, with 70 metres likely to be possible in the medium term. The reason for this limitation is that the need for building materials increases in tandem with the need to make stronger structures which can withstand wind and waves in much deeper waters. The associated construction costs would be considerable, rendering the wind farms uneconomical. However, in order to harness the potential of wind power more effectively, companies are currently working on concepts for floating wind turbines, which can be secured to the seabed using anchor chains. This opens up the possibility of utilising deeper waters as sites for turbines, making completely new regions available for wind power, such as the Mediterranean and steeply sloping coasts in Asia and America in particular. According to WindEurope, the European wind industry association, in about 80 % of all areas where wind speeds are suitable for electricity generation, the sea is simply too deep for conventional forms of offshore wind.

Floating technology is still in its infancy. Commercially available turbines are usually used, but the floating foundations are custom-made and expensive. Together with oil company Shell and Danish company Stiesdal Offshore Technologies (SOT), innogy is currently testing a modular concept called TetraSpar, which the project partners believe will enable considerable cost savings. SOT has developed a tubular steel support structure which is kept stable in the water by a keel. As it has a modular design, the individual parts of the support structure can be prefabricated at different locations. One advantage this technology holds over other floating concepts is that it is possible to construct the floating base and mount a turbine to it – all within the harbour.

The project team's model-scale tests on a floating installation, conducted in wind and wave tunnels, have largely been completed and production of individual test installation components is already under way. In 2020, the first TetraSpar base is due to be assembled and launched in the Danish port of Grenaa, before a 3.6 MW wind turbine is mounted upon it. Tugboats will then take the entire installation to the test site ten kilometres off the Norwegian coast near Stavanger, where it will be attached to the seabed 200 metres below with three anchor chains, before finally being connected to the power grid via a cable. The floating turbine will be equipped with a large number of sensors to measure whether its behaviour in real life conditions is in line with our predictions based on calculations and tests. In TetraSpar, we hope to have found a concept that will allow us to venture into entirely new wind power territories using floating technology.

Weatherproofing wind farms: lower repair costs thanks to rotor blade coating. Wind turbine blades are constantly exposed to the elements. This applies in particular to the leading edge of the blades where dust, water droplets and, at offshore sites, even sea salt strike the coating and, over time, permeate to the layers below. The damage caused by the erosion must regularly be repaired at great expense. This is precisely where we want to make a change, true to the saying "Prevention is better than cure."

For some time now, manufacturers have been making materials that can be applied to the edges of the blades to protect them from erosion. Three types of material are available for this purpose: special paints, adhesive strips and precast foams – all of which have already been tested in our laboratory, using products from ten manufacturers. At the offshore wind farms Gwynt y Môr off the coast of Wales and Rödsand 2 near Lolland in Denmark, these investigations are being continued under real life conditions. In offshore locations, the number, size and salt content of water droplets in the air is particularly high, making these material tests even more crucial. The main objective is to establish how easily these materials can be applied under marine weather conditions and how they might affect the aerodynamics of the turbines.

Testing is expected to continue until 2021, by which time we want to have identified the material with the best cost-benefit ratio. We could then apply it to rotor blades during regular maintenance, avoiding unneccessary downtime. In addition, when building wind farms, we will make sure that the blades are precoated with the ideal protective layer.

Wind turbines under observation: condition monitoring systems. Once a wind turbine has been installed, it must be regularly serviced and maintained. Damage should be detected, assessed and repaired as quickly as possible to prevent turbine downtime. In order to ensure a safe and ideally seamless operation of a given wind farm, we use condition monitoring systems. The systems use sensors to record rotation speeds, vibrations, ambient temperatures and much more. Measurements are taken around the clock, and that information is stored, so that software can evaluate the data later.

As part of our R&D activities, we are working on improving the interaction between the sensors (hardware) and the analysis methods (software). We are exploring which hardware is particularly well suited for data acquisition, for example. We improve the software using machine learning approaches, among other things. Engineers and IT specialists teach the software to work autonomously and distinguish between normal and irregular wind turbine behaviour based on existing data sets. The ideal combination of hardware and software will then be installed in individual turbine models or even entire onshore and offshore fleets. With the help of our condition monitoring systems, we have already been able to considerably reduce the number of unplanned maintenance outages.

Heat from under the ground: new tasks for our Weisweiler site. One regenerative energy source simply brimming with promise is deep geothermal energy. Not only does it offer promising prospects for energy supply, but possibly also for the future of the Rhenish lignite mining region. As part of an R&D initiative under the umbrella of EU funding project INTERREG, we are currently researching whether and how we can extract geothermal energy, stored deep in the ground under our Weisweiler power station to the east of Aachen. In concrete terms, the objective is to pump hot water from deep underneath the earth's crust to the surface. The heat could then be captured by a heat exchanger and fed into the Aachen district heating network, while the thermal water would be pumped back into the ground via a second borehole. This would make it possible to supply Greater Aachen with green energy from the Rhenish coal mining region and Weisweiler to maintain its place as a key location for the energy industry. It would also offer the workforce secure prospects, even once the planned phaseout of lignite-fired electricity generation is complete.

Ten partners have come together as part of our DGE Rollout NWE project (development of deep geothermal energy in north-western Europe) under the direction of North Rhine-Westphalia's Geological Service. RWE Power is contributing the on-site energy infrastructure at Weisweiler, and the know-how of its employees to the project. District heating pipelines already run from our power plant to Aachen, some 20 kilometres away. The first project phase will be dedicated to the underground exploration of the conditions in Weisweiler. In the second half of 2020, we want to use a test well to reach a depth of more than 1,000 metres. If it then transpires that the use of geothermal energy is economically viable, this would mark the birth of a Weisweiler geothermal energy site. The state of North Rhine-Westphalia has set itself the goal of ensuring that a 2038 phaseout of coal-fired electricity generation coincides with a massive expansion of renewable energy capacity. It is envisaged that the Rhenish region will serve as a model for how a region in Europe can best transform its energy system into a modern, innovative and climate-friendly one.

Geothermal energy is of particular interest in this regard because it is available around the clock, regardless of weather conditions. With its mining traditions and its high professional and technical standards, North Rhine-Westphalia ticks all the necessary boxes to create a successful geothermal energy hub. In Belgium and the Netherlands, district heating networks, greenhouses, industrial plants and thermal baths already benefit from this environmentally friendly energy stored below the earth's crust.

StoreToPower: converting coal-fired power stations into thermal storage power plants. StoreToPower is another project aimed at tackling the impending structural change in the Rhenish lignite mining region whilst also securing the area as a key location for the energy industry. As the name implies, the focus is on electricity storage. One of the major challenges of the energy transition is that wind turbines and solar panels are not reliable sources of electricity. The more these systems replace conventional power plants, the more urgently we need storage solutions that make it possible to reconcile the considerable fluctuations of electricity generated from renewable sources with demand profiles.

How we transition from phasing out coal to phasing in energy storage solutions is the key question when it comes to StoreToPower. As part of this initiative, we are looking to use a lignite-fired power station as a thermal storage power plant. This will not involve a complete redesign of the plant: in coal-fired power stations, heat is generated by burning coal. This heat is used to produce steam. Under high pressure, the steam drives a turbine, which produces electricity via a generator. In a coal-fired power station which has been converted into a heat storage power plant, the heat needed for steam generation can be produced with alternatives to coal, namely wind and solar power. Whenever excess amounts of green electricity are available, they could be used to heat a thermal storage tank. Later, when wind and solar power is in short supply, the stored heat can be used to generate steam to drive the turbine. The modules of the thermal storage system can be gradually built next to existing power plant units. In this way, the steam generated in the green storage plant can progressively be used to replace large portions of the steam otherwise generated using lignite. This continues until the power station operates exclusively as a thermal storage power plant using renewable energy sources once the phaseout of coal-fired power generation has been completed.

As part of the StoreToPower project, RWE has joined forces with the German Aerospace Centre and the Aachen University of Applied Sciences. Together, the partners are seeking to retrofit a thermal storage module as a test facility on the premises of a large lignite-fired power plant unit in the Rhenish region, thus proving the technical viability of the concept. The state of North Rhine-Westphalia is already backing the planning work financially and has included StoreToPower as a key project in its programme of urgent operations called 'The Rhenish region of the future'. In July 2019, the project cleared an important hurdle: the Federal Ministry of Economics and Energy listed it as one of 20 projects that are eligible to apply for funding within the scope of the ideas competition entitled 'Real Laboratories of the Energy Transition'. The contest is aimed at ensuring that sustainable energy technologies can be tested under real life conditions and on an industrial scale.

Innovative CO_2 application: synthetic fuel from carbon dioxide. For some time now, we have been working on various processes that allow us to separate carbon dioxide from power plant flue gases (CO_2 scrubbing). At our innovation centre in Niederaussem in the Rhenish lignite mining region, we have developed one of the world's pioneering technologies in this field together with BASF and Linde. Our CO_2 scrubbing pilot plant has already proven its capabilities over years of extensive testing. Since 2009, it has completed more than 80,000 operating hours, achieving CO_2 scrubbing efficiencies of 90 %. We use carbon dioxide from the pilot plant to produce synthetic fuel and feedstock for the chemical industry, which can be used to replace fossil fuels such as crude oil and natural gas. To this end, we have initiated five projects, all of which qualify for EU funding. Two examples are presented below.

As part of the first project, MefCO_2 (Methanol from CO_2), which has already been completed, we produced methanol from carbon dioxide and hydrogen. The hydrogen in turn was produced by electrolysis using water and electricity. A wide variety of chemical products are based on methanol, one of the most commonly manufactured chemicals in the world. It is also suitable as a long-term storage medium for renewable energy, provided the hydrogen used to generate it is produced using green electricity and the methanol itself is subsequently used to generate electricity.

A second project, ALIGN-CCUS, has been under way at Niederaussem since 2017. Backing is provided by both the EU and the German Ministry for Economic Affairs and Energy. A total of 30 industrial enterprises and research institutions from five European countries are involved in the project. They are looking to show that it is possible to create an entire value chain, from carbon capture to its use and storage. The project involves converting carbon dioxide and hydrogen into dimethyl ether (DME), which can be used as a low-carbon, low-nitrogen-oxide diesel substitute. Our pilot plant in Niederaussem became operational in early 2020. Every day, we produce up to 50 kilogrammes of DME from carbon dioxide and hydrogen, which is used as a fuel for the production of peak-load electricity in a stationary diesel generator at Niederaussem. ALIGN-CCUS is another example of how generation shortages from renewable energy could be cushioned moving forward. All CO_2 conversion projects serve to further our understanding of new technologies and products whilst gaining experience with new partners, thus laying the groundwork for the next step: the construction and operation of a demonstration plant where the processes can be tested on an industrial scale.

GET H_2: blueprint for entry into the hydrogen business. As demonstrated by the MefCO_2 and ALIGN-CCUS projects, hydrogen plays a key role in using carbon dioxide. However, its importance for the energy industry goes far beyond this application. After all, hydrogen (H_2) can be used in a myriad of ways, for instance to generate electricity and heat, as a fuel to power cars, or as a commodity for industry. Another advantage of hydrogen is that it can be obtained by electrolysis from electricity and water and is therefore a candidate for renewable energy storage. Producing, transporting and using hydrogen take centre stage in the GET H_2 initiative, for which we joined forces with numerous industrial and research partners. The objective of GET H_2 is to build a nationwide hydrogen infrastructure in Germany. This initiative will kick off with a project at our power plant site in Lingen, where we intend to produce green hydrogen for industrial processes on a large scale. Furthermore, there are plans to repurpose an existing gas pipeline from Lingen to the Ruhr region to transport hydrogen. This undertaking is still in the planning stage and is subject to economic feasibility.

Lignite-fired power plants: lower mercury emissions thanks to rotary hearth furnace coke. In our efforts to generate electricity with ever lower emissions, we are not only targeting the greenhouse gas carbon dioxide but also pollutants such as mercury. We are already able to successfully separate and extract most of the mercury contained within flue gases, meaning our plants are already well below the current legal emission thresholds. However, new EU regulations will impose much stricter limits on our lignite-fired power plants from summer 2021 onwards. So, the fact that we have been working intensively for years now on ways to further reduce mercury emissions cost-effectively very much works in our favour. We have specifically been giving much consideration to a process which makes use of furnace coke extracted from lignite. We are already using this substance to extract mercury at our refining plants, where we process lignite into briquettes or lignite dust for the cement and lime industry. Tests carried out in 2018 at a pilot plant at the Niederaussem Innovation Centre demonstrated that furnace coke can also be used to reduce emissions from power plants. In Niederaussem, we injected furnace coke into the smokestack of a lignite block. The result showed that the mercury attached itself to the fine furnace coke particles so that both materials could be extracted by the electrostatic precipitator and subsequently disposed of. The experiments led to a significant reduction in mercury emissions, which encouraged us to apply the method on a large scale and under real life conditions. To this end, we built a demonstration plant, which is also connected to one of the power station units at Niederaussem. During an extensive series of tests between February and July 2019, the method proved its value and effectiveness once again. We now plan to install it in further lignite units, which would otherwise not be able to comply with the impending new limitations. In the meantime, we are using the demonstration plant to explore ways in which we can further perfect the technology.

Detailed information on these projects and our other R&D ventures can be found at www.rwe.com/innovation and at www.innogy.com/innovation > Renewable Energy.

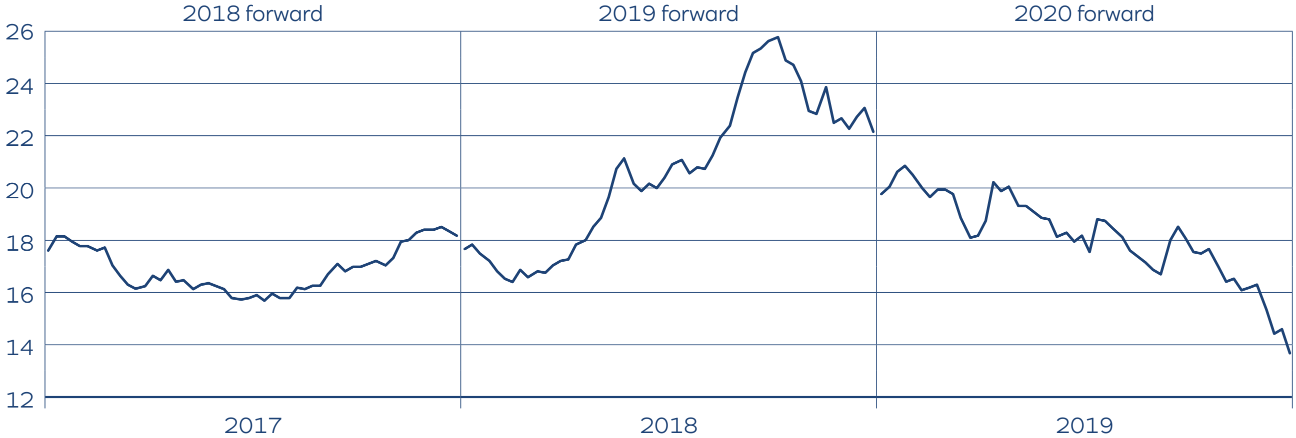
1.3 Economic environment

World economic growth slowed in 2019. Initial estimates have German GDP posting a marginal rise, with industrial output on the decline, resulting in a drop in electricity consumption. Following a multi-year upturn, prices of thermal coal and natural gas dropped on international markets. Despite this, average electricity forward prices in Germany and the Netherlands were higher than in 2018. A major factor was the rise in the price of CO_2 emission allowances witnessed since 2017. This was also a major reason why the margins of low-emission gas power plants improved, whereas those of hard coal-fired power stations worsened.

Eurozone posts only slight growth. The economy experienced a tangible cool-down in the past fiscal year. Based on preliminary estimates, global economic output rose by 2.5 %, which was less than in 2018 (3.3 %). The Eurozone may well have posted just over 1 % economic growth, with Germany recording a gain of merely 0.6 %. Due to its dependency on exports, the country, which is the largest economy in the currency area, is significantly affected by international trade conflicts. By contrast, the Netherlands, recording an estimated increase of 1.7 %, occupied one of the top spots among Eurozone countries. In the United Kingdom, our most important market outside of the currency union, the economy displayed robust development, despite the UK's exit from the EU with effect from 31 January 2020. Based on the latest figures, the country's GDP rose by more than 1 %. Since the acquisition of E.ON's renewables business, the USA has also become one of RWE's core markets. Economic research institutes estimate that the US economy expanded by more than 2 %.

Decrease in demand for electricity in Germany. Electricity consumption trends largely depend on the economic cycle, which weakened significantly in our European markets. Furthermore, less electricity was needed for heating due to the weather. Preliminary data from the German Association of Energy and Water Industries (BDEW) indicate that electricity consumption in Germany was down 2 % in 2019. Expert estimates for the UK have the country recording a decline of a similar order, whereas there was apparently no major change versus 2018 in the Netherlands. Power usage in the USA is likely to have dropped by more than 2 %, despite the country's robust economy. This was in part because the summer temperatures were below the unusually high level recorded in the preceding year, resulting in a commensurate decline in electricity consumption for air conditioning.

One-year forward prices of gas on the TTF wholesale market
€/MWh (average weekly figures)

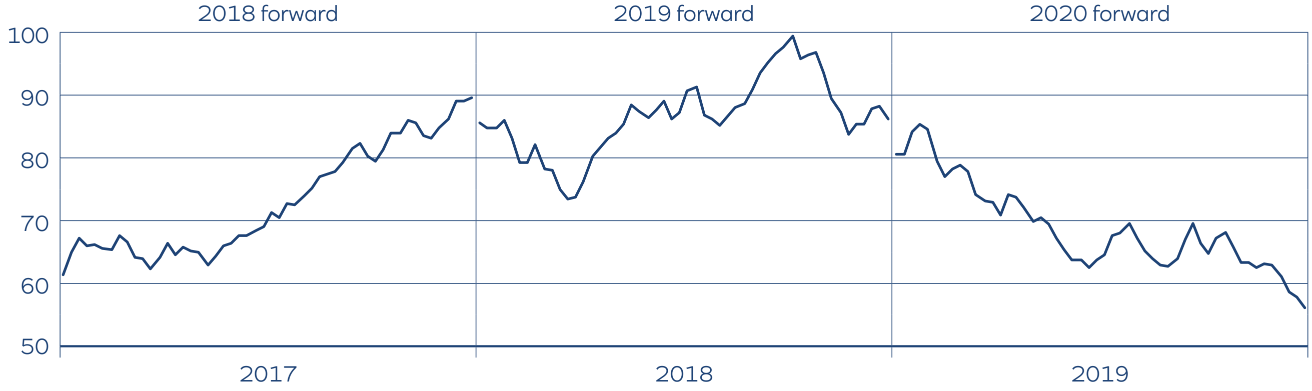


Source: Bloomberg.

Mild weather causes natural gas spot prices to collapse. The utilisation and earnings of our power plants are heavily dependent on how fuel and emission allowance prices develop. Natural gas, our most important tradable energy source, was characterised by extremely low spot prices in 2019. Quotations at the Title Transfer Facility (TTF) – the Continental European trading hub – averaged €14/MWh, €9 less than a year before. Unusually low demand for heating gas caused by the mild 2018/2019 winter played an important role. Moreover, the European market was flooded with liquefied natural gas (LNG), putting even more pressure on prices. Increased gas consumption due to the improved capacity utilisation of gas-fired power stations was unable to offset this. Gas forward prices also dropped, although not to the same extent. In the year under review, the 2020 TTF forward cost €18/MWh compared to the €21/MWh paid for the 2019 forward in 2018.

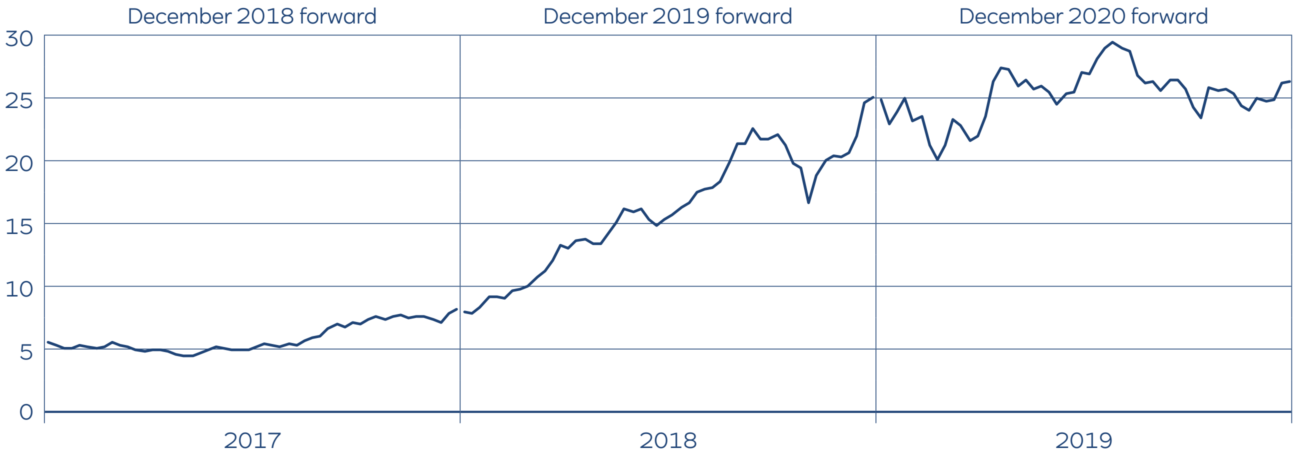
Declining demand curbs hard coal prices. Spot prices paid for hard coal used in power plants (steam coal) also declined substantially. Deliveries to the ARA ports (ARA = Amsterdam, Rotterdam, Antwerp) including freight and insurance were settled for an average of US$61/metric ton (€54), US$31 less than in the previous year. The background to this is that little use was made of coal-fired power stations in Europe, leading to a corresponding reduction of steam coal consumption. Furthermore, import restrictions in China and the reactivation of Japanese nuclear power plants curtailed demand from Asia. Quotations on the forward market also dropped owing to the aforementioned factors. In 2019, the one-year forward (API 2 Index) cost an average of US$70/metric ton (€62), US$17 less than in the preceding year.

One-year forward prices of hard coal deliveries to Amsterdam/Rotterdam/Antwerp
US$/metric ton (average weekly figures)



Source: RWE Supply & Trading.

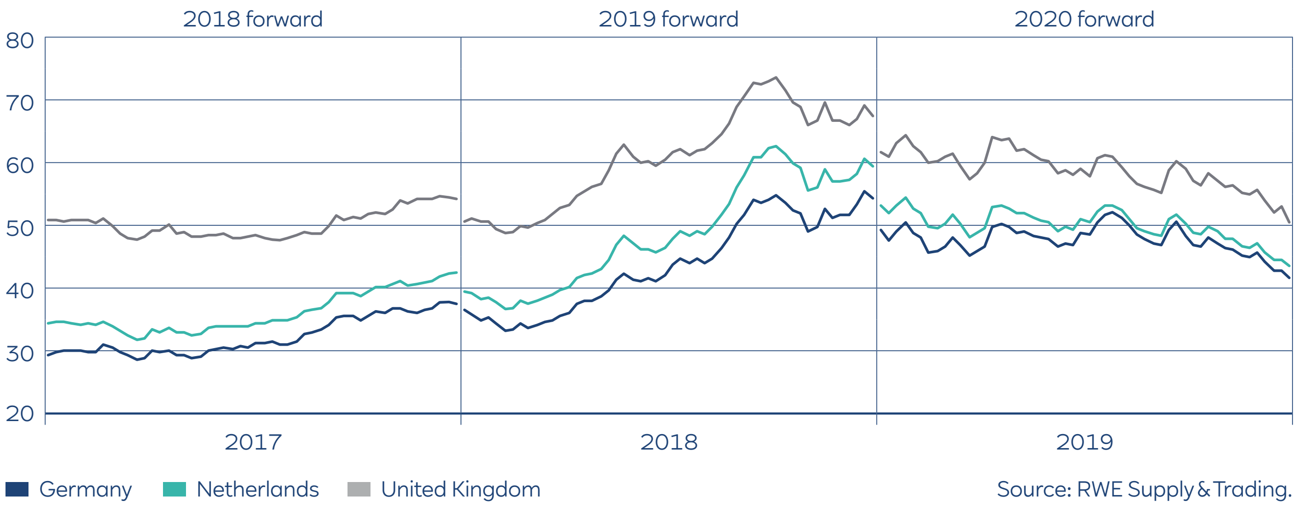
Forward prices of CO_2 emission allowances (European Union Allowances)
€/metric ton of CO_2 (average weekly figures)



Source: RWE Supply & Trading.

Reform of European Emissions Trading System causes rapid increase in CO_2 certificate prices. An important cost factor of electricity generation from fossil fuel-fired power stations is the procurement of CO_2 emission allowances, which have increased substantially in price since the middle of 2017. An EU Allowance (EUA), which confers the right to emit one metric ton of carbon dioxide, cost €25 on average, €9 more than in 2018. These figures relate to contracts for delivery that mature in December of the following year. The considerable rise in price is due to the fundamental reform of the EU Emissions Trading System. The new regulations, some of which have started having an impact at the beginning of 2019, should result in a gradual reduction of the oversupply of emission allowances on the market. Many participants in emissions trading therefore expect a shortage of available EUAs and made early purchases. This resulted in a massive surge in prices even before the reform package was implemented.

One-year forward prices of base-load electricity on the wholesale market
€/MWh (average weekly figures)

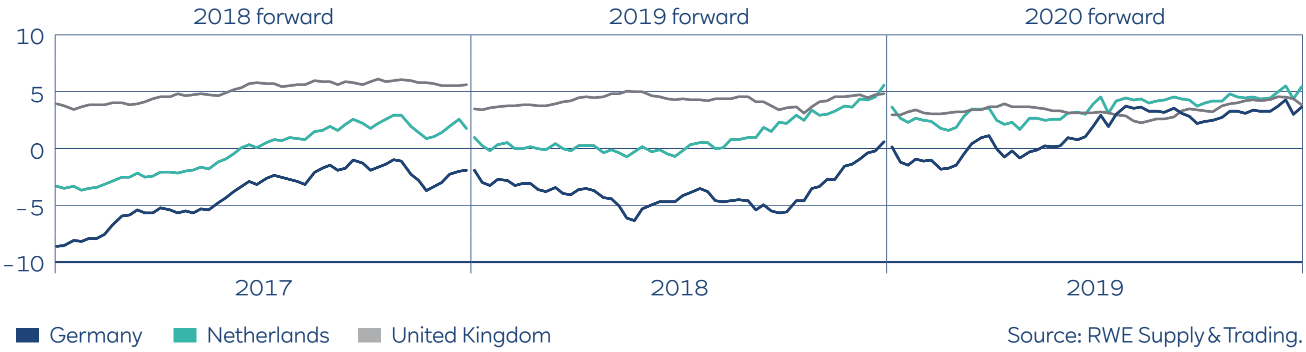


Source: RWE Supply & Trading.

Significant decline in electricity spot prices. The drop in the price of coal and gas weighed on quotations on wholesale electricity markets, whereas the rise in the price of emission allowances had a counteracting effect. Base-load power traded for an average of €38/MWh on the German spot market, €6 less than in the previous year. Spot prices declined by £14 to £43/MWh (€49) in the UK and by €12 to €41/MWh in the Netherlands. The situation on forward markets was as follows: the German 2020 base-load forward cost an average of €48/MWh, €4 more than what was paid for the 2019 forward in the previous year. The Netherlands recorded a slight increase in the price of the one-year forward of €1 to €50/MWh, with the UK recording a decrease of £2 to £52/MWh (€59).

Rise in price of CO_2 emission allowances puts coal power plant margins under pressure. Power plant margins are calculated by taking the price per unit of electricity generated and deducting the costs of the fuel and CO_2 emission allowances required for said electricity generation. As a rule, we procure the fuel for our hard coal and gas-fired power stations in liquid markets at prevailing conditions. The generation costs of the plants can therefore fluctuate considerably. In the case of gas-fired power stations, margins are known as clean spark spreads and when it comes to hard coal-fired plants, they are referred to as clean dark spreads.

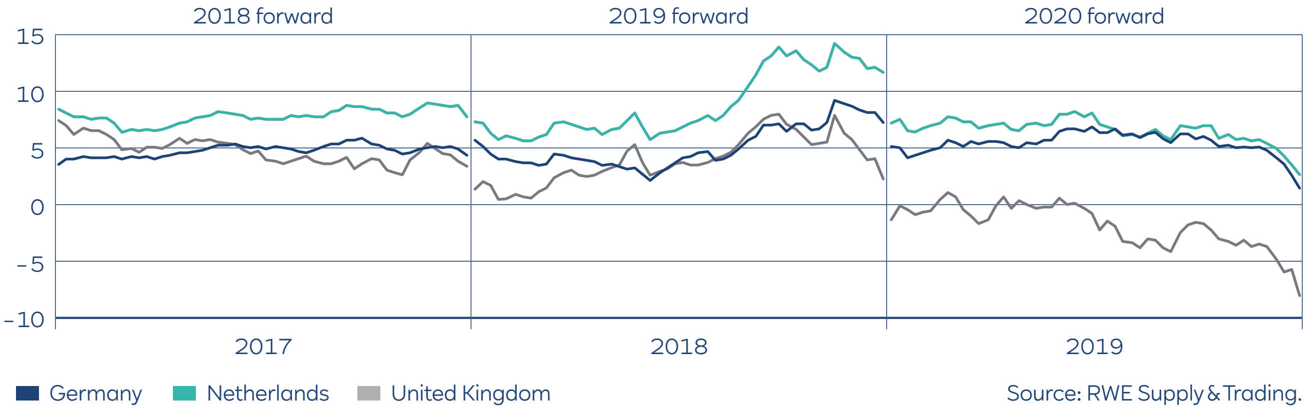
Clean spark spreads[1] forward trading
€/MWh (average weekly figures)



Source: RWE Supply & Trading.

1 Price of base-load electricity minus the cost of gas and CO_2 emission allowances based on a power plant efficiency of 50 %; including CO_2 tax in the UK.

Clean dark spreads[1] forward trading
€/MWh (average weekly figures)



Source: RWE Supply & Trading.

1 Price of base-load electricity minus the cost of hard coal and CO_2 emission allowances based on a power plant efficiency of 40 %; including CO_2 tax in the UK.

The graphs on page 40 illustrate the development of the aforementioned spreads in our main generation markets since 2017, based on the respective year-forward transactions. In 2019, clean spark spreads in Germany and the Netherlands were above the previous year's average, whereas they remained slightly below it in the UK. The UK and the Netherlands saw significant declines in clean dark spreads versus 2018, with Germany recording a slight increase.

Fuel costs for lignite-fired and nuclear power stations are generally more stable as we obtain lignite from our own opencast mines and source uranium via long-term contracts at firm conditions. The rise in German wholesale electricity prices caused realisable nuclear energy margins to improve. As regards lignite-fired power stations, the positive price effect was contrasted by substantial additional costs resulting from more expensive CO_2 emission allowances.

RWE: slightly higher margins of base-load forward contracts for 2019. We sell forward most of the output of our power stations and secure the prices of the required fuel and emission allowances in order to reduce short-term volume and price risks. Therefore, our generation margins in the year under review strongly depended on the conditions at which we concluded forward contracts for 2019 in earlier years. For electricity from lignite and nuclear power stations, we realised marginally higher prices with such transactions. In sum, this led to slightly better margins than with the transactions for 2018. Forward sales of electricity from gas and hard coal-fired power stations are typically concluded with less lead time. Therefore, the electricity prices realised for 2019 were higher, but there were also cost increases due to the notable fuel price hike which had an affect until 2018. In addition, the rise in the price of emission allowances also left its mark. The margins on electricity sales for 2019 of our gas-fired power stations in Germany, the UK and the Netherlands improved year on year despite these burdens. By contrast, our hard coal-fired power plants recorded declining margins in all the markets mentioned.

Wind conditions better than in 2018. The availability and profitability of plants that produce electricity from renewable energy sources greatly depend on weather conditions. This is why wind speeds are extremely important to us. In 2019, they occasionally exceeded the long-term average at our production sites in Poland, Spain and Italy, whereas they remained below it at most of our UK and some of our US locations. Wind speeds in the other regions in which we are active were largely normal. Compared to 2018, by and large, wind speeds measured at our locations in 2019 were similar or higher. Only in parts of the USA and Sweden was a decline recorded. The utilisation of run-of-river power stations strongly depends on precipitation and melt water volumes. In Germany, where most of our run-of-river power plants are located, these volumes were slightly below the long-term average. However, they were marginally higher than in 2018.

1.4 Political environment

Climate protection remains at the top of the political agenda. The European Commission presented the 'Green Deal', a package of measures aiming for a significant reduction of greenhouse gas emissions across all sectors. The ultimate goal is to make the EU climate neutral by 2050. Policymakers in our home market, Germany, are also spurring climate protection. In January 2020, the federal government submitted a draft law on the exit from coal, which envisages gradually phasing out electricity generation from coal by 2038. The draft requires our lignite power stations and opencast mines to be closed ahead of schedule. The compensation that we would receive in exchange would clearly fall short of offsetting the actual burden. However, we welcome the fact that the framework conditions for our power plants will become more reliable and that the necessary redundancies will be mitigated in a socially acceptable manner.

EU Commission presents 'Green Deal': Europe to become carbon neutral by 2050. The new European Commission under President Ursula von der Leyen put forward its 'European Green Deal' on 11 December 2019. The programme contains a list of measures to lower greenhouse gas emissions across various sectors. The Commission is pursuing two goals with the Green Deal: the first sees Europe becoming carbon neutral by 2050. The second goal focuses on 2030, the deadline by which the EU should have decreased its greenhouse gas emissions by 50–55 % compared to 1990. Previously, the aim was to reduce emissions by 40 %. The new targets are set to be achieved through far-reaching reforms to industry, energy supply, transport and agriculture. The EU Commission is planning comprehensive legislative changes and a number of different programmes in order to provide for the accelerated expansion of renewable energy, a new strategy for the industrial sector, import barriers for goods produced using processes that are harmful to the climate as well as a strategy for clean transport, among other things. Regions which are most affected by these measures will be supported by way of a 'Just Transition Fund'. The EU wants to enshrine the goal of becoming carbon neutral by 2050 in law. This will be followed by the legislative process to increase the target for 2030, which will most likely begin this summer. Depending on the outcome, the rules of the European Emissions Trading System would then have to be revised and the number of certificates placed on the market would have to be reduced.

EU limits participation of coal-fired power plants in capacity mechanisms. The European Parliament and the Council of Ministers passed a reform of EU electricity market legislation in March and May 2019, respectively. Some of the new rules took effect from 1 January 2020 (Electricity Market Regulation). Other provisions (Electricity Market Directive) will have to be transposed into national law by the member states by the end of 2020. One core component of the reform is guidelines on designing capacity market mechanisms. The new Electricity Market Regulation envisages that power stations with CO_2 emissions of more than 550 g/kWh will only be allowed to participate in such mechanisms to a very limited degree. One prerequisite for this is that they do not emit more than 350 kg of CO_2 per kilowatt of installed capacity per year. Consequently, coal-fired power plants can no longer participate in a general capacity market with full utilisation, but can participate in reserve schemes which only involve a low number of operating hours. The emission caps for new power stations entered into effect on 1 January 2020. Transitional regulations apply to existing generation facilities until the middle of 2025. Existing capacity agreements will remain unaffected by the threshold values.

German coal phaseout plan: RWE to shoulder the lion's share of initial burdens in exchange for €2.6 billion in compensation. In Germany, our main electricity generation market, the stage is now set for an early phaseout of coal-fired power production. In January 2019, the Growth, Structural Change and Employment Commission (Structural Change Commission), which was appointed by the federal government, made a concrete proposal to achieve climate protection goals within the energy sector. The panel, made up of representatives from industry, trade unions, science, associations, citizen groups and environmental organisations, called for a coal phaseout by no later than 2038. In addition, the Commission presented a roadmap for plant closures and voted in favour of power plant operators being allocated appropriate compensation. The amount of compensation is either to be determined by auction (hard coal) or via negotiations (lignite). Redundancies for operational reasons as well as inappropriate social and economic disadvantages to employees are to be avoided as much as possible. The Commission also requested that the Hambach Forest be preserved. We published a detailed overview of the panel's recommendations on page 33 of our 2018 Annual Report.

The suggestions of the Structural Change Commission were predominantly well-received by politicians and other stakeholders. After they were published, the government, the affected federal states and the power plant and opencast mine operators started negotiating the implementation of the recommendations in the lignite industry. These talks led to a consensus in early 2020. On this basis, the Federal Cabinet published a draft Coal Phaseout Act on 29 January 2020, thus launching the parliamentary procedure. Once it has been completed, the government will be authorised to conclude public-law contracts with operators of lignite assets which protect their legitimate interests.

According to the draft law, RWE will shoulder the lion's share of the initial burdens of the lignite phaseout. It envisages an additional 3 GW of lignite-fired generation capacity being taken off the market by 2022, with around 2.8 GW of this total figure being allocable to us. According to the draft law, the first 300 MW block will be decommissioned in the Rhenish lignite mining area as early as the end of 2020, followed closely by three additional 300 MW units in the following year, and another 300 MW facility as well as two 600 MW blocks in 2022. The power stations in Neurath and Niederaussem will be most heavily affected by these plans, along with Weisweiler, albeit to a lesser extent. We will also be ceasing production of lignite briquettes at the Frechen site, thus decommissioning 120 MW of electricty generation capacity.

We will gradually reduce our lignite-fired generation capacity even further until the end of the decade, by which time it will have dropped considerably. In 2025, a 300 MW block will be taken off the grid in Weisweiler. The two on-site 600 MW units will then follow suit in 2028 and 2029, respectively. The Inden opencast mine, which exclusively supplies Weisweiler with coal, will then also be decommissioned. One of the two remaining 600 MW blocks is set to be shut down at the end of 2029, with the other being placed on security standby for four years starting on 1 January 2030. From 2030 onwards, this will only leave our three most modern lignite units at 1,000 MW apiece on the market. They will most likely remain operational until the end of 2038.

The closures will have considerable consequences for the opencast mines. More than half of the lignite reserves, i. e. 1.1 billion metric tons, which had been approved for mining, will now remain underground. In addition, at the behest of the Structural Change Commission and politicians, Hambach Forest will be preserved. Of our three opencast mines in the Rhenish lignite mining region – Inden, Hambach and Garzweiler – only the latter will remain operational from 2030 onwards to supply the remaining assets with fuel. This will mean a complete overhaul of our opencast mining operations and recultivation activities, especially in Hambach. We will initiate the necessary steps as agreed with the North Rhine-Westphalian state government. The energy industry's need for the Garzweiler opencast mine to remain operational should be reflected in the Coal Phaseout Act.

The lignite phaseout will place a considerable financial burden on our company. The draft law envisages RWE receiving €2.6 billion compensation over the next 15 years. We recognised the entire amount as an asset in the 2019 consolidated financial statements. The federal government is of the opinion that this satisfies all our claims. However, the damage we will actually incur will clearly exceed €2.6 billion. A large part of the expected burden is reflected in the consolidated financial statements. We have transferred €2,022 million to our mining provisions to cover the additional operating costs and the earlier recultivation (including interest effects). Impairments of our lignite power stations and opencast mines have resulted in burdens totalling €527 million. Moreover, we have set aside €347 million for socially acceptable redundancy schemes. Future outlays ensuring the continued operation of our power plants and opencast mines under these new conditions are only partially considered in our consolidated financial statements.

Intended recipients of state compensation in addition to RWE include the affected workforce. According to current figures, over 3,000 of the 10,000 jobs in our lignite business will be cut in the short term; by 2030, this figure could increase to around 6,000. Among other things, the proposed legislation provides for an adjustment allowance and compensation for any disadvantages concerning statutory pensions. It is envisaged that these be paid by the state.

The draft legislation also regulates the details of the hard coal phaseout. The federal government is of the opinion that auctions should decide which hard coal capacities are taken off the grid and how much their operators receive in compensation. The draft law envisages annual tender procedures from 2020 to 2026. However, operator bids will be subject to specific caps which are set to be lowered from €165,000/MW to €49,000/MW during the aforementioned period. Thereafter, the proposed legislation provides for closures without compensation. If the tenders do not result in enough capacity being decommissioned, starting in 2024, power plant operators could be ordered to shut down stations without compensation. Company representatives, trade unions and numerous federal states have levelled criticism at this draft legislation and demand that it be amended, in particular with regard to combined heat and power generation.

The legislative process for the coal phaseout is expected to last until mid-2020. Furthermore, we will be concluding a public-law contract with the German government on the basis of the Act, which will protect our interests with regard to the regulations made. Thereafter, the compensation has to be approved by the European Commission under state aid law.

German government seeks to provide coal regions with up to €40 billion in subsidies. In August 2019, the Federal Cabinet adopted a draft law to strengthen the coal regions structurally. However, the Lower House and the Upper House postponed their consultation in order to discuss the planned legislation in conjunction with the Coal Phaseout Act. The draft of the Structural Reinforcement Act envisages the federal government providing up to €14 billion in financial support to the lignite mining regions for investments of particular importance through to 2038, with 37 % going to the Rhenish coal mining region. The funds can be used by the states, e. g. to invest in industrial infrastructure and public transport. The government intends to flank this by supporting the regions through its own measures. A total of €26 billion has been budgeted for this and earmarked for measures such as the expansion of the rail and road networks and the creation of research hubs.

German government presents Climate Protection Programme 2030 and adopts Climate Protection Act. October saw the Federal Cabinet adopt the Climate Protection Programme 2030. In the same month, it passed the draft of a nationwide climate protection law, which was adopted by the Lower House and Upper House in December following several amendments. The objective of the Climate Protection Programme and the Climate Protection Act is to ensure that the national emission reduction goals for 2030 are achieved. These targets will be enshrined in law for the first time in the Climate Protection Act. The Climate Protection Programme 2030 describes the tools and measures with which these goals should be achieved. For example, the government plans to introduce CO_2 pricing in sectors which are not covered by the European Emissions Trading System (e. g. transportation and heating). This will first be introduced at the national level starting in 2021. Going forward, the government wants to push for the introduction of an EU-wide, cross-sector emissions trading scheme with a moderate price floor. The idea is to offset CO_2 surcharges paid by consumers on petrol, diesel and other combustibles by providing relief in other areas through measures such as the increase in commuter allowances, which will come into effect in 2021. The Climate Protection Programme contains a number of measures in the areas of building, transportation, agriculture, forestry, industry and energy. Measures in the energy sector involve the accelerated expansion of offshore wind power: the federal government is now aiming for a total capacity of 20 GW by 2030 instead of the 15 GW targeted originally. The Programme envisages that municipalities in which wind turbines are built receive additional financial benefits. In addition, there are plans to abolish the subsidy cap on new photovoltaic installations. Based on the current rules, such assets will stop receiving feed-in payments once the country has built 52 GW in solar capacity.

Netherlands wants to phase out coal-fired electricity generation by 2030. In 2019, the Dutch Lower and Upper House passed a law envisaging the end of the country's electricity production from coal in this decade. According to the law, by 2025 at the latest, coal may no longer be used as fuel in power stations built in the 1990s. For plants constructed later than this, the ban would come into effect in 2030. Compensation payments for the power utilities affected are not foreseen in the law. At present, there are five hard coal-fired power stations still operating in the Netherlands. Two of these belong to us: Amer 9 and Eemshaven, which have a net installed capacity of 631 MW and 1,554 MW. They would have to stop firing coal at the end of 2024 and 2029 according to the law. After that, these stations could only be operated with other fuels. After taking the first retrofitting measures, we have started co-firing with biomass in both plants. We are receiving subsidies for this to finance the capital expenditure and additional costs incurred to purchase fuel. Conversion to 100 % biomass-firing would involve significant additional expenses. However, the government refuses to provide further subsidies. We believe that our ownership rights are being violated by the Dutch coal phaseout due to the lack of compensation. Therefore, we are considering taking legal action.

1.5 Major events

The past fiscal year took us a major step closer to the 'new' RWE. In mid-September, the EU gave us the go-ahead for our asset swap with E.ON. Major parts of the transaction were executed soon thereafter. Further highlights in 2019 were the tender won for the subsidisation of the Sofia offshore wind project in the UK and the European Commission's reapproval of the British capacity market. In this chapter, we present the major events that occurred in 2019 and the beginning of 2020. We focus on events that have not been commented on in detail elsewhere in this report.

Events in the fiscal year

Asset swap with E.ON largely executed: RWE transfers stake in innogy and receives renewables business from E.ON. In September 2019, RWE and E.ON completed major parts of the asset swap agreed in March 2018. The prerequisite for this was the final approval of the transaction by the European Commission, which was granted on 17 September. E.ON received our 76.8 % interest in innogy on the following day and conducted a capital increase in exchange for contributions in kind immediately thereafter. The approximately 440 million newly created shares were issued to RWE. This gave us a 16.7 % stake in E.ON, but by late September/early October we reduced it to 15.0 % by selling off shares. In addition, as of the end of 30 September, E.ON transferred its renewable energy activities and minority interests in the RWE nuclear power plants Gundremmingen (25 %) and Emsland (12.5 %) from its subsidiary PreussenElektra to us. We paid E.ON €1.5 billion as financial consideration also at the end of September. The transaction will be fully implemented once E.ON transfers back to us parts of the innogy portfolio which are already assigned to our operations commercially and are recognised in our Group figures: the renewable energy business, the German and Czech gas storage facilities, and a 37.9 % stake in the Austrian energy utility Kelag. This transfer shall take place as soon as possible in the current year.

The asset swap also envisaged RWE acquiring the majority stake in the Czech gas network operator innogy Grid Holding (IGH) from innogy and transferring it to E.ON thereafter. We acquired the 50.04 % shareholding in February 2019. However, the co-owner of IGH, the consortium managed by the Australian financial service provider and infrastructure investor Macquarie, MIRA, exercised its right of first refusal. We therefore transferred the shares in IGH to MIRA and not to E.ON. This sale was completed with effect from 30 September. The price totalled about €1.8 billion and therefore matched the conditions at which we had purchased the stake from innogy. Therefore, on the whole, the IGH transaction was neutral for us in financial terms.

Also as part of the asset swap, in August 2019, RWE acquired innogy's 49 % stake in VSE, the energy utility based in Košice, Slovakia. We plan to transfer the shareholding to E.ON at the conditions at which we acquired it. The purchase price payable by E.ON was considered when netting the payment claims from the asset swap in September. The stake in VSE is still included in our Group figures: we state it as a 'discontinued operation'.

When settling the financial receivables and liabilities from the asset swap, a loan was considered, which we had granted innogy in the run-up to the IPO in October 2016. It amounted to €700 million and would have come due in October 2020. By netting it against other payment claims, E.ON refunded us the principal with accrued interest early.

The asset swap with E.ON had substantial effects on our financial position, net worth and earnings in the past fiscal year, which we present on pages 51 et seqq. In addition, the acquisition of E.ON's renewable energy business changed the structure of our financial reporting. Details on this can be found on pages 49 et seq.

European Commission gives go-ahead to reinstate British capacity market. After a thorough investigation, in October 2019 the European Commission reapproved the British capacity market. This established the prerequisite for payments to be resumed following a lengthy suspension and for postponed capacity auctions to be held. The Commission holds the view that the capacity market rules comply with EU state aid regulations. It had originally reached this conclusion in July 2014, but the Court of the European Union found that the review conducted at the time had not been extensive enough. Therefore, the judges had declared the first approval invalid in November 2018. Thereafter, the British capacity market was suspended, with the participating power generators not receiving any payments. This caused RWE to temporarily forego contractually secured capacity payments of around €50 million for 2018 and about €180 million for 2019. We were paid these amounts retrospectively in January 2020 and recognised them in our earnings for the 2019 fiscal year.

In mid-2019, i. e. whilst the capacity market was still on hold, British grid operator National Grid held a capacity auction for the delivery period from 1 October 2019 to 30 September 2020. Power plants with a total capacity of 3.6 GW qualified for a very low payment of £0.77/kW. An invitation to tender for the same delivery period had already taken place at the end of 2015. At this auction, stations with a combined 46.4 GW, including 8.0 GW belonging to RWE, won a contract for a payment of £18/kW. The second auction was held to close remaining capacity gaps. Two small RWE power plants submitted bids, but will not receive any payments.

Large-scale project in the UK North Sea: innogy secures contract for Sofia wind farm. Our offshore wind growth prospects continued to improve in 2019. innogy was awarded a remuneration contract for the Sofia project in an auction in September. This venture involves building wind turbines in the UK North Sea with a total capacity of 1.4 GW. The investment volume is an estimated £3 billion, including the grid connection. The state will guarantee £39.65/MWh plus adjustments for inflation. The contract period extends over 15 years. Sofia's location on Dogger Bank nearly 200 kilometres from the English coast has very good wind conditions and moderate water depths. All of the approvals required for the wind farm have been obtained and the final investment decision is expected to be reached in 2020. Based on current planning, the first wind turbines could be commissioned in 2024/2025. The wind farm would then be fully operational in 2026.

In the United Kingdom, renewable energy has been supported via contracts for difference (CfDs) since April 2015. If the price realised by the plant operators on the wholesale market is below the feed-in tariff, they are paid the difference. If it exceeds the tariff, the operators are obliged to make a payment. Projects receiving CfDs are selected as follows: if the budget set aside for a certain generation technology is big enough, all applicants receive a CfD. If it is too small, a tender process decides which bidders win a contract. The September 2019 auction was the third since the introduction of the CfD scheme in the United Kingdom.

Entry into the Polish offshore wind business. In the future, we will also invest in Polish offshore wind farms. Our subsidiary RWE Renewables International purchased a project pipeline with a total capacity of over 1.5 GW from several private owners and developers. The four projects are set to be implemented on the Słupsk Sandbank in the Baltic Sea. We already operate several onshore wind farms in Poland.

Neurath C lignite unit placed on security standby. At the end of September, we took the 300 MW Unit C of the Neurath lignite-fired power plant offline, placing it on legally mandated security standby. This was mainly for environmental reasons. The German Electricity Market Act obliged the country's energy sector to take a total of eight lignite units with a combined capacity of 2.7 GW off the system between 2016 and 2019. However, these blocks are to serve as the last resort to ensure security of supply for four years each, after which they will be shut down for good. RWE is participating in the lignite security standby scheme with five 300 MW units. By the end of September 2017, we had already shut down units P and Q of the Frimmersdorf power plant, with Niederaussem E and F following suit a year later.

Decision on Hambach Forest: Cologne Administrative Court rejects lawsuit by BUND. On 12 March 2019, the Cologne Administrative Court ruled that Hambach Forest is not a potential special area of conservation according to the EU Directive on the conservation of natural habitats and of wild fauna and flora. Consequently, the lawsuit filed by the environmental activist group Bund für Umwelt und Naturschutz Deutschland e. V. (BUND) was rejected. In the opinion of the judges, the approval of the 2018–2020 main operational plan for the Hambach opencast mine by the Arnsberg District Council was legal. This plan includes the clearance of Hambach Forest. However, its admissibility must be confirmed by the Münster Higher Administrative Court, which in October 2018 had ordered that clearance be suspended. Meanwhile, it looks likely that Hambach Forest will be preserved. As explained on pages 42 et seqq., we agreed with the German government on an accelerated phaseout of electricity generation from lignite and an early closure of the Hambach opencast mine.

RWE ends hard coal firing in Bergkamen, Werne and Aberthaw. Last year, we discontinued a number of hard coal operations. Firstly, we sold our 51 % shareholding in the Bergkamen power station to Essen-based energy utility STEAG. The buyer previously owned 49 % of the plant and exercised a contractual purchase option. The transaction entered into effect on 1 January 2019. The Bergkamen hard coal-fired power station has been in operation since 1981, with a net capacity of 720 MW. RWE was responsible for the commercial management of this plant, while STEAG handled technical operations. The disposal of the stake goes hand in hand with the termination of a contract that obliged us to purchase electricity produced by the station.

At the end of March 2019, we decommissioned the hard coal-fired part of the combined Unit K at the Gersteinwerk station in Werne (Westphalia). The shutdown was motivated by upcoming maintenance work, which would not have been cost-effective. Unit K consists of a topping gas turbine (K1) with a net capacity of 112 MW and the (now decommissioned) steam turbine (K2), which ran on steam generated by firing hard coal and had a capacity of 620 MW. Electricity is still being produced at Gersteinwerk, albeit only from gas. The station's current available capacity amounts to 965 MW.

In July 2019, we decided to decommission the Aberthaw B hard coal-fired power plant in Wales early. The station, which has a net installed capacity of 1,560 MW, was taken offline in December. Its obligations from the British capacity market through to the end of September 2021 were transferred to third parties with a small proportion being transferred to other units within RWE's power plant fleet. Aberthaw B was commissioned in 1971 and has thus contributed to security of supply in the United Kingdom for nearly half a century. The closure will bring RWE's electricity generation from coal in the United Kingdom to an end.

RWE sells Belgian CHP station. At the end of February 2019, we sold the Inesco CHP station in Belgium to the UK chemicals group INEOS. This gas-fired power plant is located in a chemical park operated by INEOS near Antwerp and has a generation capacity of 133 MW. In addition to electricity, it also supplies steam and demineralised water to the companies in the chemical park. One of the reasons for our decision to sell the station was its tight integration in the business activities of INEOS.

German government takes over interim storage for highly radioactive waste from RWE. As of 1 January 2019, our interim storage facilities for highly radioactive waste on the sites of our Emsland, Biblis and Gundremmingen nuclear power plants were transferred to BGZ, the state-owned company responsible for interim storage. A year later, with effect from 1 January 2020, BGZ took over another two interim storage facilities for low- and intermediate-level radioactive waste in Biblis. The legal basis for this is the law on the reassignment of responsibility for nuclear waste disposal, which was passed at the end of 2016, pursuant to which the government took charge of processing and financing interim and final nuclear waste storage. In exchange, German power plant operators gave the government €24.1 billion in 2017, which was paid into a public-law fund for financing nuclear waste disposal. Responsibility for shutting down and safely dismantling the stations remains with the companies. They are also accountable for packing the radioactive waste properly before it is handed over to BGZ.

Events after the close of the fiscal year

German cabinet submits draft coal phaseout law. In late January 2020, the German cabinet adopted a draft law on the reduction and end of electricity generation from coal. In this document, the government specifies how it intends to implement the recommendations of the Growth, Structural Change and Employment Commission regarding the German coal phaseout. As proposed by the Commission, it is envisaged that Germany gradually stop generating electricity from coal by 2038. The draft law contains a timeline for this. There is also a roadmap for shutting down lignite-fired power stations, which the government agreed with the affected states and energy companies beforehand. We have been awarded €2.6 billion in compensation for the early closure of power plants and opencast mines in the Rhenish lignite mining region. However, we estimate that our actual financial burdens will be much higher. The draft law stipulates that hard coal power plants participate in calls for tenders in which their operators can apply for compensation for early closures of their stations. Detailed information on this topic can be found on pages 42 et seqq.

RWE acquires state-of-the-art gas-fired power plant in the east of England. We cemented our position as a leading generator of electricity from gas in the UK. In mid-February 2020, we bought the King's Lynn gas-fired power station in Norfolk (eastern England) from the British energy utility Centrica for £101 million. The station has a net installed capacity of 382 MW and boasts a high efficiency of 57 %. Its operating mode can be adapted flexibly in response to demand. A remuneration contract secures fixed capacity payments for King's Lynn from October 2020 to September 2035. Recently, the power plant was modernised extensively and equipped with a new gas turbine.

British capacity market auction for 2022/2023: RWE secures payments for 6.5 GW in generation capacity. Early 2020 saw several auctions for the British capacity market. The first round of bids, which took place at the end of January, related to the delivery period from 1 October 2022 to 30 September 2023. With the exception of some small generation assets, all RWE power stations represented in the auction qualified for a capacity payment. Together, they have a secured capacity of 6.5 GW. However, at £6.44/kW (before being adjusted for inflation), the capacity payment established in the auction lagged behind the market's expectations.

At the beginning of February, a second auction was held, which related to the delivery period from 1 October 2020 to 30 September 2021. An earlier auction for this delivery period had already taken place in December 2016, at which RWE stations with a total capacity of 8.0 GW (including Aberthaw) qualified for a payment of £22.50/kW. Contracts for an additional 1.0 GW in generation capacity for a payment of £1.00/kW were won at the recent auction. RWE entered a small asset, which did not submit a successful bid.

The British government has scheduled a further auction for early March 2020, in order to secure the generation capacity needed for the period from 1 October 2023 to 30 September 2024. The results were not known when the review of operations was prepared.

1.6 Notes on reporting

We executed major parts of our asset swap with E.ON in September 2019. This affected both our key financials as well as our financial reporting. The renewable energy business we received from E.ON has been included in our consolidated financial statements as a new segment. Therefore, the presentation of our business performance in 2019 is based on a Group structure with five segments, which we describe in detail in this chapter.

Effects of the asset swap with E.ON on our financial reporting. In September 2019, we executed a large part of our asset swap with E.ON, on which we provide detailed information on page 45. We present how the transaction is reflected in our financial reporting on the past fiscal year below:

- innogy's grid and retail businesses remaining with E.ON for good and the 50.04 % stake in the Czech gas network operator IGH sold to the MIRA consortium were deconsolidated as of 18 and 30 September, respectively. These activities were recognised in the items 'discontinued operations' in the income statement and 'assets/liabilities held for sale' on the balance sheet. As such, our figures also include the 49 % interest in the Slovak energy utility VSE, which we intend to transfer to E.ON.
- The innogy operations we are continuing – encompassing the renewable energy business, the German and Czech gas storage facilities and the 37.9 % shareholding in the Austrian energy utility Kelag – legally belong to E.ON for the time being, but are assigned to us in our financial reporting. Therefore, they continue to contribute to RWE's earnings, cash flows and debt. We will receive these activities from E.ON in 2020 as soon as the formal requirements for this have been met.
- We present the renewable energy business received from E.ON at the end of September in the newly established segment 'Operations acquired from E.ON'. We started including it in our Group figures on 18 September 2019 although it was legally transferred on a different date. We started recognising the stakes in the Gundremmingen and Emsland nuclear power plants we received from the E.ON subsidiary PreussenElektra in the Lignite & Nuclear segment with effect from 30 September 2019.

Fiscal 2019: Group structure featuring five segments. In our 2019 financial reporting, we divide the RWE Group into the following five segments: (1) Lignite & Nuclear, (2) European Power, (3) Supply & Trading, (4) innogy – continuing operations, and (5) Operations acquired from E.ON. The individual segments are as follows:

- Lignite & Nuclear: This segment encompasses our German electricity generation from lignite and nuclear power as well as our lignite production in the Rhineland. Operating responsibility for these activities lies with RWE Power. The segment also includes our investments in the Dutch nuclear power plant operator EPZ (30 %) and the German company URANIT (50 %), which holds a 33 % stake in Urenco, a uranium enrichment specialist.
- European Power: This is where we report on our electricity production from gas, hard coal and biomass, which focuses on Germany, the United Kingdom and the Benelux region. The segment also includes our 70 % stake in the Turkish gas-fired power station Denizli, some hydroelectric power plants in Germany and Luxembourg, and RWE Technology International, which specialises in project management and engineering services. All of these activities are overseen by RWE Generation.
- Supply & Trading: This division encompasses the operations of RWE Supply & Trading, the business activities of which are presented on pages 30 et seq. The company specialises in independent commodity trading, acts as an intermediary for gas, and supplies large industrial and corporate customers with energy. Furthermore, it markets the electricity of our generation companies and optimises the Group's power plant dispatch commercially; however, earnings achieved through the latter activities are reported in the Lignite & Nuclear and European Power segments.

- innogy – continuing operations: The main element in this segment is innogy's renewable energy business. The company ranks among the leading producers of electricity from renewable sources, with a strong focus on Europe – in particular Germany and the United Kingdom – and with footholds in North America and Australia. The focus in terms of energy sources rests on wind, followed by hydro and solar. This segment also includes the German and Czech gas storage facilities as well as the 37.9 % interest in the Austria-based energy utility Kelag.

- Operations acquired from E.ON: This is where we present the renewable energy operations we received from E.ON. Its geographical focus is on North America and Europe. By far its main source of energy is wind, supplemented by smaller solar and energy storage activities. After their acquisition in September 2019, we pooled these operations in RWE Renewables GmbH, which was founded in 2018.

Group companies with cross-segment tasks like the Group holding company RWE AG are stated under 'other, consolidation'. This item also includes our 25.1 % stake in the German transmission system operator Amprion and consolidation effects.

Adoption of IFRS 16: higher net debt, higher depreciation. We began applying the new accounting standard IFRS 16 Leases in fiscal 2019. Consequently, leases are now reported on the balance sheet, unless they are short-term (up to twelve months) or relate to low-value assets. The lessee must recognise a right-of-use asset and a corresponding lease liability in the amount of the present value of the future lease payments. Further details on this can be found on page 115 in the Notes. This methodological change leads to an increase in the balance-sheet total and net debt. On the income statement, depreciation increases and the financial result declines, but these effects are offset by fairly similar changes in adjusted EBITDA, leaving net income almost unchanged. Prior-year figures were not adjusted.

Forward-looking statements. This annual report contains forward-looking statements regarding the future development of the RWE Group and its companies as well as of the economic and political environment. These statements are assessments that we have made based on information available to us at the time this document was prepared. In the event that the underlying assumptions do not materialise or unforeseen risks arise, actual developments can deviate from the developments expected at present. Therefore, we cannot assume responsibility for the correctness of these statements.

References to the internet. The contents of pages on the internet and publications to which we refer in the review of operations are not part of the review of operations and are merely intended to provide additional information. The corporate governance declaration in accordance with Section 289f as well as Section 315d of the German Commercial Code is an exception.

1.7 Business performance

Business in 2019 was so successful that we made substantial upward corrections to our earnings forecast during the year. We closed the year with an adjusted EBITDA of €2.5 billion, far above the previous year's level. The main driver was our exceptionally strong trading performance. In addition, we benefited from the acquisition of E.ON's renewable energy business and the resumption of the capacity payments for our British power stations. Besides recording a substantial increase in our earnings position, we saw a significant decrease in our carbon footprint, which shrank by one quarter compared to 2018.

Business performance in 2019: what we forecast and what we accomplished

Outlook vs. actual € million	2018 actual	Original forecast for 2019[1]	Adjusted forecast for 2019[1]	2019 actual	Forecast fulfilled?
Adjusted EBITDA	1,538	1,400 – 1,700	2,200 – 2,500	2,489	√
Lignite & Nuclear	356	300 – 400	300 – 400	374	√
European Power	334	250 – 350	450 – 550	453	√
Supply & Trading	183	100 – 300	Significantly above 300	702	√
innogy – continuing operations	699	800 – 900	800 – 900	833	√
Operations acquired from E.ON	–	–	200 – 300	253	√

1 We announced our original forecast for 2019 on pages 83 et seq. of the 2018 Annual Report, which was published on 14 March 2019. The forecast was updated twice thereafter. The column 'Adjusted forecast for 2019' reflects the latest update; see page 16 of the interim statement on the first three quarters of 2019, which was published on 14 November 2019.

Electricity generation 13 % down on previous year. In the financial year that just came to a close, the RWE Group produced 153.2 billion kWh of electricity, of which 33 % was from gas, 32 % from lignite, 9 % from hard coal, 14 % from nuclear, and 11 % from renewables. Our electricity production was 13 % lower than in the previous year. We recorded the steepest decrease at our lignite-fired power stations (– 18.9 billion kWh). Market conditions and overhauls played a role in the reduction in operating hours of stations, as did the preliminary halt to the clearance of Hambach Forest, which limited our lignite production. Moreover, we switched off Niederaussem Units E and F at the end of September 2018 (295 MW and 299 MW, respectively) followed by Neurath's Unit C (292 MW) a year later, and put them into the statutory security standby scheme. Furthermore, the Hungary-based power producer Mátra stopped contributing to our generation, because we sold our 51 % stake in the company in 2018. Electricity generation from hard coal also experienced a substantial drop (– 13.2 billion kWh), with unfavourable market conditions and power plant outages for overhauls also coming to bear here. Further declines in volume resulted from the sale of our majority interest in the Bergkamen power station and the end of production from coal at Gersteinwerk in Werne (see page 47). Downtime caused by overhauls led to a drop in nuclear energy generation (– 0.6 billion kWh). By contrast, gas-fired power plants produced more electricity (+ 3.6 billion kWh), benefiting from improved market conditions. We posted an even bigger gain in renewable energy (+ 6.5 billion kWh), which was primarily attributable to the E.ON operations we acquired in September 2019. They produced 4.5 billion kWh of electricity in the three-and-half months during which they belonged to the RWE Group. In addition, we started biomass co-firing at our Dutch Amer 9 and Eemshaven hard coal power stations. At innogy, the commissioning of new wind turbines had a positive effect, while more favourable weather conditions improved the use of existing capacity.

In addition to our in-house generation, we procure electricity from suppliers outside of the Group. In the year being reviewed, these purchases totalled 46.4 billion kWh (previous year: 49.0 billion kWh). In-house generation and power purchases combined for 199.6 billion kWh (previous year: 225.0 billion kWh).

Power generation	Renewables		Pumped storage, batteries		Gas		Lignite		Hard coal		Nuclear		Total[1]	
Billion kWh	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Lignite & Nuclear	–	–	–	–	0.2	–	48.3	67.2	–	–	21.2	21.8	70.1	89.2
European Power	2.2	1.1	1.8	2.1	50.6	47.2	–	–	14.2	27.4	–	–	68.9	78.0
of which:														
Germany[2]	0.2	0.7	1.8	2.1	7.8	5.5	–	–	4.7	13.0	–	–	14.6	21.5
United Kingdom	0.4	0.4	–	–	33.5	33.2	–	–	0.7	0.5	–	–	34.6	34.1
Netherlands/Belgium	1.6	–	–	–	6.6	5.5	–	–	8.8	13.9	–	–	17.0	19.4
Turkey	–	–	–	–	2.7	3.0	–	–	–	–	–	–	2.7	3.0
innogy – continuing operations	9.7	8.8	–	–	–	–	–	–	–	–	–	–	9.7	8.8
Operations acquired from E.ON	4.5	–	–	–	–	–	–	–	–	–	–	–	4.5	–
RWE Group	**16.4**	**9.9**	**1.8**	**2.1**	**50.8**	**47.2**	**48.3**	**67.2**	**14.2**	**27.4**	**21.2**	**21.8**	**153.2**	**176.0**

1 Including capacity not attributable to any of the energy sources mentioned (e.g. oil-fired power stations).
2 Including electricity from generation assets not owned by RWE that we can deploy at our discretion on the basis of long-term use agreements. In 2019, 3.6 billion kWh were purchased (previous year: 5.0 billion kWh), of which 1.5 billion kWh were from hard coal-fired power stations (previous year: 2.3 billion kWh).

Rise in generation capacity thanks to asset swap with E.ON. At the end of 2019, we had a total installed power generation capacity of 42.9 GW, giving us a leading market position in Europe. This figure includes power plants that we took offline temporarily for economic reasons and the five lignite units we put into security standby. Our generation capacity grew by 1.9 GW over the course of the past year. This was attributable to renewables, which accounted for an installed capacity of 9.2 GW at the end of 2019. This figure was calculated applying IFRS consolidation principles, which explains why it deviates from the disclosure on page 28. It was 5.3 GW higher than the previous year's figure, above all due to the acquisition of E.ON's renewable energy business. In addition, we converted the Dutch Amer 9 and Eemshaven hard coal-fired power stations to co-fire biomass and commissioned new wind turbines. Conversely, we recorded a significant drop in hard coal-fired capacity, which declined by 3.2 GW. This was mainly due to the shutdown of Aberthaw B in Wales and parts of Gersteinwerk as well as the sale of our 51 % stake in the Bergkamen power plant (see page 47). The aforementioned retrofits of Amer 9 and Eemshaven for biomass co-firing also contributed to the reduction in installed hard coal-fired capacity.

In terms of generation capacity, gas is our major source of energy. At the end of 2019, it accounted for 33 %. Lignite was in second place with 24 %, followed by renewables with 21 %. Disregarding the five lignite units we placed in security stand-by, renewables, consisting of wind, hydro, biomass and photovoltaics, are already in second place in the RWE Group. A detailed overview of our generation capacity based on renewables is provided on the next page.

The geographic focus of our generation business is Germany, where 55 % of our installed capacity is located. The United Kingdom and the Netherlands follow, accounting for shares of 21 % and 12 %, respectively. As a result of the acquisition of E.ON's renewable energy business, the USA has become our fourth most important generation site. Nearly half of our onshore wind turbines are situated there, making the USA our single-largest market for renewable energy.

Power generation capacity As of 31 Dec 2019, in MW	Renewables	Pumped storage, batteries	Gas	Lignite	Hard coal	Nuclear	Total[1]	Total[1] 31 Dec 2018
Lignite & Nuclear	7	–	400	10,255	–	2,770	13,459	13,459
European Power	670	2,336	13,553	–	3,977	–	20,879	23,906
of which:								
Germany[2]	55	2,336	3,767	–	2,341	–	8,538	9,872
United Kingdom	55	–	6,676	–	–	–	7,035	8,595
Netherlands/Belgium	560	–	2,323	–	1,636	–	4,519	4,652
Turkey	–	–	787	–	–	–	787	787
innogy – continuing operations	3,639	–	–	–	–	–	3,639	3,571
Operations acquired from E.ON	4,864	20	–	–	–	–	4,884	–
RWE Group	**9,180**	**2,358**[3]	**13,953**	**10,255**	**3,977**	**2,770**	**42,863**[3]	**40,937**[3]

1 Including capacity not attributable to any of the energy sources mentioned (e.g. oil-fired power stations).
2 Including capacity not owned by RWE that we can deploy at our discretion on the basis of long-term use agreements. As of the end of 2019, as in the previous year, it amounted to a net 2,986 MW, including hard coal-fired power stations with a total capacity of 783 MW.
3 Including insignificant capacity at RWE Supply & Trading.

Generation capacity based on renewables As of 31 Dec 2019, in MW	Offshore wind	Onshore wind	Solar	Hydro	Biomass	Total	Total 31 Dec 2018
Germany	597	666	2	435	6	1,706	1,366
United Kingdom	1,272	706	–	82	55	2,115	1,165
Netherlands	–	295	–	11	549	855	517
Poland	–	385	1	–	–	386	242
Spain	–	447	–	12	–	459	459
Italy	–	475	–	–	–	475	90
USA	–	2,824	125	–	–	2,949	–
Others	48	126	–	61	–	235	73
RWE Group	**1,917**	**5,924**	**128**	**601**	**610**	**9,180**	**3,912**

Significant decline in CO_2 emissions. Last year, our power stations emitted 88.1 million metric tons of carbon dioxide. This was 29.9 million metric tons, or 25 %, less than in 2018. The main reason for the decline was the substantial reduction in electricity generation from lignite and hard coal last year. We posted a decline not only in our absolute but also our specific emissions, i.e. carbon dioxide emissions per megawatt hour of electricity generated, which dropped from 0.67 to 0.58 metric tons.

We purchase nearly all of the emission allowances we need on the market. Since the beginning of the third emissions trading period, which started on 1 January 2013, the countries of Western Europe have only allocated free CO_2 certificates to energy utilities in exceptional cases. Of our emissions in EU countries (87.1 million metric tons) in the year being reviewed, we were only able to cover 1.1 million metric tons with such state allocations.

Emissions balance	CO_2 emissions		Free allocation of CO_2 certificates		Shortage of CO_2 certificates	
Million metric tons of CO_2	2019	2018	2019	2018	2019	2018
Lignite & Nuclear	57.7	79.4	0.6	0.7	57.1	78.7
European Power	30.4	38.6	0.5	0.6	28.9	36.9
of which:						
Germany[1]	7.4	13.0	0.5	0.6	6.9	12.4
United Kingdom	12.9	12.4	–	–	12.9	12.4
Netherlands/Belgium	9.1	12.1	–	–	9.1	12.1
Turkey[2]	1.0	1.1	–	–	–	–
innogy – continuing operations	–	–	–	–	–	–
Operations acquired from E.ON	–	–	–	–	–	–
RWE Group	**88.1**	**118.0**	**1.1**	**1.3**	**86.0**	**115.6**

1 Including figures relating to generation capacity not owned by RWE that we can deploy at our discretion on the basis of long-term use agreements. In 2019, these stations emitted a total of 1.3 million metric tons of CO_2 (previous year: 2.0 million metric tons).
2 As Turkey does not participate in European emissions trading, we do not need emission allowances to cover CO_2 emissions in that country.

64.8 million metric tons of lignite produced. Our generation companies procure the fuel used by their power stations either directly on the market or via RWE Supply & Trading. We source lignite from proprietary opencast mines. In our Rhenish mining area west of Cologne, we produced 64.8 million metric tons of lignite last year. This was 21.5 million metric tons less than in the preceding year, in part due to the halt to the clearance of Hambach Forest and the resulting curtailment of our opencast mining activities. We used the lion's share, or 53.8 million metric tons, of lignite to generate electricity. The remainder was used to manufacture refined products (e.g. lignite briquettes) and, to a limited extent, to generate process steam and district heat.

Electricity and gas sales down year on year. Last year, we sold 192.0 billion kWh of electricity and 56.6 billion kWh of gas. In 2018, these figures stood at 216.1 billion kWh and 67.0 billion kWh, respectively. Most of these transactions were concluded in the Supply & Trading segment. Electricity sales experienced a drop of 11 %, largely due to declining in-house production, which resulted in a drop in electricity from RWE power stations sold by RWE Supply & Trading on the wholesale market. Gas deliveries were down 16 %. This was mainly because we now classify gas sales by RWE Supply & Trading in the Czech Republic merely as pure trading transactions. The change in accounting occurred with effect from 1 July 2019. Since then, the affected transactions have no longer been considered in our sales volume or revenue.

External revenue[1] € million	2019	2018	+/–
Lignite & Nuclear	1,003	1,132	– 129
European Power	1,062	925	137
Supply & Trading	9,514	10,208	– 694
innogy – continuing operations	1,164	1,124	40
Operations acquired from E.ON	374	–	374
Other, consolidation	8	17	– 9
RWE Group (excluding natural gas tax/electricity tax)	**13,125**	**13,406**	**– 281**
Natural gas tax/electricity tax	152	141	11
RWE Group	**13,277**	**13,547**	**– 270**

1 Some prior-year figures have been adjusted, mainly due to changes in the recognition of revenue from derivative transactions (see page 98 in the Notes).

External revenue by product[1] € million	2019	2018	+/–
Electricity revenue	**10,272**	**10,121**	**151**
of which:			
Lignite & Nuclear	282	303	-21
European Power	620	542	78
Supply & Trading	8,259	8,478	-219
innogy – continuing operations	869	799	70
Operations acquired from E.ON	242	–	242
Gas revenue	**1,156**	**1,547**	**-391**
of which:			
European Power	12	17	-5
Supply & Trading	1,094	1,484	-390
innogy – continuing operations	50	47	3
Other revenue	**1,697**	**1,738**	**-41**
RWE Group (excluding natural gas tax/electricity tax)	**13,125**	**13,406**	**-281**

1 Some prior-year figures have been adjusted, mainly due to changes in the recognition of revenue from derivative transactions (see page 98 in the Notes). Immaterial electricity revenue in the 'other, consolidation' item is not stated separately.

External revenue marginally down. In 2019, the RWE Group's external revenue declined by 2 % to €13,125 million (excluding natural gas tax and electricity tax). The drop was primarily due to the 25 % decline in gas revenue to €1,156 million. As mentioned earlier, since 1 July 2019 gas sales by RWE Supply & Trading in the Czech Republic have been recognised as pure trading transactions and are therefore no longer considered in revenue. We recorded €10,272 million in revenue from our main product, electricity, corresponding to a marginal gain year on year. The backdrop to this is that RWE Supply & Trading realised higher prices for electricity on the wholesale market, whereas the reduction in sales volume had a counteracting effect.

Adjusted EBITDA € million	2019	2018	+/–
Lignite & Nuclear	374	356	18
European Power[1]	453	334	119
Supply & Trading	702	183	519
innogy – continuing operations	833	699	134
Operations acquired from E.ON	253	–	253
Other, consolidation	-126	-34	-92
RWE Group	**2,489**	**1,538**	**951**

1 In the period under review, €368 million was attributable to the UK (previous year: €102 million).

Adjusted EBITDA jumps 62 %. Our adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) amounted to €2,489 million. This was at the upper end of the range of €2.2 billion to €2.5 billion we forecast in November 2019 (see page 16 of the interim statement on the first three quarters of 2019). Our March 2019 forecast envisaged adjusted EBITDA of €1.4 billion to €1.7 billion (see pages 83 et seq. of the 2018 Annual Report). We clearly exceeded this expectation. Our exceptional trading performance played a major role. Furthermore, we benefited from the reinstatement of the British capacity market and the acquisition of E.ON's renewable energy business, neither of which had been considered in our first forecast. Our adjusted EBITDA rose by 62 % compared to the previous year, largely driven by the aforementioned factors. In addition, earnings from the continuing innogy operations were significantly higher year on year, as we had expected.

The following developments were observed in the segments:

- Lignite & Nuclear: This division's adjusted EBITDA totalled €374 million, which is within the forecast range of €300 million to €400 million. It represents an increase of 5 % compared to the previous year. A positive effect was felt from our realisation of slightly higher wholesale prices for the generation from our lignite-fired and nuclear power stations than in 2018. We had already sold forward nearly all of the production of these plants in earlier years. The acquisition of the minority interests in the Gundremmingen and Emsland power plants also contributed to the rise in earnings. This was contrasted by the negative effects of power plant outages for maintenance and the preliminary halt to the clearance of Hambach Forest.

- European Power: We recorded €453 million in adjusted EBITDA in this segment. This clearly exceeded the range of €250 million to €350 million forecast in March 2019. The reinstatement of the British capacity market came to bear here, which resulted in retrospective payments being made that had been withheld during the suspension of the capacity market. Although we received the payments at the beginning of 2020, the reimbursement was reflected in earnings in the year being reviewed. We had not planned for this in our original outlook for 2019. The reimbursement was the main reason why the segment's adjusted EBITDA was 36 % up year on year. However, there were also some negative effects, e. g. from a signifcant drop in the margins and utilisation of our hard coal-fired power stations.

- Supply & Trading: Here, adjusted EBITDA totalled €702 million, which was substantially above the originally forecast range of €100 million to €300 million. The previous year's figure (€183 million) was also clearly exceeded. The exceptional trading performance was the main driver. The gas and LNG business of RWE Supply & Trading also displayed encouraging development. Furthermore, a burden experienced in 2018 resulting from a value adjustment recognised for an equity stake did not recur.

- innogy – continuing operations: Adjusted EBITDA posted by the innogy business remaining with RWE amounted to €833 million, which was within the anticipated range of €800 million to €900 million. It was 19 % higher than in 2018. The overall increase in the use of innogy wind farms due to the weather played a role. In addition, income from renewable energy assets that do not receive fixed feed-in subsidises rose, driven by an increase in realised electricity prices. The continued expansion of wind power capacity also had a positive impact on earnings.

- Operations acquired from E.ON: We included the renewable energy business transferred from E.ON to RWE in our consolidated financial statements as of 18 September 2019. In the last three-and-a-half months of the year, it posted €253 million in adjusted EBITDA. This confirmed our November 2019 forecast, which envisaged a range of €200 million to €300 million. Our March 2019 outlook did not consider the acquisition of the E.ON business.

Adjusted EBIT € million	2019	2018	+/–
Lignite & Nuclear	12	77	-65
European Power[1]	132	37	95
Supply & Trading	691	177	514
innogy – continuing operations	443	349	94
Operations acquired from E.ON	116	–	116
Other, consolidation	-127	-21	-106
RWE Group	**1,267**	**619**	**648**

1 In the year under review, €198 million was attributable to the UK (previous year: –€48 million).

Adjusted EBIT more than twice as high as in 2018. Adjusted EBITDA minus operating depreciation and amortisation results in adjusted EBIT which, at €1,267 million, was within the range of €1.1 billion to €1.4 billion forecast in November 2019. The originally anticipated range of €0.4 billion to €0.7 billion was clearly exceeded. The deviation was caused by the same factors that came to bear on adjusted EBITDA. Adjusted EBIT more than doubled versus 2018 (€619 million).

Reconciliation to net income: positive one-off effect due to asset swap with E.ON. The reconciliation from adjusted EBIT to net income was greatly affected by the asset swap with E.ON. A €8.3 billion book gain on the deconsolidation of innogy's grid and retail business and the stake in IGH came to bear in particular. It was the reason why we closed fiscal 2019 with unusually high net income.

Non-operating result € million	2019	2018	+/–
Disposal result	48	-25	73
Impact of derivatives on earnings	81	-146	227
Other	-1,210	10	-1,220
Non-operating result	**-1,081**	**-161**	**-920**

The non-operating result, in which we recognise certain effects that are not related to operations or to the period being reviewed, totalled -€1,081 million, which was much less than in 2018 (previous year: -€161 million). Its components were as follows:

- Disposals of investments and assets resulted in earnings of €48 million (previous year: -€25 million). This was largely due to the book gains on the sale of the Belgian gas-fired power plant Inesco and property that was no longer needed.
- The valuation of derivatives had an effect of €81 million (previous year: -€146 million). However, such effects on earnings are temporary and are due to the fact that, pursuant to IFRS, financial instruments used to hedge price risks are accounted for at fair value at the corresponding balance-sheet date, whereas transactions which are hedged with them are only recognised as a profit or loss when they are realised.
- Income stated under 'other' totalled -€1,210 million (previous year: €10 million). This reflects a large portion of the curtailments that will result from the German lignite phaseout. Impairments recognised for power plants and opencast mines as well as transfers to provisions for mining damage reduced income by €2,087 million. Furthermore, a €347 million provision was formed for redundancy schemes. A counteracting effect came from our €2.6 billion claim for damages from the government,

which we also recognised in the non-operating result. The expected early decommissioning of German hard coal-fired power stations required additions to provisions and impairments totalling €432 million. However, these were contrasted by write-ups on gas-fired power plants and a pumped storage power station of €363 million. The Dutch coal phaseout, which has been enshrined in law, was taken into account by recognising power plant impairments of €693 million. Another impairment loss related to the German Nordsee Ost offshore wind farm, which was subjected to an impairment test because the insolvency of a service provider required the maintenance concept to be revised fundamentally. The test led to an impairment of €225 million. This took account of the fact that the wind farm, which was completed in 2015, is being subsidised according to the acceleration model. This model envisages a very high starting payment, which is limited to eight years. This is why the fair value of the wind farm declines faster than what the straight-line depreciation pursuant to IFRS reflects.

Financial result € million	2019	2018	+/–
Interest income	185	166	19
Interest expenses	-258	-180	-78
Net interest	**-73**	**-14**	**-59**
Interest accretion to non-current provisions	-881	-264	-617
Other financial result	16	-131	147
Financial result	**-938**	**-409**	**-529**

Our financial result totalled –€938 million, deteriorating by €529 million compared to 2018. Its components changed as follows:

- Net interest declined by €59 million to –€73 million due to higher interest expenses, in part as a result of the initial application of IFRS 16 (see page 50). Furthermore, the interest expenses include fees paid to top up our credit line in 2019.
- The interest accretion to non-current provisions reduced the result by €881 million, much more than in the previous year (–€264 million). The main reason for this is that the real discount rate used to calculate provisions for mining damage had to be lowered and the associated rise in the present value of obligations was partially recognised as an expense in the interest accretion. The reason for the interest adjustment is the expected premature end to electricity generation from lignite within the scope of the German coal phaseout.
- The 'other financial result' improved to €16 million (previous year: –€131 million) in part thanks to gains on our portfolio of securities after losses in the previous year.

Owing to the curtailments of the non-operating result and the financial result, we are stating earnings before taxes from our continuing operations of –€752 million (previous year: €49 million). This goes hand in hand with €92 million in tax income, which is less than what could have been expected based on the (theoretically) normal effective tax rate. This is because we did not capitalise any deferred taxes in the RWE AG tax group unless they were offset by deferred tax liabilities, because we will probably not be able to use the deferred tax claims in the foreseeable future. A counteracting effect came from a reduction of our tax risk provision. After taxes, our continuing operations generated income of –€660 million (previous year: –€54 million).

Income from discontinued operations, which encompass innogy's grid and retail businesses as well as the stakes in IGH and VSE, amounted to €9,816 million (previous year: €1,127 million). The high figure is due to our sale of these activities, except for the interest in VSE, in September 2019, which resulted in a deconsolidation gain of €8,258 million. The assets we sold had been recognised on the consolidated balance sheet at their historic carrying amounts, whereas the purchase prices were derived from their fair values, most of which were much higher. Income from operating

Reconciliation to net income € million	2019	2018	+/–
Adjusted EBITDA	**2,489**	**1,538**	**951**
Operating depreciation, amortisation and impairment losses	-1,222	-919	-303
Adjusted EBIT	**1,267**	**619**	**648**
Non-operating result	-1,081	-161	-920
Financial result	-938	-409	-529
Income from continuing operations before taxes	**-752**	**49**	**-801**
Taxes on income	92	-103	195
Income from continuing operations	**-660**	**-54**	**-606**
Income from discontinued operations	9,816	1,127	8,689
Income	**9,156**	**1,073**	**8,083**
of which:			
Non-controlling interests	643	679	-36
RWE AG hybrid capital investors' interest	15	59	-44
Net income/income attributable to RWE AG shareholders	**8,498**	**335**	**8,163**

activities of discontinued operations totalled €1,558 million, rising substantially year on year although only VSE contributed to Group earnings for all twelve months of 2019. The increase was due to IFRS accounting policies, which stipulate that no depreciation or amortisation may be recognised for discontinued operations since they were stated separately as of 30 June 2018.

Non-controlling interests in income declined by €36 million to €643 million. The main reason for this is that post-tax income from continuing innogy operations declined, driving down the share in income allocable to the minority shareholders of these activities.

The portion of earnings attributable to RWE hybrid capital investors amounted to €15 million (previous year: €59 million). This sum corresponds to the finance costs related to our £750 million hybrid bond, which was called on 20 March 2019. As this bond did not have a predefined maturity, the proceeds we recorded from it were classified as equity pursuant to IFRS. RWE's other hybrid capital is classified as debt, and we recognise the interest accrued on it in the financial result.

Due to the aforementioned developments, we closed the year with exceptionally high net income, which amounted to €8,498 million (previous year: €335 million). Based on the 614.7 million RWE shares outstanding, this corresponds to earnings per share of €13.82 (previous year: €0.54).

Capital expenditure on property, plant and equipment and on intangible assets € million	2019	2018	+/–
Lignite & Nuclear	342	230	112
European Power	252	245	7
Supply & Trading	11	13	-2
innogy – continuing operations	1,215	592	623
Operations acquired from E.ON	267	–	267
Other, consolidation	3	-1	4
RWE Group	**2,090**	**1,079**	**1,011**

Capital expenditure on financial assets € million	2019	2018	+/–
Lignite & Nuclear	78	–	78
European Power	2	4	-2
Supply & Trading	68	37	31
innogy – continuing operations	23	141	-118
Operations acquired from E.ON	20	–	20
Other, consolidation	7,557	-1	7,558
RWE Group	**7,748**	**181**	**7,567**

Significant rise in capital expenditure due to asset swap with E.ON. At €9,838 million, our capital expenditure was exceptionally high (previous year: €1,260 million). This was primarily due to the asset swap with E.ON. As a result, our capital spending on financial assets amounted to €7,748 million (previous year: €181 million). €4.0 billion of this sum was attributable to the purchase of the 16.7 % stake in E.ON, while €3.6 billion was allocable to the acquisition of its renewable energy business. As expected, our capital expenditure on property, plant and equipment also grew substantially. Totalling €2,090 million, it was nearly twice as high as in 2018. Among other things, this can be traced back to the construction of the British offshore wind farm Triton Knoll and the Australian solar farm Limondale. Further details on these two large-scale projects can be found on page 38 of the 2018 Annual Report. The inclusion of E.ON's renewable energy business and power plant maintenance also contributed to the increase in capital expenditure on property, plant and equipment. Furthermore, the adoption of IFRS 16 came to bear, as it resulted in the capitalisation of rights of use for leased assets.

Workforce[1]	31 Dec 2019	31 Dec 2018	+/–
Lignite & Nuclear	11,150	11,292	-142
European Power	2,927	2,738	189
Supply & Trading	1,337	1,267	70
innogy – continuing operations	2,505	2,192	313
Operations acquired from E.ON	1,559	–	1,559
Other[2]	314	259	55
RWE Group	**19,792**	**17,748**	**2,044**

1 Converted to full-time positions.
2 This item exclusively comprises employees of the holding company RWE AG.

Much higher headcount due to acquisition of E.ON renewable energy business. As of 31 December 2019, the RWE Group's continuing operations had 19,792 people on the payroll, of which 15,056 were employed in Germany and 4,736 worked at locations abroad. Part-time positions were calculated in these figures on a pro-rata basis. Compared to the end of 2018, the workforce expanded by 2,044 staff members. This was predominantly due to the acquisition of E.ON's renewable energy business, which added 1,559 employees, 763 of whom are in the USA. In purely operating terms, i.e. disregarding the effects of acquisitions and disposals, our headcount rose by 485, with the expansion of innogy's offshore wind capacity being a major factor. Personnel figures do not include apprentices or trainees. At the end of 2019, 701 young adults were learning a profession at RWE, compared to 666 in the previous year.

1.8 Financial position and net worth

The asset swap with E.ON made RWE more financially robust. Due to the deconsolidation of innogy's grid and retail activities, our net debt in 2019 more than halved to €9.3 billion. The asset swap also had a positive effect on the equity ratio, which rose by 9.4 percentage points to 27.2%. Our solid financial and asset positions are reflected in the ratings issued by Moody's and Fitch, with both agencies classifying our creditworthiness as investment grade.

Responsibility for procuring funds. RWE AG regained sole responsibility for financing within the RWE Group when we sold our investment in innogy. Although we held a majority stake in innogy, the company was operationally independent and therefore took care of the financing of the activities for which it was responsible. As the parent company, RWE AG is responsible for acquiring funds from banks or the money and capital market. Subsidiaries only raise debt capital directly in specific cases, for example if it is advantageous economically to make use of local credit and capital markets. RWE AG also acts as a co-ordinator when subsidiaries assume contingent liabilities. This allows for central management and monitoring of financial risks. Moreover, it strengthens our position when negotiating with banks, business partners, suppliers and customers.

Tools for raising debt capital. We cover a major portion of our financing needs with earnings from our operating activities. In addition, we have a wide range of tools to procure debt capital.

- Our Debt Issuance Programme (DIP) gives us latitude in procuring debt capital for the long term. A DIP is a framework prospectus for the flexible issuance of bonds. Our current programme allows us to make issuances with a total nominal value of €10 billion. However, RWE AG has not issued a bond since 2015.

- We have a Commercial Paper Programme for short-term refinancing that enables us to raise funds equivalent to up to US$5 billion on the money market. We only used a portion of these funds in the past fiscal year. At times, a maximum of €3.4 billion in commercial paper was outstanding.

- Furthermore, we have access to a syndicated credit line, which serves to secure liquidity. We increased our credit line from €3 billion to €5 billion in April 2019 by concluding a new agreement. This was prompted by the transaction with E.ON, because it increased the operating activities for which we are responsible. The new credit line was granted to us by a consortium of 27 international banks. It consists of two tranches: one tranche of €3 billion with a tenor of five years and one of €2 billion with a tenor of two years. With the agreement of the banks, the former tranche can be extended twice for one year at a time. The latter tranche can be extended once, for one year, without requiring approval from the banks. So far, RWE has not used the syndicated credit line.

Bond volume drops to €1.1 billion. As of 31 December 2019, RWE bonds with a total value of €1.1 billion were outstanding. Essentially, these were three hybrid bonds: one of €539 million (2.75% coupon; earliest possible redemption in October 2020), one of €282 million (3.5%; April 2025) and one of US$317 million (6.625%; March 2026). Due to early buybacks in October 2017, the amounts are lower than the issue volumes (€700 million, €550 million and US$500 million). A fourth hybrid bond with a coupon of 7% and a nominal value of £750 million was redeemed at the first call date, on 20 March 2019, without replacing it with new hybrid capital. Therefore, the volume of RWE AG bonds as of the balance-sheet date was notably lower than at the end of 2018 (€1.9 billion).

Credit rating of RWE AG (as of 31 Dec 2019)	Moody's	Fitch
Non-current financial liabilities		
Senior debt	Baa3	BBB
Subordinated debt (hybrid bonds)	Ba2	BB+
Current financial liabilities	P-3	F2
Outlook	Stable	Stable

Borrowing costs down to 1.4 %. In 2019, the cost of debt for RWE was 1.4 %. It was calculated for our average liabilities from bonds, commercial paper and bank loans held during the year. The £750 million bond redeemed in March 2019 was not considered, as it was classified as equity pursuant to IFRS. The cost of debt declined considerably compared to 2018 (2.9 %). This was because we made more use of commercial paper with favourable interest rates to refinance our business in the reporting year.

Solid investment grade rating. The level of our borrowing costs partially depends on the rating agencies' assessment of our creditworthiness. We have commissioned Moody's and Fitch to provide such credit ratings. Moody's gives our long-term creditworthiness a rating of 'Baa3', which was confirmed in October 2019 after an extensive review. Fitch rates us one grade better at 'BBB'. Both agencies thus attest to our investment grade creditworthiness – each with a stable rating outlook.

Cash flow statement[1] € million	2019	2018	+/-
Funds from operations	1,809	138	1,671
Change in working capital	-2,786	4,473	-7,259
Cash flows from operating activities of continuing operations	**-977**	**4,611**	**-5,588**
Cash flows from investing activities of continuing operations	**474**	**-2,999**	**3,473**
Cash flows from financing activities of continuing operations	**189**	**-1,559**	**1,748**
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	13	13	-
Total net changes in cash and cash equivalents	**-301**	**66**	**-367**
Cash flows from operating activities of continuing operations	-977	4,611	-5,588
Minus capital expenditure[2]	-1,771	-1,246	-525
Plus proceeds from divestitures/asset disposals[2]	695	74	621
Free cash flow	**-2,053**	**3,439**	**-5,492**

1 All items relate solely to continuing operations.
2 This item solely relates to transactions with an effect on cash.

Operating cash flows: high outflows from the realisation of commodity forward transactions. Despite a significant improvement in our funds from operations, our cash flows from operating activities of continuing operations declined to -€977 million (previous year: €4,611 million). This was mainly due to transactions reflected in the change in net working capital. For example, there were substantial cash outflows in the period under review from the realisation of commodity forward transactions, for which we had received high variation margins before 2019. Variation margins are payments with which transaction partners offset profit and loss positions resulting from the daily revaluation of active contracts. However, their influence on cash flows is temporary and ends once the forward transactions are realised.

Investing activities of continuing operations resulted in a net cash inflow of €474 million. This was mainly due to income from the sale of securities, whereas capital expenditure on property, plant and equipment and financial assets had a counteracting effect. In the previous year, we recorded a cash outflow of €2,999 million in part due to substantial purchases of securities.

Cash flows from financing activities of continuing operations amounted to €189 million (previous year: −€1,559 million). In the year under review, we took on more financial debt than we repaid. This resulted in a net inflow of €1,678 million which was contrasted by the redemption of the £750 million hybrid bond not included in financial liabilities, which led to an outflow of €869 million. On top of that, we made dividend payments to RWE shareholders, hybrid investors and co-owners of fully consolidated RWE companies amounting to €560 million.

On balance, the aforementioned cash flows from operating, investing and financing activities decreased our cash and cash equivalents by €301 million.

Our free cash flow amounted to −€2,053 million. This was far below the previous year's level (€3,439 million), primarily due to declining operating cash flows.

Net debt € million	31 Dec 2019	31 Dec 2018	+/−
Cash and cash equivalents	3,192	3,523	−331
Marketable securities	3,523	3,863	−340
Other financial assets	4,983	2,809	2,174
Financial assets	**11,698**	**10,195**	**1,503**
Bonds, other notes payable, bank debt, commercial paper	2,466	1,657	809
Hedging of bond currency risk	7	12	−5
Other financial liabilities	3,268	1,107	2,161
Financial liabilities	**5,741**	**2,776**	**2,965**
Correction of hybrid capital	−562	−88	−474
Plus 50% of the hybrid capital stated as equity	–	470	−470
Minus 50% of the hybrid capital stated as debt	−562	−558	−4
Net financial assets (including correction of hybrid capital)	**6,519**	**7,507**	**−988**
Provisions for pensions and similar obligations	3,446	3,287	159
Surplus of plan assets over benefit obligations	−153	−213	60
Provisions for nuclear waste management	6,723	5,944	779
Provisions for mining damage	4,618	2,516	2,102
Provisions for dismantling wind farms	951	362	589
Net debt of continuing operations	**9,066**	**4,389**	**4,677**
Net debt of discontinued operations	**232**	**14,950**	**−14,718**
Net debt	**9,298**	**19,339**	**−10,041**

Notable debt reduction due to deconsolidation of innogy's grid and retail businesses. As of 31 December 2019, our net debt amounted to €9.3 billion. This represents a decline of €10.0 billion compared to the end of the previous year. The asset swap with E.ON played a major role.

Net debt of discontinued operations dropped by €14.7 billion to €0.2 billion. This was due to the deconsolidation of innogy's grid and retail businesses, which were sold to E.ON, and of the 50.04 % stake in Czech gas network operator IGH, which we sold to the MIRA consortium. The remainder was attributable to our stake in Slovakian energy provider VSE, which we acquired from innogy in 2019 and plan to sell on to E.ON.

Conversely, as expected, net debt of continuing operations rose considerably, by €4.7 billion to €9.1 billion. The negative free cash flow came to bear here. Effects from the asset swap with E.ON factored in at €3.0 billion, of which €1.5 billion was attributable to the net debt which we assumed from E.ON's renewable energy business, €0.7 billion was attributable to additional nuclear provisions and another €0.7 billion to the purchase price for VSE paid to innogy. The German coal phaseout also affected net debt. It was the main reason why provisions for mining damage rose by €2.1 billion. We are claiming €2.6 billion in compensation from the government, which should cover the majority of the financial damage we will suffer from the coal phaseout. This is recognised in other financial assets and had a counteracting effect. The adoption of IFRS 16 drove up net debt by €0.4 billion. Another €0.4 billion stems from our redemption of the £750 million hybrid bond, eliminating the advantage of classifying half of it as equity. However, at the same time, innogy repaid a loan to us which was about as high as the redemption amount. This resulted from an agreement that our former subsidiary had reached with us prior to its IPO in 2016 (see page 52 of the 2016 Annual Report).

Slightly lower off-balance-sheet obligations from electricity and fuel. Net debt does not include our off-balance-sheet obligations, which largely stem from long-term fuel and electricity purchase agreements. As of the balance-sheet date, payment obligations from material procurement contracts amounted to €27.1 billion for fuel (previous year: €27.9 billion) and €7.1 billion for electricity (previous year: €7.8 billion). These figures are based on assumptions regarding the prospective development of commodity prices. For further information on our off-balance-sheet obligations, please see page 168 in the Notes.

Group balance sheet: equity ratio increased to 27.2 %. The asset swap with E.ON had a notable impact on the Group balance sheet. This was the main reason why the balance-sheet total decreased by €15.9 billion to €64.2 billion compared to the end of 2018. Due to the deconsolidation of the innogy operations continued by E.ON and the stake in IGH, assets held for sale dropped from €40.5 billion to €1.3 billion and liabilities held for sale fell from €32.8 billion to €0.5 billion. By contrast, the first-time consolidation of the acquired E.ON activities inflated the balance sheet by €12.2 billion. The RWE Group's equity increased by €3.2 billion. As of the cut-off date for the financial statements, its share in the balance-sheet total (equity ratio) was 27.2 %, 9.4 percentage points higher than at the end of the previous year. The main reason was the substantial gain on the deconsolidation of innogy's grid and retail businesses. This was counteracted by the fact that the non-controlling interests decreased. Our dividend payments and the redemption of the £750 million hybrid bond also contributed to the reduction in equity.

Group balance-sheet structure	31 Dec 2019		31 Dec 2018	
	€ million	%	€ million	%
Assets				
Non-current assets	35,951	56.0	18,595	23.2
of which:				
Intangible assets	4,809	7.5	2,193	2.7
Property, plant and equipment	19,097	29.7	12,409	15.5
Current assets	28,241	44.0	61,513	76.8
of which:				
Trade accounts receivable	3,621	5.6	1,963	2.5
Receivables and other assets	15,311	23.9	10,291	12.8
Marketable securities	3,258	5.1	3,609	4.5
Assets held for sale	1,274	2.0	40,496	50.6
Total	**64,192**	**100.0**	**80,108**	**100.0**
Equity and liabilities				
Equity	17,448	27.2	14,257	17.8
Non-current liabilities	27,018	42.1	20,007	25.0
of which:				
Provisions[1]	18,936	29.5	14,366	17.9
Financial liabilities	3,924	6.1	1,998	2.5
Current liabilities	19,726	30.7	45,844	57.2
of which:				
Provisions[1]	2,638	4.1	2,572	3.2
Financial liabilities	1,810	2.8	766	1.0
Trade accounts payable	2,987	4.7	2,429	3.0
Other liabilities	11,781	18.4	7,281	9.1
Liabilities held for sale	510	0.8	32,796	40.9
Total	**64,192**	**100.0**	**80,108**	**100.0**

1 Prior-year figures adjusted: see commentary on page 116 in the Notes.

1.9 Notes to the financial statements of RWE AG (holding company)

The financial statements of RWE AG primarily reflect the business performance of its subsidiaries. Thanks to its strong trading performance, RWE Supply & Trading contributed in particular to the Group parent's earnings last year. However, there were also some burdens, for example as a result of impairments triggered by the Dutch coal phaseout. At €514 million, RWE AG's net profit was slightly higher than in 2018. We intend to raise the dividend and therefore propose a payment of €0.80 per share to the Annual General Meeting taking place in April 2020.

Financial statements. RWE AG prepares its financial statements in compliance with the rules set out in the German Commercial Code and the German Stock Corporation Act. The financial statements are submitted to Bundesanzeiger Verlag GmbH, located in Cologne, Germany, which publishes them in the Federal Gazette. The financial statements of RWE AG can be ordered directly from us and are also available on the internet at www.rwe.com/reports.

Balance sheet of RWE AG (abridged) € million	31 Dec 2019	31 Dec 2018
Assets		
Financial assets	20,628	25,166
Accounts receivable from affiliated companies	10,233	3,669
Other accounts receivable and other assets	6,056	479
Marketable securities and cash and cash equivalents	2,929	4,864
Total assets	**39,846**	**34,178**
Equity and liabilities		
Equity	5,738	5,654
Provisions	2,237	2,700
Accounts payable to affiliated companies	29,213	23,169
Other liabilities	2,658	2,655
Total equity and liabilities	**39,846**	**34,178**

Income statement of RWE AG (abridged) € million	2019	2018
Income from financial assets	1,758	1,091
Net interest	31	-391
Other income and expenses	-1,550	-227
Taxes on income	275	-1
Net profit	**514**	**472**
Transfer to other retained earnings	-22	-42
Distributable profit	**492**	**430**

Assets. RWE AG had €39.8 billion in total assets as of 31 December 2019, compared to €34.2 billion in the prior year. This is mainly due to the effects of the asset swap with E.ON. For example, RWE transferred the renewable energy business received from E.ON to a subsidiary, resulting in a corresponding account receivable from that company. Conversely, the sale of the stake in innogy held by another subsidiary led to a liability vis-à-vis that company. However, some developments reduced the balance-sheet total. Among other things, securities and cash and cash equivalents were down. Here, the cash outflows from the realisation of commodity forwards relating to RWE Supply & Trading set out on page 63 came to bear. At the end of 2019, the equity ratio was 14.4 %. Due to the rise in total assets, it was lower than in the previous year (16.5 %).

Financial position. RWE AG is set up solidly in economic terms and has a number of financing tools at its disposal that it can use flexibly. This is reflected in our credit ratings, which are investment grade. A detailed presentation of RWE's financial position and financing activity in the year under review has been made on pages 62 et seqq.

Earnings position. RWE AG's earnings position improved slightly compared to 2018. The main items on the income statement developed as follows:

- Income from financial assets rose by €667 million to €1,758 million. The exceptional energy trading performance was a major driver. In addition, the business activities received from E.ON contributed to earnings for the first time. However, there were also some curtailing factors such as the significant deterioration of market conditions for hard coal-fired power plants faced by RWE Generation.

- Net interest also improved considerably, advancing by €422 million to €31 million. This was due to substantial capital gains from pension fund management.

- The 'other income and expenses' line item deteriorated by €1,323 million to – €1,550 million. The main reason for this was an impairment recognised for financial accounts receivable from a Dutch subsidiary, the earnings prospects of which deteriorated considerably due to the coal phaseout mandated by law. Furthermore, IT projects drove up expenses at RWE AG.

- In the year under review, we recorded tax income of €275 million, largely because we reduced our tax risk provision and received tax refunds for earlier years. RWE AG had recorded a tax expense of €1 million in 2018.

- The presented earnings figures lead to net profit of €514 million. This represents an improvement of €42 million compared to 2018.

- The distributable profit of €492 million corresponds to the planned payment of a dividend of €0.80 per share to our shareholders.

Outlook for 2020. RWE AG's earnings prospects will largely depend on the business performance of its subsidiaries. Our current assessment makes us confident of being able to achieve a net profit in 2020 that is slightly higher than in 2019.

Corporate governance declaration in accordance with Section 289f and Section 315d of the German Commercial Code. On 14 February 2020, the Executive Board and the Supervisory Board of RWE AG issued a corporate governance declaration in accordance with Section 289f and Section 315d of the German Commercial Code. The declaration contains the Corporate Governance Report for the first time and has been published on the internet at www.rwe.com/corporate-governance-declaration.

1.10 Presentation of the RWE Group with innogy as a purely financial investment

For fiscal 2019, we are also presenting Group figures reflecting our former subsidiary innogy as a purely financial investment for the last time. We do not apply the principles of consolidation pursuant to IFRS to determine these figures. In doing so, we do not consider innogy based on its earnings, but on the dividend we are paid. Applying this method leads to adjusted EBITDA of €2.1 billion and adjusted net income of €1.2 billion for the Group. This is much more than we had predicted originally. The main reasons for this were our strong trading performance and the reinstatement of the British capacity market.

Former subsidiary innogy: full consolidation of limited informational value. International Financial Reporting Standards (IFRS) stipulate that we fully consolidate companies that are directly or indirectly controlled by RWE AG in the Group's financial statements. This means that the revenue, expenses, cash flows, assets, liabilities, etc. of the affected activities are included in the Group's figures. This approach also had to be applied to innogy. However, it did not reflect the way in which we managed our former subsidiary. We held innogy as a purely financial investment, which was allowed to operate as an independent business entity.

Adjusted figures. Therefore, we applied a second method, which deviated from IFRS consolidation principles, to calculate the figures for the Group, which reflected the status of our subsidiary more accurately. In doing so, the stake in innogy was recognised on the balance sheet under 'other financial assets'. In RWE's earnings figures, innogy was considered only with the dividend payable to us. We treated the transactions of the rest of the Group with innogy as transactions with third parties. Since we sold our stake in innogy to E.ON in September 2019, we have stopped preparing balance sheets applying the above method, but we applied it one last time to calculate earnings for 2019. This largely disregards the effects of the asset swap with E.ON (e.g. the acquisition of the renewable energy business). Therefore, the figures give some insight into the business trend that is virtually untainted by the exceptional effects of the transaction. We also use these figures to measure performance in determining Executive Board remuneration.

Adjusted EBITDA and adjusted net income higher than forecast. The overview below presents some key earnings figures that were calculated applying the method described above. The figure determined for adjusted EBITDA in 2019 was €2,106 million (previous year: €1,521 million) and adjusted net income amounted to €1,210 million (previous year: €591 million). Our outlook of November 2019 envisaged ranges of €1.8 billion to €2.1 billion and €0.9 billion to €1.2 billion, respectively (see page 16 of the interim statement on the first three quarters of 2019). In our first earnings forecast of March 2019, we had envisaged adjusted EBITDA of €1.2 billion to €1.5 billion and adjusted net income of €0.3 billion to €0.6 billion (see page 84 of the 2018 Annual Report). We clearly exceeded these expectations. This was primarily due to the exceptional trading performance of RWE Supply & Trading and the effect on earnings of the reinstatement of the British capacity market.

Key figures for the RWE Group including innogy as a financial investment that is not fully consolidated[1] € million	2019	2018	+/–
Adjusted EBITDA	2,106	1,521	585
Adjusted EBIT	1,412	953	459
Adjusted net income	1,210	591	619

1 Figures not calculated in compliance with IFRS. In addition to the issues mentioned above, this relates to the following items, amongst others: all supply and service agreements of the Group with innogy have been accounted for as pending transactions, even if they would have had to be recognised at fair value. Provisions for impending losses from these transactions have not been formed. Supply and service agreements with external third parties and associated provisions have been accounted for as in the IFRS consolidated financial statements. The same applies to the accounting effects of hedges and deferred taxes. Earnings for 2019 do not contain the actual innogy dividend of €1.40 per share, but include the theoretical value of €1.64, which was the basis for the conditions of the asset swap with E.ON.

1.11 Disclosure relating to German takeover law

The following disclosure is in accordance with Section 315a, Paragraph 1 and Section 289a, Paragraph 1 of the German Commercial Code as well as with Section 176, Paragraph 1, Sentence 1 of the German Stock Corporation Act. The information relates to company-specific regulations, for example relating to adjustments to the capital structure by the Executive Board or a change of control of the company. At RWE, these provisions are in line with the standards of German listed companies.

Composition of subscribed capital. RWE AG's capital stock amounts to €1,573,748,744.44 and is divided among 614,745,499 no-par-value common shares in the name of the bearer. As set out on page 25, our 39,000,000 preferred shares were converted to common shares in the middle of 2019. Since then, all RWE shares have granted their bearer the same rights.

Shares in capital accounting for more than 10% of voting rights. As of 31 December 2019, no holding in RWE AG exceeded 10% of the voting rights.

Limitation of share transfers. Within the scope of the employee share plan of RWE AG, 305,216 RWE common shares were issued to staff in Germany in the financial year that just ended. The securities must be held until 31 December 2020.

We also have employee stock purchase plans in the UK. Staff members of RWE Generation UK plc, RWE Technology UK Limited and RWE Supply & Trading GmbH UK Branch qualify for them. The shares are subject to a five-year holding period starting from their respective issue dates. A total of 27,742 RWE common shares were purchased under the UK plans.

Appointment and dismissal of Executive Board members/amendments to the Articles of Incorporation. 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 the wording without changing the content.

RWE AG authorisation to implement share buybacks. Pursuant to a resolution passed by the Annual General Meeting on 26 April 2018, RWE AG is authorised until 25 April 2023 to conduct share buybacks accounting for up to 10% of the capital stock as of the effective date of the resolution or as of the exercise date of the authorisation if the capital stock is lower on this date. At the Executive Board's discretion, the acquisition can be made on the stock exchange or via a public purchase offer.

Shares purchased in this way may then be cancelled. Furthermore, they may be transferred to third parties or sold otherwise in connection with mergers or acquisitions of companies, parts of companies, operations, or of stakes in companies. Shares that are not sold on the stock exchange or through a tender to all shareholders may only be sold for cash. Moreover, in such cases, the sale price may not be significantly lower than the price at which the shares are listed on the stock market. The company may transfer shares bought back to the holders of option or convertible bonds and also use the shares to fulfil its obligations resulting from employee share schemes. In the aforementioned cases, shareholder subscription rights are waived. These authorisations may be exercised in full or in part, or once or several times for partial amounts.

Executive Board authorisation to issue new shares. Pursuant to the resolution passed by the Annual General Meeting on 26 April 2018, the Executive Board is authorised to increase the company's capital stock, subject to the Supervisory Board's approval, by up to €314,749,693.44 until 25 April 2023, through the issuance of up to 122,949,099 new bearer common shares in return for contributions in cash or in kind (authorised capital). These authorisations may be exercised in full or in part, or once or several times for partial amounts.

In principle, shareholders are entitled to subscription rights. However, subject to the approval of the Supervisory Board, the Executive Board may waive them in the following cases:

- They may be waived in order to prevent the number of shares allocated from the subscription resulting in fractional amounts (fractions of shares).
- Subscription rights may be waived in order to issue shares in exchange for contributions in kind for the purposes of mergers or acquisitions of companies, parts of companies, operations, or of stakes in companies.
- Subscription rights may be waived in the event of a cash capital increase if the price at which the new shares are issued is not significantly lower than the price at which shares are quoted on the stock market and the portion of the capital stock accounted for by the new shares, for which subscription rights are waived, does not exceed 10% in total.
- Furthermore, subscription rights may be waived in order to offer shares to potential holders of convertible or option bonds commensurate to the rights to which they would be entitled on conversion of the bond or on exercise of the option.

The Executive Board is authorised, subject to the approval of the Supervisory Board, to determine the further details and conditions of the share issuance.

In sum, the capital stock may not be increased by more than 20% through the issuance of new shares waiving subscription rights.

Effects of a change of control on debt financing. Our debt financing instruments often contain clauses that take effect in the event of a change of control. The following rule applies to a small residual amount of a senior bond remaining with us, which was the only bond that could not be fully transferred to innogy in 2016: in the event of a change of control in conjunction with a drop in RWE AG's credit rating below investment-grade status, creditors may demand immediate redemption. In such cases, RWE AG has the right to cancel its subordinated hybrid bonds within the defined change of control period; if this does not occur, the annual compensation payable on the hybrid bonds increases by 500 basis points.

RWE AG's €5 billion syndicated credit line also includes a change-of-control clause, which essentially has the following content: in the event of a change of control or majority at RWE, drawings are suspended until further notice. The lenders shall enter into negotiations with us on a continuation of the credit line. Should we fail to reach an agreement with the majority of them within 30 days from such a change of control, the lenders may cancel the line of credit.

Effects of a change of control on Executive Board and executive remuneration. Members of the Executive Board of RWE AG have the special right to terminate their employment contract in the event that shareholders or third parties obtain control over the company and this would be linked to significant disadvantages for the Executive Board members. In such a case, they are free to resign for cause from their position within six months of the change of control by giving three months' notice. In addition, they can request the termination of their employment contract and receive a one-off payment.

The amount of the one-off payment shall correspond to the compensation that would have been due until the end of the contractually agreed term of service, but no more than three times the total contractual annual remuneration. Share-based payment is not included in this. This is in line with the recommendations of the German Corporate Governance Code applicable to the year under review.

The Strategic Performance Plan presented on page 75 et seq. stipulates for the Executive Board and executives of RWE AG and subordinated associated companies that in the event of a change of control the granted performance shares, which have already been finally determined but not yet paid out, shall be paid out early. The payout amount shall correspond to the number of performance shares multiplied by the sum of the average closing price of the RWE common share on the last 30 trading days prior to the announcement of the change of control and the amount of dividend paid out per share until then, calculated starting from the time when the number of performance shares was finally granted. All performance shares granted on a preliminary basis at the time of the change of control shall expire without replacement or compensation.

1.12 Remuneration report

The capital market expects companies to have performance-linked remuneration systems which bring the interests of management in line with those of the company's owners. Another demand is that Executive Board members be rewarded if their company applies the principles of sustainable development and takes its responsibility vis-à-vis society seriously. RWE's remuneration system meets these requirements. Despite this, we want to refine it and have already worked closely with investors to this end. This year, the Supervisory Board of RWE AG will finalise the new rules and present them to the 2021 Annual General Meeting for a vote.

Structure of Supervisory Board remuneration

The remuneration of the Supervisory Board is governed by the provisions of the Articles of Incorporation of RWE AG. Accordingly, the Chairman of the Supervisory Board receives fixed remuneration of €300,000 per fiscal year. His Deputy receives €200,000 per fiscal year. The other members of the Supervisory Board receive fixed remuneration of €100,000 and additional compensation for committee mandates according to the following rules.

Members of the Audit Committee receive additional remuneration of €40,000. This payment is increased to €80,000 for the Chair of this committee. With the exception of the Nomination Committee, the members of which do not receive additional remuneration, the members and the Chairs of all the other Supervisory Board committees receive an additional €20,000 and €40,000 in remuneration, respectively. Remuneration for a committee mandate is only paid if the committee is active at least once in the fiscal year.

Supervisory Board members who concurrently hold several offices in this body only receive compensation for the highest-paid position. Remuneration is prorated if a Supervisory Board member only performs a function for part of a fiscal year.

In addition to the remuneration paid, out-of-pocket expenses are refunded to the members of the Supervisory Board. Some Supervisory Board members also receive income from the exercise of Supervisory Board mandates at subsidiaries of RWE AG.

The members of the Supervisory Board imposed on themselves the obligation, subject to any commitment to relinquish their pay, to use 25 % of the total annual compensation (before taxes) to buy RWE shares and to hold them for the duration of their membership of the Supervisory Board of RWE AG. Last year, all of the members who do not relinquish their compensation met this self-imposed obligation for their compensation for 2018. For the new members who joined the Board in 2019, this self-imposed obligation begins when the remuneration for fiscal 2019 is paid at the beginning of 2020.

Level of Supervisory Board remuneration

In total, the remuneration of the Supervisory Board (excluding out-of-pocket expenses) amounted to €3,304,000 in fiscal 2019 (previous year: €3,480,000). Of this sum, €465,000 (previous year: €460,000) was remuneration paid for mandates on committees of the Supervisory Board and €543,000 (previous year: €720,000) was remuneration paid for mandates at subsidiaries.

The remuneration of all individuals who have served on the Supervisory Board in 2018 and/or 2019 is shown in the following table.

Supervisory Board remuneration[1]	Fixed remuneration		Remuneration for committee offices		Remuneration for mandates at subsidiaries[2]		Total remuneration[3]	
€ '000	2019	2018	2019	2018	2019	2018	2019	2018
Dr. Werner Brandt, Chairman	300	300	–	–	–	–	300	300
Frank Bsirske, Deputy Chairman	200	200	–	–	143	200	343	400
Michael Bochinsky (since 1 Aug 2018)	100	42	40	17	–	–	140	59
Reiner Böhle (until 18 Sep 2019)	72	100	14	20	–	–	86	120
Sandra Bossemeyer	100	100	20	20	–	–	120	120
Martin Bröker (since 1 Sep 2018)	100	33	–	–	–	–	100	33
Anja Dubbert (since 27 Sep 2019)	26	–	1	–	–	–	27	–
Matthias Dürbaum (since 27 Sep 2019)	26	–	1	–	–	–	27	–
Ute Gerbaulet	100	100	–	–	–	–	100	100
Reinhold Gispert (until 31 Jul 2018)	–	58	–	23	–	–	–	81
Andreas Henrich (until 31 Aug 2018)	–	67	–	–	–	–	–	67
Prof. Dr. Hans-Peter Keitel	100	100	20	20	–	–	120	120
Dr. h.c. Monika Kircher	100	100	30	–	–	–	130	100
Monika Krebber (until 18 Sep 2019)	72	100	14	20	86	120	172	240
Harald Louis	100	100	20	20	20	20	140	140
Dagmar Mühlenfeld	100	100	20	20	–	–	120	120
Peter Ottmann	100	100	20	20	–	–	120	120
Günther Schartz	100	100	20	20	–	–	120	120
Dr. Erhard Schipporeit	100	100	80	80	215	300	395	480
Dr. Wolfgang Schüssel	100	100	25	40	–	–	125	140
Ullrich Sierau	100	100	40	40	–	–	140	140
Ralf Sikorski	100	100	40	40	50	50	190	190
Marion Weckes	100	100	40	40	–	–	140	140
Leonhard Zubrowski	100	100	20	20	30	30	150	150
Total[3]	**2,296**	**2,300**	**465**	**460**	**543**	**720**	**3,304**	**3,480**

1 Supervisory Board members who joined or retired from the corporate body during the year receive prorated remuneration.
2 Remuneration for exercising mandates at subsidiaries is only included for periods of membership of the Supervisory Board of RWE AG.
3 The commercial rounding of certain figures can result in inaccurate sum totals.

Structure of Executive Board remuneration

Fundamentals. The structure and level of the Executive Board's remuneration are determined by the Supervisory Board of RWE AG and reviewed on a regular basis to determine whether they are appropriate and in line with the market. The remuneration system described in the following has been applied since 1 October 2016. It is made up of non-performance-based and performance-based components. The former consists of the fixed salary, the pension instalment as well as fringe benefits. The performance-based components include the bonus and a share-based payment, the latter of which is a long-term compensation component.

Recipients of Executive Board remuneration. In the financial year that just ended, Rolf Martin Schmitz and Markus Krebber received compensation for their work on the Executive Board of RWE AG. Rolf Martin Schmitz has been a member of the Executive Board since 1 May 2009 and its Chairman since 15 October 2016. His contract expires on 30 June 2021. Markus Krebber was appointed to this corporate body with effect from 1 October 2016 and has been in charge of finance since 15 October 2016. His tenure on the Executive Board runs through to 30 September 2024.

Non-performance-based Executive Board remuneration

Fixed compensation and pension instalments. The members of the Executive Board of RWE AG receive a fixed annual salary, which is paid in twelve monthly instalments. As a second fixed remuneration component, they are entitled to a pension instalment for every year of service, which is determined on an individual basis, unless – as is the case with Rolf Martin Schmitz – they belonged to the Executive Board before the pension instalment was introduced and have therefore received a pension commitment (see page 78).

The pension instalment is paid in cash or retained in part or in full in exchange for a pension commitment of equal value through a gross compensation conversion. RWE has concluded a reinsurance policy to finance the pension commitment. The accumulated capital may be drawn upon on retirement, but not before the Executive Board member turns 62. Members of the Executive Board of RWE reach the established age limit when they are 63 years old. They can be reappointed for one year at a time thereafter, but may not hold office beyond their 65th birthday.

When retiring, Executive Board members can choose a one-time payment or a maximum of nine instalments. They and their surviving dependants do not receive any further benefits. Vested retirement benefits from earlier activities within the RWE Group remain unaffected by this.

Fringe benefits. Non-performance-based compensation components also include fringe benefits, primarily consisting of company cars and accident insurance premiums.

Performance-based Executive Board remuneration

Bonus. Executive Board members receive a bonus which is based on the economic performance of the company and the degree to which they achieve their individual goals and the collective goals of the Executive Board. The starting point for calculating the bonus is what is referred to as the 'company bonus', which depends on the level of EBIT of relevance to remuneration in the relevant fiscal year. The basis for determining this figure is adjusted EBIT (EBIT minus the non-operating result). We calculated adjusted EBIT for 2019 and the preceding year using the method set out on page 69. This means that innogy, the subsidiary acquired by E.ON in September 2019, is considered only in terms of the dividend payment it owes to RWE. The rules of Executive Board remuneration stipulate that the Supervisory Board may modify adjusted EBIT to make this figure more suitable for measuring performance. Such adjustments can relate to gains on disposals, changes in provisions, as well as impairments and their consequences. This converts adjusted EBIT to EBIT of relevance to remuneration.

The company bonus is determined as follows: the Supervisory Board sets a target as well as a floor and a ceiling for EBIT of relevance to remuneration at the beginning of every fiscal year. After the end of the fiscal year, the actual level of adjusted EBIT and EBIT of relevance to remuneration resulting from the modifications explained earlier are determined. If the latter is identical to the EBIT target, the target achievement is 100 %. In this case, the company bonus equals the contractually agreed baseline bonus. If EBIT of relevance to remuneration is exactly at the pre-defined floor, target achievement is 50 %; if it is at the ceiling, target achievement is 150 %. Target achievement is adjusted linearly between the two limits. If EBIT of relevance to remuneration is below the floor, no company bonus is paid. If the ceiling is exceeded, the maximum target achievement remains 150 %.

To calculate the individual bonus, the company bonus is multiplied by a factor reflecting the personal performance of the Executive Board member in question. This performance factor depends on the achievement of: (1) individual goals, (2) general collective goals, and (3) collective goals in relation to corporate responsibility and employee motivation. The aforementioned target categories are each weighted by one-third. Degrees of achievement can range between 0 % and 200 %. However, the derivable performance factor is limited to between 80 % and 120 %. This means that the performance factor for an Executive Board member with a 150 % target achievement is only 120 %.

After the end of every fiscal year, the Supervisory Board evaluates the individual performance of the Executive Board members relative to the three categories above and determines their individual performance factor. This is done in line with the binding goals and targets which it sets at the beginning of the financial year. The bonus determined in this manner is paid out in full to the Executive Board members after the end of the fiscal year.

Share-based payment. Executive Board members are granted a payment under the Strategic Performance Plan (SPP), which rewards the achievement of long-term goals. The key determinant of success is the total return of the RWE common share, which is made up of the share price and the dividend (performance). The link between compensation and the performance of the share price over the long term motivates the Executive Board to consider the interests of the company's owners when taking decisions. Another of the SPP's success factors is net income of relevance to remuneration of the fiscal year in question. This key figure is derived from adjusted net income, which is arrived at by deducting the non-operating result and other exceptional items including their effects on income taxes from net income. Like adjusted EBIT, we calculated it using the method described on page 69, with innogy being considered only in terms of the dividend payment it owes RWE. The conditions of the SPP allow the Supervisory Board to make limited modifications to adjusted net income in predefined cases in order to arrive at net income of relevance to remuneration. Such modifications may be made as long as they reflect the impact of unforeseeable events such as capital measures, acquisitions, sales and regulatory changes.

The SPP is based on performance shares with a term (vesting period) made up of the fiscal year to which they relate and the three subsequent years. The Executive Board members receive a grant letter for each tranche, in which they are informed of their personal gross allocation amount. The preliminary number of performance shares is calculated by dividing the grant amount by the average closing quotation of the RWE share over the last 30 days of trading on Xetra before the grant.

Only after the end of the fiscal year is the number of fully granted performance shares determined. It depends on the net income of relevance to remuneration in the fiscal year in question. The actual figure is compared to a pre-defined target figure. The procedure is similar to the approach taken when determining the company bonus. The Supervisory Board pre-defines a target, a floor and a ceiling for net income of relevance to remuneration, orienting itself towards the approved medium-term plan in doing so. If the target figure is achieved exactly, 100 % of the conditionally granted performance shares is fully allocated. If net income of relevance to remuneration is exactly at the floor, 50 % of the conditionally granted performance shares is fully allocated; if it is at the ceiling, the final grant amounts to 150 %. At a level below the floor, all of the conditionally granted performance shares from the tranche lapse. If the ceiling is exceeded, the maximum grant remains 150 %.

The finally granted performance shares are fully paid out in cash to the Executive Board member after the end of the four-year vesting period. The level of the payment depends on the performance of the RWE common share. It corresponds to the final number of performance shares multiplied by the sum of the average closing quotation of the RWE common share over the 30 days of trading on Xetra leading to the end of the vesting period and the dividends accumulated in the last three years. However, a cap applies in this case as well: even in the event of an extremely good share performance, the payment is limited to a maximum of 200% of the initial gross grant amount.

The members of the Executive Board are obliged to reinvest 25% of the payment (after taxes) in RWE shares. The shares must be held until at least the end of the third year after conclusion of the vesting period.

The performance shares remain unaffected after an Executive Board member leaves the body at the end of their contract and are paid out as planned at the end of the vesting period. If an Executive Board member voluntarily leaves the company early or is dismissed with good cause, all performance shares which have not yet reached the end of the vesting period lapse. The SPP also contains a provision which gives the Supervisory Board the power to punish infractions by Executive Board members, for example serious violations of the company's Code of Conduct, by reducing or completely voiding ongoing SPP tranches.

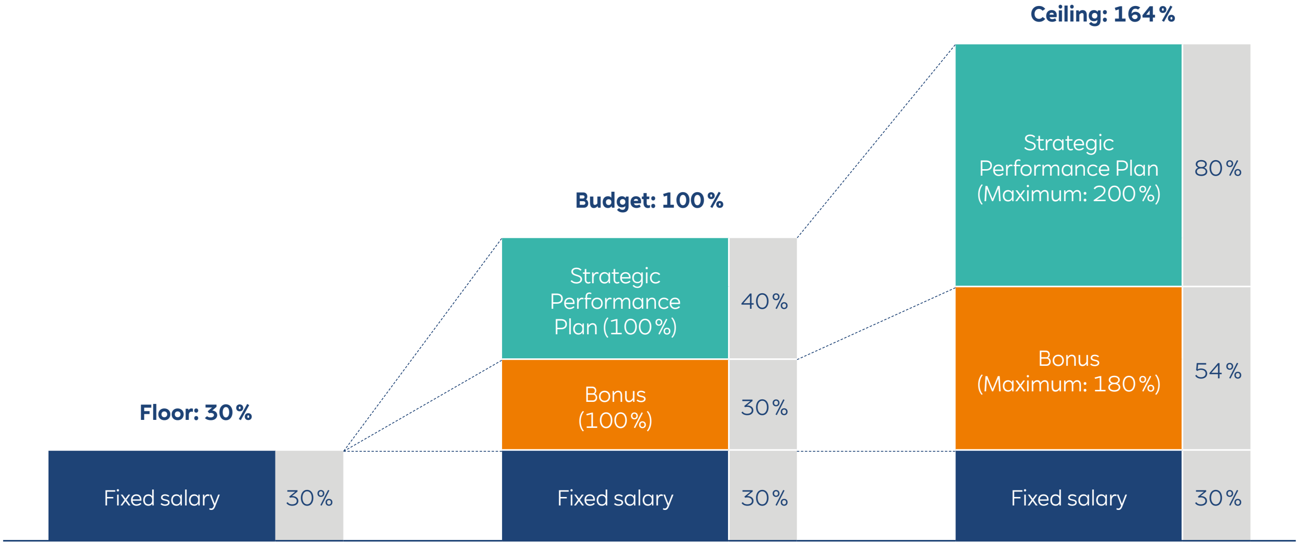
When the SPP was introduced in 2016, the Supervisory Board established a transitional tranche for 2016 and three further regular tranches for 2017, 2018 and 2019. In doing so, it also determined target figures for adjusted net income and the aforementioned ceilings and floors. The SPP conditions stipulate that the Supervisory Board may retrospectively adjust the target and threshold values only to a very limited extent in precisely defined cases. Such adjustments are permissible if they take account of the effects of capital measures, acquisitions, divestments and regulatory changes, which were not yet known or unforeseeable when the figures were determined. One major modification was made relating to the 2018 and 2019 tranches: instead of deriving adjusted net income from net income according to IFRS, it was calculated using the method explained earlier, with innogy being considered only in terms of the dividend it owes RWE. Accordingly, the target figures for the ceiling and floor of net income of relevance to remuneration were also adjusted retrospectively.

Remuneration for exercising mandates. During the past fiscal year, members of the RWE AG Executive Board were paid to exercise supervisory board mandates at affiliates. This income is deducted from the bonus and therefore does not increase the total remuneration.

Remuneration broken down by component. Assuming that both the company and the Executive Board members achieve their performance targets to a degree of 100%, the compensation structure roughly breaks down as follows: the base salary accounts for around 30% of total remuneration. Approximately 30% is allocable to short-term variable remuneration, i.e. the bonus. As a long-term compensation component, the SPP accounts for about 40% of total remuneration.

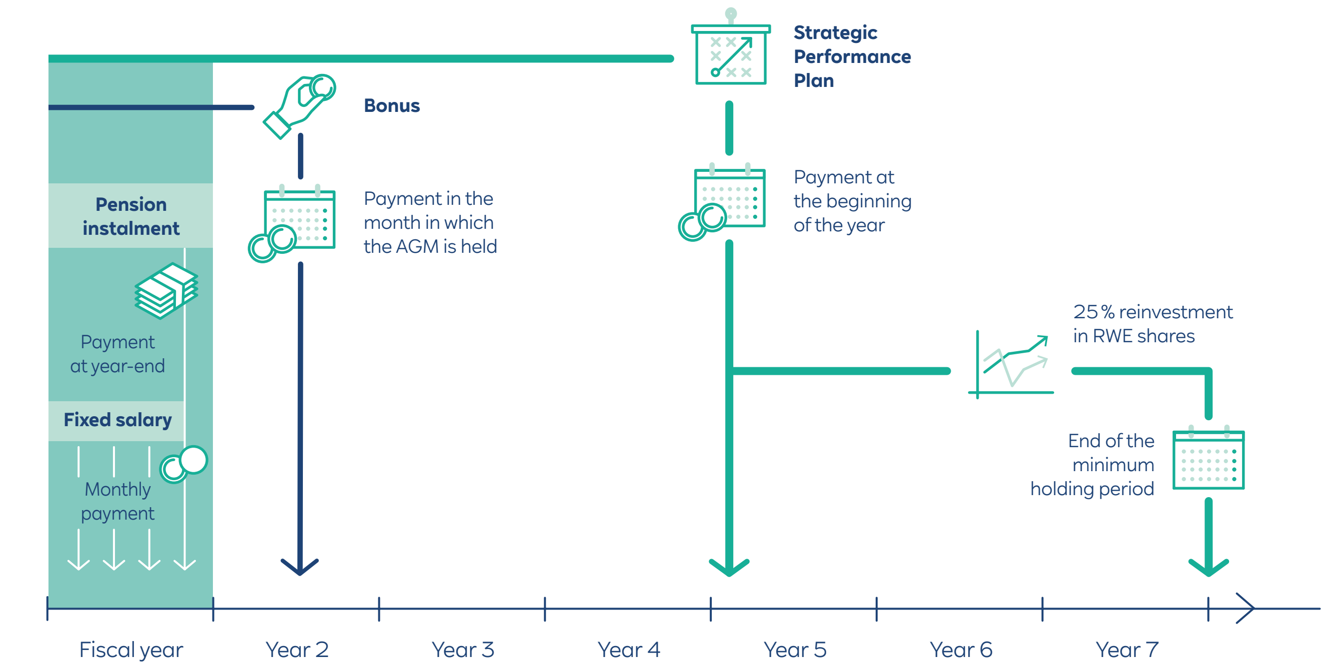
Limitation of Executive Board remuneration. As set out earlier, the level of variable compensation components is limited. The company bonus amounts to a maximum of 150% of the contractually agreed bonus budget. Multiplying this by the individual performance factor (80% to 120%), it is possible to reach a maximum of 180% of the bonus budget. With regard to share-based payment under the SPP, payout of the performance shares after the completion of the vesting period is limited to a maximum of 200% of the grant budget. Due to the above maximum values, there is also a cap on total compensation (see the diagram on the next page).

Range of Executive Board remuneration



Payment dates. Executive Board members receive their fixed salary in twelve monthly instalments. The pension instalment is paid out at the end of the year, insofar as it is not converted into a pension commitment. After the fiscal year, the Supervisory Board determines the target achievement for the company bonus and the individual performance factor. The bonus is paid out in the month of the Annual General Meeting (AGM) which attends to the financial statements of RWE AG. After the end of the vesting period, the performance shares from the SPP are paid out during the month of the Annual General Meeting held in the following year. As explained earlier, Executive Board members must invest 25 % of the payment in RWE common shares and may not sell these shares until after three additional calendar years have passed from completion of the four-year vesting period. As a result, it takes a total of seven years for Executive Board members to obtain the full amount of their compensation.

Executive Board remuneration payment timeline for a fiscal year



Pension scheme. Until the introduction of the pension instalment as of 1 January 2011 described earlier, pension benefits were granted to the members of the Executive Board. Of the Executive Board members in 2019, this only applies to Rolf Martin Schmitz; the pension commitment made to him in 2009 will remain unchanged. It entitles him to life-long retirement benefits in the event of retirement from the Executive Board of RWE AG upon turning 59, permanent disability, early termination or non-extension of his employment contract by the company. In the event of death, his surviving dependants are entitled to benefits. The amount of Rolf Martin Schmitz's qualifying income and the level of benefits determined by the duration of service are taken as a basis for his individual pension and surviving dependants' benefits.

Change of control. If shareholders or third parties obtain control over the company and this results in major disadvantages for the Executive Board members, they have a special right of termination. They have the right to resign from the Executive Board and to request that their employment contract be terminated in combination with a one-off payment within six months of the change of control.

A change of control as defined by this provision occurs when one or several shareholders or third parties acting jointly account for at least 30% of the voting rights in the company, or if any of the aforementioned can exert a controlling influence on the company in another manner. A change of control also occurs if the company is merged with another legal entity, unless the value of the other legal entity is less than 50% of the value of RWE AG.

On termination of their employment contract, Executive Board members receive a one-off payment equalling the compensation due until the end of the term of their contract. However, this amount will not be higher than three times their total contractual annual remuneration. The share-based payments under the SPP are not included in this payment.

In the event of a change of control, all of the fully granted performance shares under the SPP that have not been paid out are paid out early. All performance shares granted under the SPP on a preliminary basis lapse on the date of the change of control.

Early termination of Executive Board mandate and severance cap. Following a recommendation of the German Corporate Governance Code (GCGC), the Executive Board's employment contracts include a provision stipulating that if an Executive Board mandate is otherwise terminated early without due cause, a severance payment of no more than the remuneration due until the end of the employment contract and no more than two total annual compensations including fringe benefits is made (severance cap).

Refinement of the remuneration system planned. Last year, we discussed ways to refine the Executive Board's remuneration system with representatives of institutional investors. One of the objectives was to meet the demands of the world's capital markets, which have become more exigent over time. With the help of investor feedback, we started revising major parts of the system. However, we have maintained its basic structure. The new features are set to be approved by the Supervisory Board of RWE AG this year and applied to all new employment contracts thereafter. Furthermore, we intend to put them up for a vote at the 2021 Annual General Meeting.

The Supervisory Board passed a resolution to continue the Strategic Performance Plan, which used to encompass tranches only for 2016 to 2019 without any changes for the time being. Accordingly, new target ceilings and floors have been established for net income of relevance to remuneration.

Level of Executive Board remuneration

The remuneration of the Executive Board of RWE AG is calculated in compliance with the rules set out in the German Commercial Code. The members of the Executive Board received €7,571,000 in total remuneration for their work in fiscal 2019. The previous year's figure was €6,880,000. The remuneration components are shown in the following table.

Level of Executive Board remuneration (according to HGB) € '000	Dr. Rolf Martin Schmitz		Dr. Markus Krebber		Total	
	2019	2018	2019	2018	2019	2018
Non-performance-based	**1,183**	**1,180**	**1,085**	**1,066**	**2,268**	**2,246**
of which:						
Fixed remuneration	1,160	1,160	763	750	1,923	1,910
Pension instalments[1]	–	–	300	300	300	300
Fringe benefits	23	20	22	16	45	36
Performance-based	**3,032**	**2,636**	**2,271**	**1,998**	**5,303**	**4,634**
Bonus (short-term)	1,782	1,386	1,171	898	2,953	2,284
of which: credited remuneration for mandates[2]	115	115	146	180	261	295
Value of performance shares at grant[3] (long-term)	1,250	1,250	1,100	1,100	2,350	2,350
Total remuneration	**4,215**	**3,816**	**3,356**	**3,064**	**7,571**	**6,880**

1 The pension instalment paid to Markus Krebber is part of his remuneration under the German Commercial Code (HGB), but this does not apply to the annual service cost of the pension commitment to Rolf Martin Schmitz.
2 Income from the exercise of Supervisory Board offices within the Group are fully deducted from the bonus.
3 The German Commercial Code mandates the statement of the value of the grant at the beginning of the fiscal year.

EBIT of relevance to remuneration, the basis for calculating the bonus, amounted to €1,207 million in the fiscal year that just ended. It differs from adjusted EBIT (€1,412 million) in that we make certain modifications to it to neutralise effects that are not considered in the target figures. For example, when determining the target figure, we did not consider any income from the potential reinstatement of the British capacity market. The effect on income of the delayed capacity payments for 2018 and 2019 was therefore eliminated from the actual figure. The EBIT target derived from the medium-term plan was €786 million (target achievement of 100%), with a floor of €186 million (target achievement of 50%) and a ceiling of €1,386 million (target achievement of 150%). These figures result in a target achievement of 135% for 2019. This means that the company bonus was 35% higher than the bonus budget established at the beginning of the year.

Calculation of the 2019 company bonus	2019 € million	Target achievement %
Adjusted EBIT	1,412	–
Adjustments[1]	-205	–
EBIT of relevance to remuneration	**1,207**	**135**
Target	786	100
Ceiling	1,386	150
Floor	186	50

1 See commentary above.

The Supervisory Board found that the Executive Board overachieved the individual and collective targets. The main success factors were the rapid implementation of the asset swap with E.ON and the progress made in transforming RWE into a leading renewable energy company. The compromise reached with the German government on the lignite phaseout and the Executive Board's further development of RWE's strategy to reflect the future of renewable energy and electricity generation from coal were also rewarded. The above-average performance of the RWE share and investor feedback demonstrated that the capital market welcomes the new strategy. Requirements in relation to employee motivation, which is regularly measured using internal surveys, were also met to a degree of at least 100 %. With one exception, this also applies to the CR targets, which primarily related to the CO_2 intensity of the generation portfolio, occupational safety, and adherence to compliance, environmental and social standards. The only target that was missed concerned the number of work-related accidents which, at 2.1 for every one million hours worked, exceeded the predefined upper limit of 1.9.

Each of the Executive Board members had a target achievement of 153 %. Due to the cap, the individual performance factor was 120 %. Multiplying this figure by the company bonus (135 %) results in a factor of 162 %. The latter translates into the individual bonus, which amounted to €1,782,000 for Rolf Martin Schmitz and €1,171,000 for Markus Krebber. These sums correspond to 1.62 times the predetermined budgeted figures of €1,100,000 (Schmitz) and €723,000 (Krebber).

Calculation of the 2019 tranche of the Strategic Performance Plan	2019 € million	Target achievement %
Adjusted net income	1,210	–
Adjustments[1]	- 363	–
Net income of relevance to remuneration	**847**	**150**
Target	51	100
Ceiling	351	150
Floor	- 249	50

1 See commentary.

The German Commercial Code stipulates that the long-term performance-based remuneration component is the value of the performance shares granted on a preliminary basis at the beginning of a fiscal year. As set out on page 75, the level of the full grant depends on the development of net income of relevance to remuneration in the fiscal year compared to a predefined target. The latter was set by the Supervisory Board at €51 million for 2019 (grant of 100 %). The floor was - €249 million (grant of 50 %) and the ceiling was €351 million (grant of 150 %). The amount actually achieved was €847 million (after modifications), which corresponds to a target achievement of 150 %. This means that the final grant of performance shares for 2019 was 50 % higher than the preliminary grant.

Net income of relevance to remuneration is adjusted net income (€1,210 million) minus several exceptional items. For example, we recognised significant impairments for power stations in the 2016 consolidated financial statements, which had not yet been included in the medium-term plan at the time and cause depreciation and amortisation to be much lower now. We eliminated this effect on depreciation and amortisation. The same applies to the income we received in the British generation business due to the retroactive capacity payments we received for 2018.

Long-term incentive payment: Strategic Performance Plan		Dr. Rolf Martin Schmitz			
Tranche	Year	2019	2018	2017	2016
Grant date		1 Jan 2019	1 Jan 2018	1 Jan 2017	1 Jan 2016
Fair value at grant date	€ '000	1,250	1,250	1,250	769
Share price (average)	€	19.10	18.80	11.62	13.78
Number of performance shares allocated on a provisional basis		**65,445**	**66,489**	**107,573**	**55,787**
Measurement date of performance conditions		31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2017
Target achievement in relation to net income of relevance to remuneration	%	150	123	115	115
Final number of fully granted performance shares		98,168	81,781	123,709	64,155
End of vesting period		31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019

Long-term incentive payment: Strategic Performance Plan		Dr. Markus Krebber			
Tranche	Year	2019	2018	2017	2016
Grant date		1 Jan 2019	1 Jan 2018	1 Jan 2017	1 Jan 2016
Fair value at grant date	€ '000	1,100	1,100	988	247
Share price (average)	€	19.10	18.80	11.62	13.78
Number of performance shares allocated on a provisional basis		**57,592**	**58,511**	**84,983**	**17,915**
Measurement date of performance conditions		31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2017
Target achievement in relation to net income of relevance to remuneration	%	150	123	115	115
Final number of fully granted performance shares		86,388	71,969	97,730	20,602
End of the vesting period		31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019

The table below shows the increase in provisions to cover obligations from share-based payments under the SPP.

Addition of provisions for long-term share-based incentive payments € '000	2019	2018
Dr. Rolf Martin Schmitz	2,726	1,413
Dr. Markus Krebber	1,982	934
Total	**4,708**	**2,347**

Obligations under the former pension scheme. The service cost of pension obligations to Rolf Martin Schmitz amounted to €554,000 in 2019 (previous year: €536,000). This is not a remuneration component in accordance with the German Commercial Code. As of year-end, the net present value of the defined benefit obligation determined in accordance with IFRS amounted to €14,997,000 (previous year: €13,370,000). The present value of the pension obligation determined according to the German Commercial Code totalled €11,894,000 (previous year: €10,534,000). The pension obligation for 2019 increased by €1,360,000 (previous year: €1,248,000).

Based on the emoluments qualifying for a pension as of 31 December 2019, the projected annual pension of Rolf Martin Schmitz on retiring from the company as of the expiry of his appointment amounted to €556,000 (same as in the previous year). This includes vested pension benefits due from former employers transferred to RWE AG.

Recommendations of the German Corporate Governance Code

In presenting the remuneration system, we also follow the recommendations of the version of the GCGC applicable to 2019, which was published on 7 February 2017. In line with the GCGC, the total remuneration of management board members comprises the monetary compensation elements, pension commitments, other awards, fringe benefits of all kinds and benefits from third parties which were granted or paid in the financial year with regard to management board work. Item 4.2.5, Paragraph 3 of the Code lists the compensation components that should be disclosed. Unlike German commercial law, the GCGC stipulates that the annual service cost of pension benefits is also part of total remuneration.

The GCGC provides specific examples for the recommended presentation of management board compensation based on model tables, which distinguishes between 'benefits granted' and 'benefits received'.

- According to the GCGC, benefits or compensation are granted when a binding commitment to such is made to the management board member. In deviation from German commercial law, it is not relevant to what extent the management board member has already provided the services being remunerated.
- The term 'benefits received' defines the extent to which the management board member has already received payments. In this regard, the relevant aspect is the time at which the amount being paid is sufficiently certain and not the actual time of the payment.

This distinction made in the Code can be illustrated with the example of the bonus: the contractually agreed and promised budgeted bonus for the fiscal year in question is considered 'granted'. Conversely, the benefits received table shows the bonus level which will actually be paid with a high degree of probability. In this regard, it is irrelevant that the payment will not be made until the following year. The payment date is deemed to have been reached when the indicators and results needed to determine target achievement (and therefore the bonus) are known with sufficient certainty. The Code assumes that this is already the case at the end of the year. As a result, the Executive Board bonuses are stated in the reporting year in the benefits received table.

In the following, we present the compensation of the Executive Board of RWE AG based on the sample tables recommended by the GCGC.

Benefits granted	Dr. Rolf Martin Schmitz Chief Executive Officer since 15 October 2016				Dr. Markus Krebber Chief Financial Officer since 15 October 2016			
€ '000	2019 (Min.)	2019 (Max.)	2019	2018	2019 (Min.)	2019 (Max.)	2019	2018
Fixed remuneration	1,160	1,160	1,160	1,160	763	763	763	750
Pension instalment	–	–	–	–	300	300	300	300
Fringe benefits	23	23	23	20	22	22	22	16
Total fixed remuneration	**1,183**	**1,183**	**1,183**	**1,180**	**1,085**	**1,085**	**1,085**	**1,066**
One-year variable remuneration (bonus)	**0**	**1,980**	**1,782**	**1,386**	**0**	**1,302**	**1,171**	**898**
Multi-year variable remuneration (SPP)	**0**	**2,500**	**1,250**	**1,250**	**0**	**2,200**	**1,100**	**1,100**
2018 tranche (term: 2018 – 2021)	–	–	–	1,250	–	–	–	1,100
2019 tranche (term: 2019 – 2022)	0	2,500	1,250	–	0	2,200	1,100	–
Total variable remuneration	**0**	**4,480**	**3,032**	**2,636**	**0**	**3,502**	**2,271**	**1,998**
Total variable and fixed remuneration	**1,183**	**5,663**	**4,215**	**3,816**	**1,085**	**4,587**	**3,356**	**3,064**
Service cost	554	554	554	536	–	–	–	–
Total remuneration	**1,737**	**6,217**	**4,769**	**4,352**	**1,085**	**4,587**	**3,356**	**3,064**

Benefits received	Dr. Rolf Martin Schmitz Chief Executive Officer since 15 October 2016		Dr. Markus Krebber Chief Financial Officer since 15 October 2016	
€ '000	2019	2018	2019	2018
Fixed remuneration	1,160	1,160	763	750
Pension instalment	–	–	300	300
Fringe benefits	23	20	22	16
Total fixed remuneration	**1,183**	**1,180**	**1,085**	**1,066**
One-year variable remuneration (bonus)	**1,782**	**1,386**	**1,171**	**898**
Multi-year variable remuneration (SPP)	**1,538**	**–**	**494**	**–**
Payment from the 2016 tranche	1,538	–	494	–
Total variable remuneration	**3,320**	**1,386**	**1,665**	**898**
Total variable and fixed remuneration	**4,503**	**2,566**	**2,750**	**1,964**
Service cost	554	536	–	–
Total remuneration	**5,057**	**3,102**	**2,750**	**1,964**

1.13 Development of risks and opportunities

RWE's risk exposure continued to improve in 2019. It was important to us that the European Commission gave the go-ahead for the asset swap with E.ON. The renewable energy business gives us a new operating mainstay with a high level of regulated income. This makes us more profitable and crisis-proof. Despite this, RWE remains exposed to risks. For example, the adverse effects of the German coal phaseout may be more significant than expected. This and further material risks are identified, assessed and managed using our proven Group risk management system, which helps us to keep RWE on course despite the persistent uncertainties in our business.

Distribution of risk management tasks at RWE. Responsibility for Group risk management lies with RWE AG. The parent company's Executive Board monitors and manages the overall risk of the RWE Group. In addition, it determines the general risk appetite of RWE and defines upper limits for single risk positions. At the level below the Executive Board, the Controlling & Risk Management Department has the task of applying and developing the risk management system. It derives detailed limits for the individual business fields and operating units from the risk caps set by the Executive Board. Its tasks also include checking the identified risks for completeness and plausibility and aggregating them. In so doing, it receives support from the Risk Management Committee, which is composed of the heads of the following five RWE AG departments: Controlling & Risk Management (Chair), Finance & Credit Risk, Accounting, Legal & Insurance, and Corporate Business Development. The Controlling & Risk Management Department provides the Executive Board and the Supervisory Board of RWE AG with regular reports on the company's risk exposure.

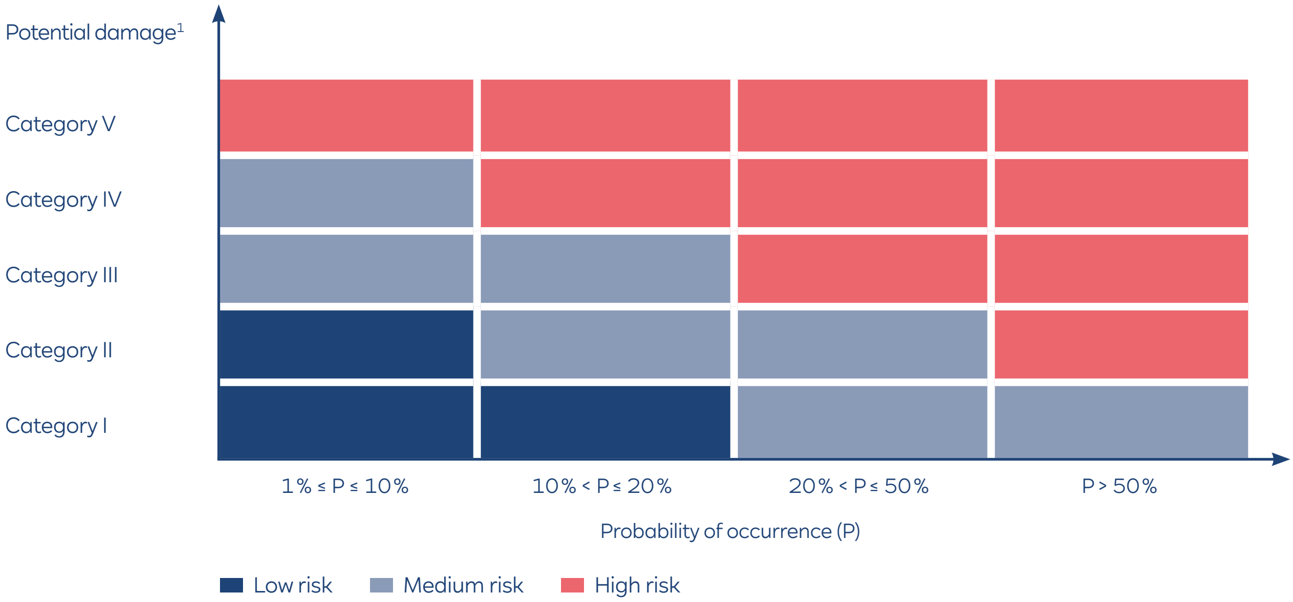
A number of additional organisational units and committees have been entrusted with risk management tasks:

- Financial risks and credit risks are managed by the Finance & Credit Risk Department, which reports directly to the CFO of RWE AG.
- The Accounting Department, which also reports to the CFO, sees to it that financial reporting is free of material misstatements. It has an accounting-related internal control system for this purpose. A committee consisting of officers from Accounting and other departments of relevance to accounting assists in securing the quality of financial reporting. More detailed information can be found on page 92.
- The Internal Audit & Compliance Department monitors compliance with RWE's Code of Conduct, focusing on avoiding corruption. It reports to the CEO of RWE AG or, if members of the Executive Board are affected, directly to the Chairman of the Supervisory Board and the Chairman of the Audit Committee.
- Risks from changes in commodity prices are monitored by RWE Supply & Trading in so far as they relate to the conventional electricity generation, energy trading and gas businesses.
- Strategies to limit market risks in conventional electricity generation must be approved by the Commodity Management Committee. The members of this expert panel are the CFO of RWE AG, individuals from the management team of RWE Supply & Trading and a representative of the Controlling & Risk Management Department.
- In October 2019, we also set up such a committee for market risks associated with renewable energy. The Renewables Commodity Management Committee consists of the CFO of RWE AG, members of the management of RWE Renewables GmbH and a representative of the Controlling & Risk Management Department.
- The strategic guidelines for the management of financial assets (including the funds of RWE Pensionstreuhand e. V.) are determined by the Asset Management Committee. The following individuals belong to it: the CFO of RWE AG, the Managing Director in charge of finance at RWE Supply & Trading, the heads of the following departments: Controlling & Risk Management, Finance & Credit Risk, Portfolio Management/ Mergers & Acquisitions and – from the last department in the list – the head of Financial Asset Management.

Under the expert management of the aforementioned organisational units, RWE AG and its operating subsidiaries are responsible for identifying risks early, assessing them correctly and managing them in compliance with corporate standards. Internal Audit regularly assesses the quality and functionality of our risk management system.

Risk management as a continuous process. Risks and opportunities are defined as negative or positive deviations from expected figures. Their management is an integral and continuous part of operating processes. We assess risks every six months, using a bottom-up analysis. We also monitor risk exposure between the regular survey dates. The Executive Board of RWE AG is immediately notified of any material changes. Our executive and supervisory bodies are updated on the Group's risks once a quarter.

RWE AG risk matrix



Potential damage[1] € million	**Earnings risks** Potential impact on net income[2]	**Indebtedness/equity risks** Potential impact on net debt[2] and equity[2]
Category V	≥ 8,000	≥ 8,000
Category IV	≥ 1,500 and < 8,000	≥ 4,000 and < 8,000
Category III	≥ 600 and < 1,500	≥ 2,000 and < 4,000
Category II	≥ 300 and < 600	≥ 1,000 and < 2,000
Category I	< 300	< 1,000

1 Aggregated for 2020 to 2022.
2 Since the sale of innogy, we have returned to the definition of net income, net debt and equity according to IFRS consolidation principles. These figures were previously determined using the method presented on page 69, with innogy being recognised as a purely financial investment.

Our risk analysis normally covers the three-year horizon of our medium-term plan, but can extend beyond that in individual cases. We measure the potential damage based on the possible effects on net income, net debt and equity. Hedging measures are considered. We define the potential damage as the deviation from the budgeted figure in question, accumulated over the three-year planning horizon. We analyse the material risks using a matrix (see chart on the preceding page) in which they are categorised by potential damage and probability of occurrence. Risks that share the same cause are aggregated to a single risk if possible. To clearly assign them to the matrix fields, we have established thresholds for net income, net debt and equity, which are oriented towards the RWE Group's ability to bear risks. They are presented in the table below the matrix. Depending on their position in the matrix, we distinguish between low, medium and high risks. Based on this systematic risk identification, we determine whether there is a need for action and initiate measures to mitigate the risks if necessary.

Risk classes	Classification of the highest single risk	
	31 Dec 2019	31 Dec 2018
Market risks	Medium	Medium
Regulatory and political risks	High	High
Legal risks	Low	Medium
Operational risks	Medium	Medium
Financial risks	Medium	Medium
Creditworthiness of business partners	Medium	Medium
Other risks	Low	High

Main risks for the RWE Group. Depending on their causes, our risks can be classified into seven groups, which are shown in the table above. The highest individual risk determines the classification of the risk of the entire risk class. Only the regulatory and political risks are currently classified as 'high'. They primarily result from the coal phaseout in Germany. It is already apparent that the compensation we have been awarded will not fully cover the financial damage we will sustain as a result of the early closure of lignite power plants and opencast mines. In fact, the difference between the compensation and the actual damage could increase if the burdens are greater than planned. Furthermore, regulatory pressure on our lignite business may continue to rise despite the exit agreement. We no longer see any high risks in the 'other risks' category. In the previous year, we had factored in the potential failure of the asset swap with E.ON. Since the transaction was approved and implemented to a substantial extent, 'other risks' are now classified as 'low'.

In this section, we provide commentary on the main risks and opportunities and explain what measures have been taken to counter the threat of negative developments.

- **Market risks.** In most of the countries in which we are active the energy sector is characterised by the free formation of prices. Declines in quotations on wholesale electricity markets can cause generation assets to become less profitable. This relates to power plants as well as wind farms and other renewable energy assets that are not subsidised with fixed feed-in payments. Declines in electricity prices can cause us to recognise impairments.

  Power purchase agreements with firm conditions expose us to the risk of having to pay more for electricity than we can earn when selling it on the market. This may force us to form provisions to cover this risk. We have identified such a risk inherent in the two contracts we concluded to purchase electricity from the 1,055 MW Datteln 4 hard coal-fired power plant in 2005 and 2006. Based on the estimates of its operator Uniper, the station will go online in the summer of 2020, ten years later than planned. We intend to adapt or cancel the purchase agreements and have therefore taken legal recourse.

Wholesale electricity prices in our most important generation markets, i. e. Germany, the UK and the Netherlands, are far above the lows recorded in 2016. This is primarily due to the development of the prices of fuel and CO_2 emission allowances. It cannot be ruled out that electricity prices come under significant pressure again. The continued expansion of renewable energy could be a contributing factor. However, there is also a chance that prices develop in our favour, not least due to the German nuclear and coal phaseouts. The reduction of secured generation capacity could lead to more frequent shortages along with high electricity prices.

We assess the price risks to which we are exposed on the procurement and supply markets taking account of current forward prices and expected volatility. For our power plants, we limit these risks by selling most of our electricity forward and securing the prices of the fuel and CO_2 emission allowances needed for its generation.

We also use financial instruments to hedge our commodity positions. In the consolidated financial statements, such instruments, including those serving the purpose of limiting interest and currency risks, are usually presented through the statement of on-balance-sheet hedges. More detailed information on this can be found on pages 113 et seqq. in the Notes.

RWE Supply & Trading plays a central role when it comes to managing commodity price risks. It functions as the Group's interface to the global wholesale markets for electricity and energy commodities. On behalf of our power plant companies, RWE Supply & Trading markets large portions of our generation position and purchases the fuel and CO_2 certificates needed to produce electricity. The role of RWE Supply & Trading as internal transaction partner makes it easier for us to limit the risks associated with price volatility on energy markets. However, the trading transactions are not exclusively intended to reduce risks. In compliance with risk thresholds, the company also takes commodity positions to achieve a profit.

Our risk management system for energy trading is firmly aligned with best practice as applied to the trading businesses of banks. As part of this, transactions with third parties are concluded only if the associated risks are within approved limits. There are guidelines governing the treatment of commodity price risks and associated credit risks. Our subsidiaries constantly monitor their commodity positions. Risks associated with trades conducted by RWE Supply & Trading for its own account are monitored daily.

The Value at Risk (VaR) is of central importance for risk measurement in energy trading. It specifies the maximum loss from a risk position not exceeded with a predetermined probability over a predefined period of time. The VaR figures within the RWE Group are based on a confidence interval of 95 %. The assumed holding period for a position is one day. This means that, with a probability of 95 %, the daily loss will not exceed the VaR.

The VaR for the price risks of commodity positions in the trading business of RWE Supply & Trading may not rise above €40 million. In the past financial year, it averaged €12 million, and the daily maximum was €22 million. In addition, limits derived from the aforementioned VaR thresholds have been set for every trading desk. Furthermore, we develop extreme scenarios and factor them into stress tests, determine their consequences for earnings, and take countermeasures if we deem the risks to be too high.

The management of our gas portfolio and the liquefied natural gas (LNG) business is pooled in a new organisational unit at RWE Supply & Trading. We established a VaR cap of €14 million for these activities. The average VaR in 2019 was €6 million, and the daily maximum was €8 million.

We also apply the VaR concept to measure the extent to which the commodity price risks that we are exposed to outside the trading business can affect the RWE Group's adjusted EBITDA. To this end, we calculate the overall risk for the Group on the basis of the commodity risk positions of the individual companies; this overall risk mainly stems from power generation. As the majority of our generation position is already fully hedged for 2020, only minor market price risks remain for this year. Opportunities for additional profits arise, because we are able to flexibly adapt our power plant deployment to short-term market developments.

In the UK generation business, our earnings not only depend on the development of the price of electricity, fuel and emission allowances, but also on the level of the payments we receive for participating in the national capacity market. The payments are determined in annual auctions and fluctuate depending on supply and demand.

We are also exposed to market risks in the gas storage business, which has gained importance for us as a result of the transaction with E.ON. As set out on page 31, the realisable margins depend significantly on the seasonal differences in the price of gas. If the price differences are large, they can be taken advantage of to generate substantial income. The German gas storage business is currently characterised by overcapacity and substantial pressure on margins. However, we are confident that market conditions will improve in the long run.

Our biggest market risks remain unchanged in the 'medium' category.

- **Regulatory and political risks.** Energy supply is a long-term business and companies involved in this industry are dependent on a stable, reliable framework, which has recently ceased to exist especially in conventional electricity generation. Ambitious emission reduction targets have caused the governments in our core markets to intervene in the energy sector repeatedly. The most recent examples of this are the decisions to phase out coal-fired power generation in Germany and the Netherlands, on which we provide detailed information on pages 42 et seqq. After intense negotiations, we reached an agreement with the government on the early closure of our lignite-fired power plants and opencast mines. In exchange, we were promised compensation, but it will not fully cover our expected financial burdens. Furthermore, there is a risk of the actual burdens being more substantial than planned, and, in turn, the earnings shortfalls as well. Legislation on the coal phaseout in the Netherlands does not provide for compensating the affected power producers at all. Despite this, we are pushing for compensation for our financial disadvantages and will take legal recourse if necessary.

As much as the most recent decisions to phase out coal place a burden on us, they can contribute to de-escalating the dispute over coal-based electricity generation, thereby increasing the planning security of power plant operators. However, the risk of regulatory pressure rising despite this remains, for example through the introduction of price floors for carbon dioxide or the determination of extremely restrictive pollutant emission limits.

We are also exposed to risks in the field of nuclear energy, albeit to a much lesser extent than in the past. Since we made contributions to the German nuclear energy fund in the middle of 2017, the state has assumed complete responsibility for the interim and final storage of our radioactive waste. However, we are still exposed to cost risks associated with disposal tasks which remain within our remit. For example, it cannot be ruled out that the dismantling of nuclear power stations will be more expensive than estimated and we will therefore have to establish higher provisions. However, we also see the opportunity to leverage synergies and cut costs.

Our risk exposure in the British capacity market also improved. The market had been suspended in November 2018, because the Court of the European Union had declared its approval issued by the European Commission in 2014 null and void. Following an extensive review, the Commission reapproved the capacity market in October 2019. This meant that capacity payments could be resumed and the retained payments could be made retrospectively.

Even in the present political environment, we are exposed to risks associated with, for instance, approvals when building and operating production facilities. This particularly affects our opencast mines and power stations. The danger here is that approvals are granted late or not at all and that granted approvals are withdrawn temporarily or for good. One example is the preliminary halt to the clearance of Hambach Forest ordered by the Münster Higher Administrative Court in October 2018, which curtailed the continued operation of the Hambach opencast mine. However, the suit pending before the Münster Higher Administrative Court should lose importance as we have reached an agreement on the preservation of the forest with the government.

In Germany, we do not have to pay an apportionment under the Renewable Energy Act (EEG) for electricity that we consume ourselves in our power stations and opencast mines. However, the legal situation surrounding the own electricity privilege is vague and requires clarification on certain points from the country's highest court, for example with regard to the EEG exemption of leased assets. There is a danger that the options to benefit from the own electricity privilege may be limited and that back payments may even have to be made for previous years.

By acquiring the renewable energy businesses of E.ON and innogy, we are positioning ourselves in an area of the energy sector that is characterised by fairly stable framework conditions and wide public acceptance. However, there are regulatory risks in this area as well. Adjustments to state subsidy schemes can lead to reductions in payments and new projects losing their appeal. This can lead to investment undertakings being broken off. It is also conceivable that firmly pledged state payments may be cut retrospectively. In the dialogue we maintain with policymakers, we point out that reliable framework conditions are the basic precondition for companies to invest in building sustainable, climate-friendly energy infrastructure.

Although our exposure to regulatory and political risks has decreased, we continue to classify them as 'high'. We ascribe the greatest importance to the burdens resulting from the German coal phaseout, which cannot be offset by compensatory payments from the state.

- **Legal risks.** Individual RWE Group companies are involved in litigation and arbitration proceedings due to their operations or the acquisition of companies. Out-of-court claims have been filed against some of them. Furthermore, Group companies are directly involved in various procedures with public authorities or are at least affected by their outcomes. To the extent necessary, we have accrued provisions for possible losses resulting from pending proceedings before ordinary courts and arbitration courts.

  Risks may also result from exemptions and warranties that we granted in connection with the sale of assets. Exemptions ensure that the seller covers the risks that are identified within the scope of due diligence, the probability of occurrence of which is, however, uncertain. In contrast, warranties cover risks that are unknown at the time of sale. These hedging instruments are standard procedure in sales of companies and equity holdings.

  We currently have low exposure to legal risks. At the end of 2019, a claim for damages filed against us due to a failed joint venture with the Russian Sintez Group was dismissed. This eliminated our sole legal risk in the 'medium' category.

- **Operational risks.** RWE operates technologically complex, interconnected production facilities such as conventional power stations, opencast mines and large-scale onshore and offshore wind farms. Damage and outages can result in substantial lost earnings. During their construction and modernisation, delays and cost increases can occur, for example due to accidents, material defects, late deliveries or time-consuming approval processes. Furthermore, renewable energy assets run the risk of delayed commissioning being disadvantageous to subsidisation. We counter the described risks through diligent plant and project management as well as high safety standards. We also regularly inspect and maintain our facilities. If economically viable, we take out insurance policies.

  In relation to capital expenditure, there is a risk that the return may fall short of expectations and prices paid for acquisitions may retrospectively prove to be too high. Before we take investment decisions, we conduct extensive analyses to try and map the financial and strategic effects as realistically as possible. Moreover, RWE has specific accountability provisions and approval processes in place to prepare and implement the decisions.

  Our business processes are supported by secure data processing systems. Nevertheless, we cannot rule out a lack of availability of IT infrastructure or a breach in data security. Our high security standards are designed to prevent this. In addition, we regularly invest in hardware and software upgrades.

  As in the previous year, our operating risks are classified as 'medium'.

- **Financial risks.** Market interest rates, currency exchange rates, share prices and collateral pledged for forward transactions can have a substantial effect on our financial position. We are exposed to various interest rate risks. For example, rises in interest rates can lead to reductions in the price of the securities we hold. This primarily relates to fixed-interest bonds. Last year, the VaR for the interest rate-related price risk of capital investments was €5 million on average at RWE AG.

  Moreover, increases in interest rates cause our financing costs to rise. We measure this risk using the Cash Flow at Risk (CFaR), applying a confidence level of 95 % and a holding period of one year. Our average CFaR at RWE AG in 2019 was €18 million.

  Furthermore, market interest rates have an effect on our provisions, as they are the point of reference for the discount rates used for determining the net present values of obligations. This means that, all other things being equal, provisions rise when market interest rates fall and vice versa. On pages 144 et seqq. of the Notes, we present the effects of changes in interest rates on the net present values of our pension obligations and on the nuclear and mining provisions.

  We are exposed to foreign exchange risks primarily owing to our business activities in the UK and the USA. Furthermore, energy commodities such as coal and oil are traded in US dollars. Companies which are overseen by RWE AG have their currency risks managed by the parent company. RWE AG aggregates the risks to a net financial position for each currency and hedges it if necessary. In the year being reviewed, the average VaR for RWE AG's foreign currency position was €2 million.

  The securities we hold in our portfolio include shares. The single-largest position is currently the 15 % stake in E.ON, which had a fair value of €3.8 billion as of the end of 2019. Substantial changes in the quotation of the E.ON share can affect our financial power significantly. Besides the stake in E.ON, our assets under management include other substantial shareholdings. In 2019, the average VaR for the share price risk of these equities (without the stake in E.ON) was €5 million.

  Collateral pledged for forward transactions can have a significant effect on our liquidity. Its level is determined by the extent to which the contractually agreed prices deviate from market quotations as of the respective cut-off date. These differences can be substantial, especially on volatile markets. In recent times, the prices of commodities of importance to us have fluctuated considerably, in particular those of CO_2 emission allowances. This development exposes us to risks. However, this also increases the probability of receiving substantial collateral from contracting parties, resulting in a temporary increase in our equity.

  Risks and opportunities from changes in the price of securities are controlled by a professional fund management system. Range of action, responsibilities and controls are set out in internal guidelines which the Group companies are obliged to adhere to when concluding financial transactions. All financial transactions are recorded using special software and are monitored by RWE AG.

  The conditions at which we can finance our business on the debt capital market are in part dependent on the credit ratings we receive from international rating agencies. As set out on page 63, Moody's and Fitch place our creditworthiness in the investment grade category with a stable outlook. However, the agencies may change their assessments and lower our credit rating, which can result in additional costs if we have to raise debt capital. This would probably also increase the liquidity requirement when pledging collateral for forward transactions.

  Our growth strategy in the renewables business envisages annual spending of €1.5 billion to €2.0 billion plus proceeds from the sale of shares in projects. This exposes us to the risk of a timing offset between fund procurement and fund usage: we are often bound to firm time frames when spending capital, but the divestments necessary to refinance them can be delayed or fail. In such cases, our net debt would rise – at least temporarily.

  As in the previous year, we classify our financial risks as 'medium'.

- **Creditworthiness of business partners.** Our business relations with key accounts, suppliers, trading partners and financial institutions expose us to credit risks. Therefore, we track the creditworthiness of our transaction partners closely and assess their credit standing based on internal ratings, both before and during the business relationship. Transactions that exceed certain approval thresholds and all trading transactions are subject to credit limits, which we determine before the transaction is concluded and adjust if necessary, for instance in the event of a change in creditworthiness. At times, we request cash collateral or bank guarantees. In the trading and financing business, credit risks and the utilisation of the limits are measured daily.

  We agree on collateral when concluding over-the-counter trading transactions. Furthermore, we enter into framework agreements, e. g. those of the European Federation of Energy Traders (EFET). For financial derivatives, we make use of the German master agreement for forward financial transactions or the master agreement of the International Swaps and Derivatives Association (ISDA).

  As in the past, our risks stemming from the creditworthiness of our business partners do not exceed the category 'medium'.

- **Other risks.** This risk class includes reputation risks and risks associated with non-compliance and criminal offences. Until September 2019, this category covered the possibility of a failure of the asset swap with E.ON. This risk, which we had classified as 'high' due to its huge potential damage, has since been eliminated. As a result, the overall risk in this category is now 'low'.

RWE's risks and opportunities: general assessment by management. As demonstrated by the commentary in this chapter, RWE's overall risk exposure improved. The risk of our asset swap with E.ON failing has been eliminated and our operating activities will become more stable and crisis-proof thanks to the large contribution to earnings made by renewable energy. The reinstatement of the British capacity market is also having a positive effect. Nevertheless, we remain exposed to substantial risks. Germany's coal phaseout in particular has negative consequences for us. The state compensation that we have been offered does not fully cover the foreseeable damage. This discrepancy could become more significant if the burdens we actually experience exceed our expectations. We welcome the planning security gained due to the exit roadmap. In the renewable energy business, we are also exposed to regulatory risks, albeit to a lesser extent. Cuts in state subsidies could cause investment projects to stop being worthwhile. Retrospective intervention in the subsidy scheme could even render existing assets unprofitable. We have not identified any further material regulatory risks for the time being. Brexit is also highly unlikely to have a substantial impact on our business.

Besides the regulatory environment, market conditions can also change substantially. This exposes us to risks in particular in power production. Decreases in wholesale electricity prices can shrink our margins. However, prices and margins can also display positive development. In Germany, our main market, we could benefit from temporary price spikes, which may become more frequent given the expected shortage of conventional generation capacity.

Through extensive restructuring, ambitious efficiency-enhancing measures and strict investing discipline, we have established a solid financial foundation for the RWE Group. By analysing the effects of risks on our liquidity and pursuing a conservative financing strategy, we ensure that we can meet our payment obligations punctually. We have considerable liquid funds and great leeway in terms of debt financing, thanks to the Debt Issuance Programme, the Commercial Paper Programme and the syndicated credit line. We budget our liquidity with foresight, based on the short, medium and long-term funding needs of our Group companies, and have a significant amount of minimum liquidity on a daily basis.

Thanks to our comprehensive risk management system and the measures for safeguarding our financial and earning power described earlier, we are confident that we can manage the current risks to RWE. At the same time, we are establishing the prerequisites for ensuring that this remains the case in the future.

Accounting-related internal control system: statements in accordance with Section 289, Paragraph 4, and Section 315, Paragraph 4 of the German Commercial Code. Risks associated with financial reporting reflect the fact that our annual, consolidated and interim financial statements may contain misrepresentations that could have a significant influence on the decisions made by their addressees. For example, stated earnings that are too high could cause capital investors to invest in the company. Our accounting-related Internal Control System (ICS) aims to detect potential errors and misrepresentations that result from non-compliance with accounting standards. The foundations of the ICS are our basic principles – which are set out in RWE's Code of Conduct and, first and foremost, include our ambition to provide complete, objective, correct, clear and timely information – as well as our groupwide guidelines. Building on this, minimum requirements for the accounting-related IT systems are designed to ensure the reliability of data collection and processing.

RWE AG is responsible for the design and monitoring of the ICS. These tasks are performed by our Accounting Department. In doing so, it can rely on a groupwide set of rules. On top of this, we created a committee, the objective of which is to ensure that the ICS is applied throughout the Group following uniform principles and meeting high ambitions in terms of correctness and transparency. The ICS Committee consists of representatives from the Accounting, Controlling & Risk Management and Internal Audit & Compliance departments, along with officers from the areas of human resources, procurement, trading, finance, taxes and IT, all of whom play an important role in accounting.

We subject the ICS to a comprehensive review every year. As a first step, we examine whether the risk situation is presented appropriately and whether suitable controls are in place for the identified risks. In a second step, we test the effectiveness of the controls. If the ICS reviews pertain to accounting-related processes, e. g., the preparation of financial statements or consolidation, they are conducted by employees from the Accounting Department. The appropriateness and effectiveness of the controls are certified by an accounting firm for processes handled by service centres on our behalf, for example invoice processing. The representatives of the finance, human resources, procurement, trading and IT functions document whether the agreed ICS quality standards are adhered to by their respective areas. Our Internal Audit Department is also involved in the ICS reviews. The results of the reviews are documented in a report to the Executive Board of RWE AG.

The review conducted in 2019 once again demonstrated that the ICS is effective. The tests related to RWE without innogy. However, our subsidiary, which has been sold in the meantime, applied the audit procedure described above analogously. The results obtained were considered in the assessment of the ICS of RWE.

Within the scope of external reporting, the members of the Executive Board of RWE AG take a half-year and full-year balance-sheet oath, confirming that the prescribed accounting standards have been adhered to and that the financial statements give a true and fair view of the net worth, financial position and earnings. When in session, the Supervisory Board's Audit Committee regularly concerns itself with the effectiveness of the ICS. Once a year, the Executive Board of RWE AG submits a report on this to the Committee.

1.14 Outlook

Our earnings forecast for 2020 already reflects the new RWE entirely. The renewable energy business that we acquired from E.ON in September 2019 is now contributing to the Group's earnings for a full year for the first time. This will have a positive impact on adjusted EBITDA, which we estimate will amount to between €2.7 billion and €3.0 billion. This would be substantially above the €2.5 billion achieved last year. Here, we will benefit from the progressive expansion of our wind and solar power capacity. By contrast, we will probably not match the extraordinarily good energy trading performance achieved in 2019.

Experts predict steady growth. Initial forecasts see the world economy expanding by about 2.5 % in 2020, roughly as much as last year. The economic outlook for the Eurozone is also similar to the development in 2019, with estimated growth of some 1 %. Experts anticipate a similar gain in Germany, whereas growth in the Netherlands may well once again exceed the average of the Eurozone countries. The UK's prospects largely depend on whether the country manages to maintain its close economic relations with the EU after Brexit. If so, UK GDP could post an increase of 1 %. The US economy is expected to expand by some 2 %.

Power consumption expected to stagnate. Our expectations regarding this year's electricity usage are based on the above economic outlooks. If the German economy grows as expected, demand for electricity in our home country should be flat relative to 2019. The precondition for this is that the decline in industrial output witnessed in 2019 comes to a halt. However, as in other RWE markets, Germany is also expected to feel the dampening effects of energy savings. Electricity usage in the UK should also be on a par year on year, whereas it will probably post a slight rise in the Netherlands due to the country's more dynamic economy. Despite the favourable growth forecast for the USA, we anticipate that the country's demand for electricity will stagnate because we expect the need for energy for air conditioning to decline further. This is based on the assumption that summer temperatures will be normal and therefore slightly lower than in 2019.

Electricity production for 2020 nearly completely sold forward. The development of commodity prices will depend on a number of factors that are very difficult to predict. However, it will only have a minor impact on our earnings in the current year, because we have sold forward nearly all our electricity generation for 2020 and have secured the prices of the required fuel and CO_2 emission allowances. These transactions have been concluded up to three years in advance. Therefore, the realised electricity prices can differ from the current market quotations significantly. The price realised for the electricity generated by our German lignite-fired and nuclear power stations, which we sold forward with long lead times, was higher for 2020 than for 2019.

Focus on completing the asset swap with E.ON and the agreement on the lignite phaseout. This year, we want to bring the asset swap with E.ON to a rapid conclusion. Once the continuing operations have been transferred to us, the new RWE will also be complete in legal terms. The German coal phaseout will remain a central topic. Now that we have reached an agreement with the federal government on the exit conditions for our lignite power stations and opencast mines, the next step is to convert this agreement into a public law contract. This is the only way to give our Rhenish lignite business and its 10,000 workers certainty.

Financial reporting for 2020 reflects the new RWE. This year's financial reporting reflects the new RWE from the outset. The renewable energy business transferred from E.ON to RWE in September 2019 and the minority interests in our Gundremmingen and Emsland nuclear power stations we received in the same month will contribute to the Group's earnings for a full year in 2020 for the first time. The innogy operations which we will continue remain included in our figures although, legally, they still belong to the E.ON Group for the time being.

Earnings forecast[1] € million	2019 actual	Outlook for 2020
Adjusted EBITDA	2,489	2,700 – 3,000
of which:		
Core business	2,183	2,150 – 2,450
of which:		
Offshore Wind	614	900 – 1,100
Onshore Wind / Solar	295	500 – 600
Hydro / Biomass / Gas	671	550 – 650
Supply & Trading	731	150 – 350
Coal / Nuclear	307	500 – 600
Adjusted EBIT	1,267	1,200 – 1,500
Adjusted net income	–	850 – 1,150

1 New segment structure; prior-year figures adjusted.

Starting in 2020, we have a new segment structure. We eliminated the provisional items 'innogy – continuing operations' and 'acquired E.ON operations' and reassigned the generation activities based on energy source. Going forward, we will distribute our business among the following five segments: (1) Offshore Wind, (2) Onshore Wind / Solar, (3) Hydro / Biomass / Gas, (4) Supply & Trading and (5) Coal / Nuclear. Segments (1) to (4) represent our core business. In (5), we have pooled our German electricity generation from lignite, hard coal and nuclear fuel. These technologies must follow exit paths established by the government, as a result of which plant dismantling and opencast mine recultivation will gain importance relative to power production. Figures for 2019 will be adapted to the new segment structure to enable comparability.

Adjusted EBITDA for fiscal 2020 forecast between €2.7 billion and €3.0 billion. Our operating result should continue to improve. We expect adjusted EBITDA for 2020 in the order of €2,700 million to €3,000 million (previous year: €2,489 million), with around €2,150 million to €2,450 million coming from the core business. Including anticipated operating depreciation and amortisation of about €1,500 million, the Group's adjusted EBIT is estimated to total between €1,200 million and €1,500 million (previous year: €1,267 million). The earnings figures do not include the income from our 15 % shareholding in E.ON, which we recognise in the financial result.

We anticipate adjusted net income of €850 million to €1,150 million. This figure differs from net income according to IFRS in that the non-operating result, which reflects exceptional items, and other major non-recurrent effects as well as the applicable taxes are deducted from it. We did not calculate adjusted net income for the last two years because this figure would have been of limited informational value due to the significant one-off effects of the asset swap with E.ON.

The positive earnings trend is primarily due to the renewable energy business acquired from E.ON. As we have been including it in our figures since 18 September 2019, it will contribute a full twelve months of earnings to our Group in 2020 for the first time. By contrast, RWE Supply & Trading will probably not be able to match the exceptional trading performance posted last year.

Our outlook broken down by segment is as follows:

- Offshore Wind: We anticipate that our offshore wind farm business in 2020 will post adjusted EBITDA of €900 million to €1,100 million. This would represent a significant increase over last year's figure (€614 million), which only considered three-and-a-half months of the acquired E.ON operations.

- Onshore Wind / Solar: Adjusted EBITDA recorded by our onshore wind power and photovoltaic activities is expected to total between €500 million and €600 million, clearly exceeding last year's figure (€295 million). In addition to the full-year inclusion of the E.ON business for the first time, the commissioning of new generation capacity will also contribute to the rise in earnings.

- Hydro / Biomass / Gas: This segment encompasses our run-of-river, pumped storage, biomass and gas power stations. It also includes the Dutch Amer 9 and Eemshaven hard coal power plants, because we are increasingly co-firing them with biomass. Furthermore, the Aberthaw hard coal-fired power station, which was decommissioned at the end of 2019, is still considered in this segment. Our 37.9 % stake in Kelag, the Austrian energy utility specialising in hydroelectric power, is also reported here. We expect adjusted EBITDA generated in this segment to total between €550 million and €650 million in 2020. This would represent a decline compared to 2019 (€671 million). Lower payments from the British capacity market are the main reason. Last year, we benefited from retrospective capacity payments for 2018.

- Supply & Trading: Starting in 2020, this segment also includes innogy's German and Czech gas storage facilities. We expect Supply & Trading to achieve annual average adjusted EBITDA in the order of €250 million over the long term. This figure should usually range between €150 million and €350 million. Following the exceptionally strong earnings posted in 2019 (€731 million), we anticipate a figure within the aforementioned range in 2020.

- Coal / Nuclear: Our German lignite, hard coal and nuclear power stations as well as lignite production in the Rhenish coal mining region are subsumed here. We expect adjusted EBITDA in this segment to amount to €500 million to €600 million, clearly surpassing the figure achieved last year (€307 million). This is due to higher generation margins and the full-year impact on earnings of the acquired minority stakes in the Gundremmingen and Emsland nuclear power plants.

Capital expenditure on property, plant and equipment markedly up on previous year. Capital expenditure on property, plant and equipment and intangible assets is estimated to be much higher than in 2019 (€2,090 million). The full-year inclusion of the renewable energy business received from E.ON will come to bear here. However, capital expenditure on property, plant and equipment in our core business will probably increase even without this effect, because we are building several large-scale wind farms, for example, Triton Knoll in the British North Sea and Big Raymond in Texas. We plan to spend €200 million to €300 million outside of the core business in the Coal / Nuclear segment. These funds are primarily being used to maintain our power plants and opencast mines.

Net debt not to exceed three times EBITDA. One of our key management parameters is the ratio of net debt to adjusted EBITDA of the core business, also referred to as the leverage factor. This key figure is more indicative than total liabilities because it also reflects earning power and therefore our ability to meet our debt obligations. We set the upper limit for the leverage factor at 3.0, which we intend to comply with over the long term. This involves a new definition of net debt: in the future, it will no longer contain our provisions for mining damage, which essentially cover our obligations to recultivate opencast mining areas. The same applies to the assets we use to cover these provisions. These assets include our 15 % stake in E.ON and the €2.6 billion claim for damages from the lignite phaseout, which was recognised in net debt in 2019.

Dividend for 2020. RWE AG's dividend policy will remain in line with the principle of economic sustainability. The Executive Board intends to pay a dividend of €0.85 per share for fiscal 2020, which is slightly higher than for 2019. It is envisaged that the dividend payment will continue rising steadily in line with the development of our core business in the following years.

2 Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group review of operations includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Essen, 27 February 2020

The Executive Board

Schmitz Krebber

Consolidated financial statements

03

3.1 Income statement

€ million	Note	2019	2018[1]
Revenue (including natural gas tax/electricity tax)	(1)	**13,277**	**13,547**
Natural gas tax/electricity tax	(1)	152	141
Revenue	(1)	**13,125**	**13,406**
Other operating income	(2)	4,756	630
Cost of materials	(3)	9,078	9,998
Staff costs	(4)	2,526	1,895
Depreciation, amortisation and impairment losses	(5), (10)	3,166	948
Other operating expenses	(6)	3,254	906
Income from investments accounted for using the equity method	(7), (12)	321	211
Other income from investments	(7)	8	-42
Financial income	(8)	688	472
Finance costs	(8)	1,626	881
Income from continuing operations before tax		**-752**	**49**
Taxes on income	(9)	-92	103
Income from continuing operations		**-660**	**-54**
Income from discontinued operations		9,816	1,127
Income		**9,156**	**1,073**
of which: non-controlling interests		643	679
of which: RWE AG hybrid capital investors' interest		15	59
of which: net income/income attributable to RWE AG shareholders		**8,498**	**335**
Basic and diluted earnings per share in €	(26)	**13.82**	**0.54**
of which: from continuing operations in €		-1.13	-0.32
of which: from discontinued operations in €		14.95	0.86

1 Figures restated: Due to changes in the recognition of revenue and the cost of materials, which primarily related to derivative transactions, these two items decreased by €90 million each in the 2018 reporting period. Furthermore, the implementation of the failed own use IFRS IC agenda decision drove up revenue by €108 million and drove down the cost of materials by €149 million. This did not affect earnings because other operating expenses and other operating income declined by €44 million and €301 million in this context.

3.2 Statement of comprehensive income

Figures stated after taxes – € million	Note	2019	2018
Income		**9,156**	**1,073**
Actuarial gains and losses of defined benefit pension plans and similar obligations		-639	-1,183
Income and expenses of investments accounted for using the equity method (pro rata)	(12)	130	13
Fair valuation of equity instruments		279	-105
Income and expenses recognised in equity, not to be reclassified through profit or loss		**-230**	**-1,275**
Currency translation adjustment	(20)	1,060	-8
Fair valuation of debt instruments		27	-18
Fair valuation of financial instruments used for hedging purposes	(27)	479	3,170
Income and expenses of investments accounted for using the equity method (pro rata)	(12), (20)	-15	-1
Income and expenses recognised in equity, to be reclassified through profit or loss in the future		**1,551**	**3,143**
Other comprehensive income		**1,321**	**1,868**
Total comprehensive income		**10,477**	**2,941**
of which: attributable to RWE AG shareholders		9,687	2,350
of which: attributable to RWE AG hybrid capital investors		15	59
of which: attributable to non-controlling interests		775	532

3.3 Balance sheet

Assets € million	Note	31 Dec 2019	31 Dec 2018
Non-current assets			
Intangible assets	(10)	4,809	2,193
Property, plant and equipment	(11)	19,097	12,409
Investments accounted for using the equity method	(12)	3,236	1,467
Other non-current financial assets	(13)	4,391	400
Financial receivables	(14)	128	110
Other receivables and other assets	(15)	3,320	946
Income tax assets		264	246
Deferred taxes	(16)	706	824
		35,951	**18,595**
Current assets			
Inventories	(17)	1,585	1,631
Financial receivables	(14)	2,359	2,782
Trade accounts receivable		3,621	1,963
Other receivables and other assets	(15)	12,756	7,408
Income tax assets		196	101
Marketable securities	(18)	3,258	3,609
Cash and cash equivalents	(19)	3,192	3,523
Assets held for sale		1,274	40,496
		28,241	**61,513**
		64,192	**80,108**

Equity and liabilities € million	Note	31 Dec 2019	31 Dec 2018
Equity	(20)		
RWE AG shareholders' interest		16,945	8,736
RWE AG hybrid capital investors' interest			940
Non-controlling interests		503	4,581
		17,448	**14,257**
Non-current liabilities			
Provisions	(22)	18,936	14,366[1]
Financial liabilities	(23)	3,924	1,998
Income tax liabilities	(24)	1,050	1,497[1]
Other liabilities	(25)	849	508
Deferred taxes	(16)	2,259	1,638
		27,018	**20,007**
Current liabilities			
Provisions	(22)	2,638	2,572[1]
Financial liabilities	(23)	1,810	766
Trade accounts payable		2,987	2,429
Income tax liabilities	(24)	193	81[1]
Other liabilities	(25)	11,588	7,200
Liabilities held for sale		510	32,796
		19,726	**45,844**
		64,192	**80,108**

1 Figures restated: Due to the IFRS IC agenda decision of September 2019, tax balances previously stated as tax provisions are now recognised in income tax liabilities.

3.4 Cash flow statement

€ million	Note (30)	2019	2018
Income		-660	-54
Depreciation, amortisation, impairment losses/write-backs		2,754	958
Changes in provisions		2,825	-418
Changes in deferred taxes		44	-97
Income from disposal of non-current assets and marketable securities		-77	-6
Other non-cash income/expenses		-3,077	-245
Changes in working capital		-2,786	4,473
Cash flows from operating activities of continuing operations		**-977**	**4,611**
Cash flows from operating activities of discontinued operations		-546	2,037
Cash flows from operating activities		**-1,523**	**6,648**
Intangible assets/property, plant and equipment			
Capital expenditure		-1,767	-1,050
Proceeds from disposal of assets		72	35
Acquisitions, investments			
Capital expenditure		-4	-196
Proceeds from disposal of assets/divestitures		623	39
Changes in marketable securities and cash investments		1,592	-1,704
Cash flows from investing activities of continuing operations (before initial/subsequent transfer to plan assets)		**516**	**-2,876**
Initial/subsequent transfer to plan assets		-42	-123
Cash flows from investing activities of continuing operations (after initial/subsequent transfer to plan assets)		**474**	**-2,999**
Cash flows from investing activities of discontinued operations		-1,203	-1,405
Cash flows from investing activities (after initial/subsequent transfer to plan assets)		**-729**	**-4,404**
Net change in equity (incl. non-controlling interests)		-60	721
Changes in hybrid capital		-869	
Dividends paid to RWE AG shareholders and non-controlling interests		-560	-1,025
Issuance of financial debt		15,876	1,580
Repayment of financial debt		-14,198	-2,835
Cash flows from financing activities of continuing operations		**189**	**-1,559**
Cash flows from financing activities of discontinued operations		35	569
Cash flows from financing activities		**224**	**-990**
Net cash change in cash and cash equivalents		-2,028	1,254
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents		15	13
Net change in cash and cash equivalents		**-2,013**	**1,267**
Cash and cash equivalents at beginning of the reporting period		5,225	3,958
of which: reported as 'Assets held for sale'		1,702	25
Cash and cash equivalents at beginning of the reporting period as per the consolidated balance sheet		3,523	3,933
Cash and cash equivalents at the end of the reporting period		3,212	5,225
of which: reported as 'Assets held for sale'		20	1,702
Cash and cash equivalents at end of the reporting period as per the consolidated balance sheet		**3,192**	**3,523**

3.5 Statement of changes in equity

Statement of changes in equity € million	Subscribed capital of RWE AG	Additional paid-in capital of RWE AG	Retained earnings and distributable profit
Note (20)			
Balance at 1 Jan 2018	**1,574**	**2,385**	**2,393**
Capital paid out			
Dividends paid[1]			-922
Income			335
Other comprehensive income			-1,126
Total comprehensive income			-791
Other changes			459
Balance at 31 Dec 2018	**1,574**	**2,385**	**1,139**
Capital paid out/paid in			
Dividends paid[1]			-430
Income			8,498
Other comprehensive income			-125
Total comprehensive income			8,373
Other changes			-174
Balance at 31 Dec 2019	**1,574**	**2,385**	**8,908**

1 Following reclassification of non-controlling interests to liabilities held for sale as per IAS 32.

Accumulated other comprehensive Income			**RWE AG share-holders' interest**	RWE AG hybrid capital investors' interest	Non-controlling interests	**Total**
Currency translation adjustments	Fair value measurement of financial instruments					
	Debt instruments measured at fair value through other comprehensive income	Used for hedging purposes				
304	**31**	**36**	**6,723**	**940**	**4,283**	**11,946**
					-29	-29
			-922	-60	-506	-1,488
			335	59	679	1,073
-19	-14	3,174	2,015		-147	1,868
-19	-14	3,174	2,350	59	532	2,941
		126	585	1	301	887
285	**17**	**3,336**	**8,736**	**940**	**4,581**	**14,257**
				-869	6	-863
			-430	-61	-460	-951
			8,498	15	643	9,156
793	28	493	1,189		132	1,321
793	28	493	9,687	15	775	10,477
		-874	-1,048	-25	-4,399	-5,472
1,078	**45**	**2,955**	**16,945**		**503**	**17,448**

3.6 Notes

Basis of presentation

RWE AG, headquartered at Altenessener Straße 35 in 45141 Essen, Germany, is the parent company of the RWE Group ('RWE' or 'Group'). RWE is a producer of power using renewable and conventional technologies operating mainly in Europe and the USA.

The consolidated financial statements for the period ended 31 December 2019 were approved for publication on 27 February 2020 by the Executive Board of RWE AG. The statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable in the European Union (EU), as well as in accordance with the supplementary accounting regulations applicable pursuant to Sec. 315e, Para. 1 of the German Commercial Code (HGB). The previous year's figures were calculated according to the same principles.

A statement of changes in equity has been disclosed in addition to the income statement, the statement of comprehensive income, the balance sheet and the cash flow statement. The Notes also include segment reporting.

Several balance sheet and income statement items have been combined in the interests of clarity. These items are stated and explained separately in the Notes to the financial statements. The income statement is structured according to the nature of expense method.

The consolidated financial statements have been prepared in euros. Unless specified otherwise, all amounts are stated in millions of euros (€ million). Due to calculation procedures, rounding differences may occur.

These consolidated financial statements were prepared for the fiscal year from 1 January to 31 December 2019.

The Executive Board of RWE AG is responsible for the preparation, completeness and accuracy of the consolidated financial statements and the Group review of operations, which is combined with the review of operations of RWE AG.

We employ internal control systems, uniform groupwide directives, and programmes for basic and advanced staff training to ensure that the consolidated financial statements and combined review of operations are adequately prepared. Compliance with legal regulations and the internal guidelines as well as the reliability and viability of the control systems are continuously monitored throughout the Group.

In line with the requirements of the German Corporate Control and Transparency Act (KonTraG), the Group's risk management system enables the Executive Board to identify risks at an early stage and take countermeasures, if necessary.

The consolidated financial statements, the combined review of operations, and the independent auditors' report are discussed in detail by the Audit Committee and at the Supervisory Board's meeting on financial statements with the independent auditors present. The results of the Supervisory Board's examination are presented in the report of the Supervisory Board on page 20 et seqq.

Scope of consolidation

In addition to RWE AG, the consolidated financial statements contain all material German and foreign companies which RWE AG controls directly or indirectly. In determining whether there is control, in addition to voting rights, other rights in the company contracts or articles of incorporation and potential voting rights are also taken into consideration.

Material associates are accounted for using the equity method, and principal joint arrangements are accounted for using the equity method or as joint operations.

Associates are companies on which RWE AG exercises a significant influence on the basis of voting rights between 20 % and 50 % or on the basis of contractual agreements. In classifying joint arrangements which are structured as independent vehicles, as joint operations or as joint ventures, other facts and circumstances – in particular delivery relationships between the independent vehicle and the parties participating in such – are taken into consideration, in addition to the legal form and contractual agreements.

Investments in subsidiaries, joint ventures, joint operations or associates which are of secondary importance from a Group perspective are accounted for in accordance with IFRS 9.

The list of Group shareholdings pursuant to Sec. 313, Para. 2 of the German Commercial Code (HGB) is presented on page 176 et seqq.

The following summaries show the changes in the number of fully consolidated companies and joint ventures and investments accounted for using the equity method:

Number of fully consolidated companies	Germany	Abroad	Total
1 Jan 2019	**141**	**215**	**356**
First-time consolidation	7	105	112
Deconsolidation	-90	-115	-205
Mergers		-4	-4
31 Dec 2019	**58**	**201**	**259**

Number of companies accounted for using the equity method	Germany	Abroad	Total
1 Jan 2019	**9**	**12**	**21**
Acquisitions	2	8	10
31 Dec 2019	**11**	**20**	**31**

The number of fully consolidated companies changed compared to the previous year, primarily due to the acquisition of the E.ON operations that were taken over (first-time consolidations) and the disposal of the discontinued innogy operations (deconsolidations).

The number of companies accounted for using the equity method decreased in fiscal 2018 due to the asset swap agreed upon with E.ON and the associated assignment to discontinuing operations.

Furthermore, two companies are presented as joint operations (previous year: six). Of these, Greater Gabbard Offshore Winds Limited, UK, is a material joint operation of the RWE Group. Greater Gabbard holds a 500 MW offshore wind farm, which the continued innogy operations operate together with Scottish and Southern Energy (SSE) Renewables Holdings. Innogy Renewables UK owns 50 % of the shares and receives 50 % of the power generated (including green power certificates). The wind farm is a key element in the offshore portfolio of the segment innogy – continuing operations.

First-time consolidation and deconsolidation generally take place when control is obtained or lost.

Sales of shares which led to a change of control resulted in sales proceeds from disposals amounting to €18 million, which were reported in other operating income (previous year: –€46 million). Furthermore, the €8,258 million deconsolidation gain on the sale of the discontinued innogy operations was recognised in the 'income from discontinued operations' line item on the income statement.

Within the framework of purchases and sales of subsidiaries and other business units which resulted in a change of control, purchase prices amounted to €3,592 million (previous year: €27 million) and sales prices amounted to €14,296 million (previous year: €13 million). The sales prices were paid using equity interests (previous year: solely cash) and offset against other payments within the scope of the transaction agreed with E.ON. The latter also applies to the purchase prices with the exception of €25 million which was paid in cash and cash equivalents (in the previous year, all purchase prices were paid in cash). In relation to this, cash and cash equivalents (excluding assets held for sale) were acquired in the amount of €113 million (previous year: €0 million) and were disposed of in the amount of €1,250 million (previous year: €0 million).

Acquisitions

Acquired E.ON operations
On 18 September 2019, as part of the extensive asset swap agreed upon with E.ON SE on 12 March 2018, RWE gained control of major parts of E.ON's former renewable energy business. The acquired operations are active in onshore and offshore wind as well as in the photovoltaic business in Europe and the USA.

The assets and liabilities acquired within the scope of the transaction are presented in the following table:

Balance-sheet items € million	IFRS carrying amounts (fair value) at initial consolidation
Non-current assets	**10,292**
Intangible assets	1,951
Property, plant and equipment	6,332
Other non-current assets	2,009
Current assets	**1,886**
Non-current liabilities	**3,979**
Provisions	613
Financial liabilities	2,447
Other non-current liabilities	919
Current liabilities	**5,260**
Net assets	**2,939**
Purchase price	3,592
Goodwill	**653**

The fair value of the receivables included in non-current and current assets amounted to €1,663 million (of which €834 million were financial receivables and €829 million were trade accounts receivable) and corresponded to the gross amount of the receivables that are fully recoverable.

The acquired E.ON operations have contributed €374 million to the Group's revenue and €86 million to the Group's earnings since they were consolidated for the first time.

The purchase price amounted to €3,592 million. The payment of the purchase price was made using €25 million in cash and cash equivalents, with the remainder being offset against other payments within the scope of the transaction agreed upon with E.ON.

Goodwill is primarily based on expected future use and synergy effects.

The initial accounting of the business combination has not been finalised due to the complex structure and the size of the transaction, in particular because the material information could not be exchanged until the antitrust restrictions had been removed.

If all business combinations in the period under review had been effected as of 1 January 2019, the Group's adjusted EBITDA would have amounted to €2,982 million and the Group's revenue would have amounted to €13,904 million.

Disposals and discontinued operations

innogy – discontinued operations

On 18 September 2019, RWE sold the parts of innogy stated as 'innogy – discontinued operations' since 30 June 2018 to E.ON SE as part of the extensive asset swap contractually agreed upon with E.ON SE on 12 March 2018. This largely related to the lion's share of the grid and retail business.

The transaction also involved E.ON acquiring the stake in the Czech distribution system operator innogy Grid Holding (IGH) previously held by innogy. RWE had acquired innogy SE's majority interest in IGH in the middle of February 2019 to this end. The execution of the agreement with E.ON triggered a right of first refusal of IGH co-shareholder Macquarie Infrastructure and Real Assets (MIRA) managed consortium of investors. MIRA exercised this right of first refusal on 29 April 2019. As a result, MIRA purchased the 50.04 % stake at the terms and conditions at which it would have been sold by RWE to a third party, which in this case would have been E.ON. The sale to MIRA closed on 30 September 2019. Due to the unchanged overall plan to divest the grid and retail business, IGH was stated under 'innogy – discontinued operations' until it was deconsolidated on 30 September 2019.

In late August 2019, RWE acquired innogy's stake in the investment in the Slovak power and gas utility Východoslovenská energetika Holding a.s., (VSEH), which is fully consolidated and also stated as part of the discontinued operations the stake in VSEH was not yet transferred to E.ON on 18 September 2019. However, since the envisaged sale of the VSE Group is part of the overall plan to divest the grid and retail business, the VSE Group will continue to be stated under the discontinued operations as of 31 December 2019, the discontinued operations are thus solely comprised of the VSE Group.

The elimination bookings within the scope of the consolidation of expenses and income for the intragroup deliveries and services existing so far, which will be continuing either with innogy or with third parties after the deconsolidation of the innogy assets that are to be transferred, were fully assigned to the discontinued operations.

Major key figures of the activities of the discontinued operations are presented in the following tables:

Key figures of discontinued operations € million	31 Dec 2019	Disposals Q3 2019	31 Dec 2018
Non-current assets			
Intangible assets	405	10,434	10,716
Property, plant and equipment	734	14,147	14,000
Other non-current assets	8	5,085	5,363
	1,147	**29,666**	**30,079**
Current assets	**127**	**12,763**	**10,417**
Non-current liabilities			
Provisions	9	5,212	4,557
Financial liabilities	225	13,521	14,147
Other non-current liabilities	131	2,622	3,065
	365	**21,355**	**21,769**
Current liabilities	**145**	**13,443**	**11,027**

Key figures of discontinued operations € million	2019	2018
Revenue[1]	23,890	34,077
Other income[2]	1,518	1,503
Expenses[3]	23,214	33,877
Income of discontinued operations before tax	2,194	1,703
Taxes on income	636	576
Deconsolidation gain	8,258	
Income of discontinued operations	9,816	1,127

1 Including income with continuing operations in the amount of €1,402 million (previous year: €2,570 million).
2 Including income with continuing operations in the amount of €108 million (previous year: €266 million).
3 Including expenses with continuing operations in the amount of €9,772 million (previous year: €13,835 million).

The deconsolidation gain amounted to €8,258 million and is stated in the 'Income from discontinued operations' line item in the income statement. It includes a deconsolidation gain of €140 million from the sale of IGH.

In the previous year, accumulated other comprehensive income from discontinued operations amounted to –€773 million.

Of the share of total comprehensive income attributable to RWE AG shareholders, €218 million (previous year: €2,267 million) were allocable to continuing operations and €9,469 million (previous year: €83 million) were allocable to discontinued operations.

The impairment test performed for the discontinued operations as a whole in accordance with IFRS 5 as of 31 December 2019 did not reveal a need for impairment.

Due to contractual arrangements, RWE retains control of the main activities of the innogy operations remaining with RWE over the long term (the renewable energy business, the gas storage business and the stake in the Austrian power utility Kelag). Furthermore, RWE is entitled to the proceeds from the development of the value of these business activities since 1 January 2018. Therefore, they are still fully consolidated at RWE and stated as part of the 'innogy – continuing operations' segment.

Consolidation principles

The financial statements of German and foreign companies included in the scope of the Group's financial statements are prepared using uniform accounting policies. On principle, subsidiaries whose fiscal years do not end on the Group's balance-sheet date (31 December) prepare interim financial statements as of this date. Three subsidiaries have a different balance-sheet date of 31 March (previous year: three). Different fiscal years compared to the calendar year stem from tax-related reasons or country-specific regulations.

Business combinations are reported according to the acquisition method. This means that capital consolidation takes place by offsetting the purchase price, including the amount of the non-controlling interests, against the acquired subsidiary's revalued net assets at the time of acquisition. In doing so, the non-controlling interests can either be measured at the prorated value of the subsidiary's identifiable net assets or at fair value. The subsidiary's identifiable assets, liabilities and contingent liabilities are measured at full fair value, regardless of the amount of the non-controlling interests. Intangible assets are reported separately from goodwill if they are separable from the company or if they stem from a contractual or other right. In accordance with IFRS 3, no new restructuring provisions are recognised within the scope of the purchase price allocation. If the purchase price exceeds the revalued prorated net assets of the acquired subsidiary, the difference is capitalised as goodwill. If the purchase price is lower, the difference is included in income.

In the event of deconsolidation, the related goodwill is derecognised with an effect on income. Changes in the ownership share which do not alter the ability to control the subsidiary are recognised without an effect on income. By contrast, if there is a change in control, the remaining shares are revalued with an effect on income.

Expenses and income as well as receivables and payables between consolidated companies are eliminated; intra-group profits and losses are eliminated.

For investments accounted for using the equity method, goodwill is not reported separately, but rather included in the value recognised for the investment. In other respects, the consolidation principles described above apply analogously. If impairment losses on the equity value become necessary, we report such under income from investments accounted for using the equity method. The financial statements of investments accounted for using the equity method are prepared using uniform accounting policies.

Foreign currency translation

In their individual financial statements, the companies measure non-monetary foreign currency items at the balance-sheet date using the exchange rate in effect on the date they were initially recognised. Monetary items are converted using the exchange rate valid on the balance-sheet date. Exchange rate gains and losses from the measurement of monetary balance-sheet items in foreign currency occurring up to the balance-sheet date are recognised on the income statement.

Functional foreign currency translation is applied when converting the financial statements of companies outside of the Eurozone. As the principal foreign enterprises included in the consolidated financial statements conduct their business activities independently in their national currencies, their balance-sheet items are translated into euros in the consolidated financial statements using the average exchange rate prevailing on the balance-sheet date. This also applies for goodwill, which is viewed as an asset of the economically autonomous foreign entity. We report differences to previous-year translations in other comprehensive income without an effect on income. Expense and income items are translated using annual average exchange rates. When translating the adjusted equity of foreign companies accounted for using the equity method, we follow the same procedure.

The following exchange rates (among others) were used as a basis for foreign currency translations:

Exchange rates	Average		Year-end	
in €	2019	2018	31 Dec 2019	31 Dec 2018
1 US dollar	0.89	0.85	0.89	0.87
1 pound sterling	1.14	1.13	1.18	1.12
100 Czech korunas	3.90	3.89	3.94	3.89
1 Polish zloty	0.23	0.23	0.23	0.23
1 Danish crown	0.13	0.13	0.13	0.13
1 Swedish crown	0.09	0.10	0.10	0.10
1 Norwegian crown	0.10	0.10	0.10	0.10

Accounting policies

Intangible assets are accounted for at amortised cost. With the exception of goodwill, all intangible assets have finite useful lives and are amortised using the straight-line method. Useful lives and methods of amortisation are reviewed on an annual basis.

Software for commercial and technical applications is amortised over three to five years. 'Operating rights' refer to the entirety of the permits and approvals required for the operation of a power plant. Such rights are generally amortised over the economic life of the power plant, using the straight-line method. Capitalised customer relations are amortised over a maximum period of up to ten years.

Goodwill is not amortised; instead it is subjected to an impairment test once every year, or more frequently if there are indications of impairment.

Development costs are capitalised if a newly developed product or process can be clearly defined, is technically feasible and it is the company's intention to either use the product or process itself or market it. Furthermore, asset recognition requires that there be a sufficient level of certainty that the development costs lead to future cash inflows. Capitalised development costs are amortised over the period during which the products are expected to be sold. Research expenditures are recognised as expenses in the period in which they are incurred.

An impairment loss is recognised for an intangible asset if the recoverable amount of the asset is less than its carrying amount. A special regulation applies for cases when the asset is part of a cash-generating unit. Such units are defined as the smallest identifiable group of assets which generates cash inflows; these inflows must be largely independent of cash inflows from other assets or groups of asset.

If the intangible asset is a part of a cash-generating unit, the impairment loss is calculated based on the recoverable amount of this unit. If goodwill was allocated to a cash-generating unit and the carrying amount of the unit exceeds the recoverable amount, the allocated goodwill is initially written down by the difference. Impairment losses which must be recognised in addition to this are taken into account by reducing the carrying amount of the other assets of the cash-generating unit on a prorated basis. If the reason for an impairment loss recognised in prior periods has ceased to exist, a write-back to intangible assets is performed. The increased carrying amount resulting from the write-back may not, however, exceed the amortised cost. Impairment losses on goodwill are not reversed.

Property, plant and equipment is stated at depreciated cost. Borrowing costs are capitalised as part of the asset's cost, if they are incurred directly in connection with the acquisition or production of a 'qualified asset'. What characterises a qualified asset is that a considerable period of time is required to prepare it for use or sale. If necessary, the cost of property, plant and equipment may contain the estimated expenses for the decommissioning of plants or site restoration. Maintenance and repair costs are recognised as expenses.

With the exception of land and leasehold rights, as a rule, property, plant and equipment is depreciated using the straight-line method, unless in exceptional cases another depreciation method is better suited to the usage pattern. The depreciation methods are reviewed annually. We calculate the depreciation of RWE's typical property, plant and equipment according to the following useful lives, which apply throughout the Group and are also reviewed annually:

Useful life in years	
Buildings	7 – 50
Technical plants	
Thermal power plants	6 – 40
Wind turbines	Up to 25
Gas and water storage facilities	10 – 60
Mining facilities	3 – 25
Mining developments	44 – 52
Other renewable generation facilities	5 – 50

Within the scope of the annual useful life review, the useful lives of wind turbines were adjusted to up to 25 years (previously up to 23 years). This change in estimate was made prospectively as of 1 October 2019. This resulted in a reduction of depreciation and amortisation of €4 million for 2019. Depreciation and amortisation are expected to be reduced by €17 million for 2020.

Property, plant and equipment also include right-of-use assets resulting from leases of which RWE is the lessee. These right-of-use assets are measured at cost. The cost results from the present value of the lease instalments, adjusted by advance payments, initial direct costs and potential dismantling obligations and corrected for received lease incentives. Right-of-use assets are depreciated using the straight-line method over the lease term or the expected useful life, whichever is shorter.

For short-term leases and leases for low-value assets, lease instalments are recognised as an expense over the lease term. For operating leases of which RWE is the lessor, the minimum lease instalments are recognised as income over the lease term.

Impairment losses and write-backs on property, plant and equipment are recognised according to the principles described for intangible assets.

Investments accounted for using the equity method are initially accounted for at cost and thereafter based on the carrying amount of their prorated net assets. The carrying amounts are increased or reduced annually by prorated profits or losses, dividends and all other changes in equity. Goodwill is not reported separately, but rather included in the recognised value of the investment. Goodwill is not amortised. An impairment loss is recognised for investments accounted for using the equity method, if the recoverable amount is less than the carrying amount.

The initial measurement of **other financial assets** occurs at the settlement date. Shares in non-consolidated subsidiaries and in associates or joint ventures are recognised at fair value through profit or loss as long as such can be determined reliably. Other investments are also recognised at fair value. The option to state changes in fair value in other comprehensive income is exercised for some of these equity instruments. Non-current securities are accounted for at fair value and changes in value are recognised through profit or loss or other comprehensive income depending on their classification. Gains and losses on sales of equity instruments, for which the option to state changes in fair value in other comprehensive income is exercised, remain in equity and are not reclassified to the income statement. An impairment in the amount of the expected credit losses is recognised through profit or loss for debt instruments that are recognised at fair value through other comprehensive income.

Receivables are comprised of **financial receivables, trade accounts receivable** and **other receivables.** Aside from financial derivatives, **receivables and other assets** are stated at amortised cost minus a risk provision in the amount of the expected losses.

Loans reported under financial receivables are stated at amortised cost minus a risk provision in the amount of the expected losses. Loans with interest rates common in the market are shown on the balance sheet at nominal value; as a rule, however, non-interest or low-interest loans are disclosed at their present value discounted using an interest rate commensurate with the risks involved.

CO_2 emission allowances and certificates for renewable energies are accounted for as intangible assets and reported under other assets. Allowances which are purchased and allowances allocated free of charge are both stated at cost and are not amortised.

Deferred taxes result from temporary differences in the carrying amount in the separate IFRS financial statements and tax bases, and from consolidation procedures. Deferred tax assets also include tax reduction claims resulting from the expected utilisation of existing loss carryforwards in subsequent years. Deferred taxes are capitalised if it is sufficiently certain that the related economic advantages can be used. Their amount is assessed with regard to the tax rates applicable or expected to be applicable in the specific country at the time of realisation. The tax regulations valid or adopted as of the balance-sheet date are key considerations in this regard. Deferred tax assets and deferred tax liabilities are netted out for each company and/or tax group.

Inventories are assets which are held for sale in the ordinary course of business (finished goods and goods for resale), which are in the process of production (work in progress – goods and services) or which are consumed in the production process or in the rendering of services (raw materials including nuclear fuel assemblies and excavated earth for lignite mining).

Insofar as inventories are not acquired primarily for the purpose of realising a profit on a short-term resale transaction, they are carried at the lower of cost or net realisable value. Production costs reflect the full costs directly related to production; they are determined based on normal capacity utilisation and, in addition to directly allocable costs, they also include adequate portions of required materials and production overheads. They also include production-related depreciation. Borrowing costs, however, are not capitalised as part of the cost. The determination of cost is generally based on average values. The usage of excavated earth for lignite mining is calculated using the 'first in – first out' method (FIFO).

If the net realisable value of inventories written down in earlier periods has increased, the reversal of the write-down is recognised as a reduction of the cost of materials.

Nuclear fuel assemblies are stated at depreciated cost. Depreciation is determined by operation and capacity, based on consumption and the reactor's useful life.

Inventories which are acquired primarily for the purpose of realising a profit on a short-term resale transaction are recognised at fair value less costs to sell. Changes in value are recognised with an effect on income.

Securities classified as current marketable securities essentially consist of marketable securities held in special funds as well as fixed-interest securities which have a maturity of more than three months and less than one year from the date of acquisition. Securities held in special funds are measured at fair value through profit or loss or at fair value through other comprehensive income. The transaction costs directly associated with the acquisition of these securities are included in the initial measurement, which occurs on their settlement date. Unrealised gains and losses are recognised through profit or loss or other comprehensive income, with due consideration of any deferred taxes depending on the underlying valuation category. An impairment in the amount of the expected credit losses is recognised through profit or loss for debt instruments that are stated at fair value through other comprehensive income. Changes included in other comprehensive income are recognised through profit or loss on disposal of such instruments.

Cash and cash equivalents consist of cash on hand, demand deposits and current fixed-interest securities with a maturity of three months or less from the date of acquisition.

Assets are stated under **Assets held for sale** if they can be sold in their present condition and their sale is highly probable within the next twelve months. Such assets may be certain non-current assets, asset groups ('disposal groups') or operations ('discontinued operations'). Liabilities intended to be sold in a transaction together with assets are a part of a disposal group or discontinued operations, and are reported separately under **Liabilities held for sale**.

Non-current assets held for sale are no longer depreciated or amortised. They are recognised at fair value less costs to sell, as long as this amount is lower than the carrying amount.

Gains or losses on the valuation of specific assets held for sale and of disposal groups are stated under income from continuing operations until final completion of the sale. Gains or losses on the valuation of discontinued operations and on certain assets of a discontinued operation, which are not subject to the valuation rules pursuant to IFRS 5, are stated under income from discontinued operations.

The stock option plans are accounted for as cash-settled **share-based payment**. At the balance-sheet date, a provision is recognised in the amount of the prorated fair value of the payment obligation. Changes in the fair value are recognised with an effect on income. The fair value of options is determined using generally accepted valuation methodologies.

Provisions are recognised for all legal or constructive obligations to third parties which exist on the balance-sheet date and stem from past events which will probably lead to an outflow of resources, and the amount of which can be reliably estimated. Provisions are carried at their prospective settlement amount and are not offset against reimbursement claims. If a provision involves a large number of items, the obligation is estimated by weighting all possible outcomes by their probability of occurrence (expected value method).

All non-current provisions are recognised at their prospective settlement amount, which is discounted as of the balance-sheet date. In the determination of the settlement amount, any cost increases likely to occur up until the time of settlement are taken into account.

If necessary, the cost of property, plant and equipment may contain the estimated expenses for the decommissioning of plants or site restoration. Decommissioning, restoration and similar provisions are recognised for these expenses. If changes in the discount rate or changes in the estimated timing or amount of the payments result in changes in the provisions, the carrying amount of the respective asset is increased or decreased by the corresponding amount. If the decrease in the provision exceeds the carrying amount, the excess is recognised immediately through profit or loss.

As a rule, releases of provisions are credited to the expense account on which the provision was originally recognised.

Provisions for pensions and similar obligations are recognised for defined benefit plans. These are obligations of the company to pay future and ongoing post-employment benefits to entitled current and former employees and their surviving dependents. In particular, the obligations refer to retirement pensions. Individual commitments are generally oriented to the employees' length of service and compensation.

Provisions for defined benefit plans are based on the actuarial present value of the respective obligation. This is measured using the projected unit credit method. This method not only takes into account the pension benefits and benefit entitlements known as of the balance-sheet date, but also anticipated future increases in salaries and pension benefits. The calculation is based on actuarial reports, taking into account appropriate biometric parameters (for Germany, in particular the 'Richttafeln 2018 G' by Klaus Heubeck, and the Standard SAPS Table S2PA of the current year for the United Kingdom, taking into consideration future changes in mortality rates). The provision derives from the balance of the actuarial present value of the obligations and the fair value of the plan assets. The service cost is disclosed in staff costs. Net interest is included in the financial result.

Gains and losses on the revaluation of net defined benefit liability or asset are fully recognised in the fiscal year in which they occur. They are reported outside of profit or loss, as a component of other comprehensive income in the statement of comprehensive income, and are immediately assigned to retained earnings. They remain outside profit or loss in subsequent periods as well.

In the case of defined contribution plans, the enterprise's obligation is limited to the amount it contributes to the plan. Contributions to the plan are reported under staff costs.

Waste management provisions in the nuclear energy sector are based on obligations under public law, in particular the German Atomic Energy Act, and on restrictions from operating licenses. These provisions are measured using estimates, which are based on and defined in contracts as well as on information from internal and external specialists (e. g. experts).

Obligations existing as of the balance-sheet date and identifiable when the balance sheet is being prepared are recognised as provisions for mining damage to cover land recultivation and remediation of mining damage that has already occurred or been caused. The provisions must be recognised due to obligations under public law, such as the German Federal Mining Act, and formulated, above all, in operating schedules and water law permits. Provisions are generally fully related to the degree of mining in question. Such provisions are measured at full expected cost or according to estimated compensation payments. Cost estimates are based on external expert opinions to a significant extent.

A provision is recognised to cover the obligation to submit CO_2 emission allowances and certificates for renewable energies to the respective authorities; this provision is primarily measured at the secured forward price of the CO_2 allowances or certificates for renewable energies. If a portion of the obligation is not covered with allowances that are available or have been purchased forward, the provision for this portion is measured using the market price of the emission allowances or certificates for renewable energies on the reporting date.

Liabilities consist of **financial liabilities, trade accounts payable, income tax liabilities** and **other liabilities**. Upon initial recognition, these are generally stated at fair value including transaction costs and are carried at amortised cost in the periods thereafter (except for derivative financial instruments). Lease liabilities are measured at the present value of the future lease payments. For subsequent measurements, the lease payments are divided into the financing costs and repayment portion of the outstanding debt. Financing costs are distributed over the lease term in such a manner that a steady interest rate is created for the outstanding debt. If uncertain income tax items are recognised in income tax liabilities because they are probable, the former are generally measured at the most likely amount. Measurement at expected value is only considered in exceptional cases.

Moreover, other liabilities also include contract liabilities. A contract liability is the obligation of the Group to transfer goods or services to a customer, for which we have already received consideration or for which the consideration is already due.

Derivative financial instruments are recognised as assets or liabilities and measured at fair value, regardless of their purpose. Changes in this value are recognised with an effect on income, unless the instruments are used for hedge accounting purposes. In such cases, recognition of changes in the fair value depends on the type of hedging transaction.

Fair value hedges are used to hedge assets or liabilities carried on the balance sheet against the risk of a change in their fair value. The following applies: changes in the fair value of the hedging instrument and the fair value of the respective underlying transactions are recognised in the same line item on the income statement. Hedges of unrecognised firm commitments are also recognised as fair value hedges. Changes in the fair value of the firm commitments with regard to the hedged risk result in the recognition of an asset or liability with an effect on income.

Cash flow hedges are used to hedge the risk of variability in future cash flows related to an asset or liability carried on the balance sheet or related to a highly probable forecast transaction. If a cash flow hedge exists, unrealised gains and losses from the hedging instrument are initially stated as other comprehensive income. Such gains or losses are only included on the income statement when the hedged underlying transaction has an effect on income. If forecast transactions are hedged and such transactions lead to the recognition of a financial asset or financial liability in subsequent periods, the amounts that were recognised in equity until this point in time are recognised on the income statement in the period during which the asset or liability affects the income statement. If the transactions result in the recognition of non-financial assets or liabilities, for example the acquisition of property, plant and equipment, the amounts recognised in equity without an effect on income are included in the initial cost of the asset or liability.

The purpose of hedges of a net investment in foreign operations (net investment hedges) is to hedge the currency risk from investments with foreign functional currencies. Unrealised gains and losses from such hedges are recognised in other comprehensive income until disposal of the foreign operation.

Hedging relationships must be documented in detail and meet the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument,
- the value change of hedging relationship is not dominated by the credit risk, and
- the hedge ratio is the same as that resulting from the quantities used within the scope of risk management.

Only the effective portion of a hedge is recognised in accordance with the preceding rules. The ineffective portion is recognised immediately on the income statement with an effect on income.

Contracts on the receipt or delivery of non-financial items in accordance with the company's expected purchase, sale or usage requirements (own-use contracts) are not accounted for as derivative financial instruments, but rather as executory contracts. If the contracts contain embedded derivatives, the derivatives are accounted separately from the host contract, insofar as the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract. Written options to buy or sell a non-financial item which can be settled in cash are not own-use contracts.

Contingent liabilities are possible obligations to third parties or existing obligations which will probably not lead to an outflow of economic benefits or the amount of which cannot be measured reliably. Contingent liabilities are only recognised on the balance sheet if they were assumed within the framework of a business combination. The amounts disclosed in the Notes correspond to the exposure at the balance-sheet date.

Management judgements in the application of accounting policies. Management judgements are required in the application of accounting policies. In particular, this pertains to the following aspects:

- With regard to certain contracts, a decision must be made as to whether they are to be treated as derivatives or as so-called own-use contracts, and be accounted for as executory contracts.
- Financial assets are classified by contractual cash flows and applied business model. Whereas the contractual cash flows are determined by the characteristics of the financial instruments, the business model is based on the Group's internal requirements relating to the portfolios of financial instruments.
- With regard to assets held for sale, it must be determined if they can be sold in their current condition and if the sale of such is highly probable in the next twelve months. If both conditions apply, the assets and any related liabilities must be reported and measured as assets or liabilities held for sale, respectively.

Management estimates and judgements. Preparation of consolidated financial statements pursuant to IFRS requires assumptions and estimates to be made, which have an impact on the recognised value of the assets and liabilities carried on the balance sheet, on income and expenses and on the disclosure of contingent liabilities.

Amongst other things, these assumptions and estimates relate to the accounting and measurement of provisions. With regard to non-current provisions, the discount factor to be applied is an important estimate, in addition to the amount and timing of future cash flows. The discount factor for pension obligations is determined on the basis of yields on high-quality, fixed-rate corporate bonds on the financial markets as of the balance-sheet date.

The rules governing valuation allowances for financial assets under IFRS 9 stipulate that the expected credit losses must be determined. The valuation allowance is based on information from within and outside the Group.

The impairment test for goodwill and non-current assets is based on certain assumptions pertaining to the future, which are regularly adjusted. Property, plant and equipment is tested for indications of impairment on each cut-off date.

Power plants are grouped together as a cash-generating unit if their production capacity and fuel needs are centrally managed as part of a portfolio, and it is not possible to ascribe individual contracts and cash flows to the specific power plants.

Upon first-time consolidation of an acquired company, the identifiable assets, liabilities and contingent liabilities are recognised at fair value. Determination of the fair value is based on valuation methods which require a projection of anticipated future cash flows.

Deferred tax assets are recognised if realisation of future tax benefits is probable. Actual future development of income for tax purposes and hence the realisability of deferred tax assets, however, may deviate from the estimation made when the deferred taxes are capitalised.

Further information on the assumptions and estimates upon which these consolidated financial statements are based can be found in the explanations of the individual items.

All assumptions and estimates are based on the circumstances and forecasts prevailing on the balance-sheet date. Furthermore, as of the balance-sheet date, realistic assessments of overall economic conditions in the sectors and regions in which RWE conducts operations are taken into consideration with regard to the prospective development of business. Actual amounts may deviate from the estimated amounts if the overall conditions develop differently than expected. In such cases, the assumptions, and, if necessary, the carrying amounts of the affected assets and liabilities are adjusted.

As of the date of preparation of the consolidated financial statements, it is not presumed that there will be any material changes compared to the assumptions and estimates.

Capital management. The focus of RWE's financing policy is on ensuring uninterrupted access to the capital market. The goal is to be in a position to refinance maturing debts and finance the operating activities at all times. Maintaining a solid rating and a positive operating cash flow serve this purpose.

The management of RWE's capital structure is oriented towards net debt. It is calculated by adding material non-current provisions to and deducting the net assets of funded pension obligations from net financial debt. RWE's liabilities of relevance to net debt primarily consist of hybrid bonds and provisions for pensions, nuclear waste management, mining, and wind farms.

During the reporting period, RWE's capital structure changed significantly. This was in part due to the execution of the transaction with E.ON (see page 106 et seq.). In addition, the net debt of the continuing operations was greatly affected by the loss of variation margins on forward transactions with electricity, commodities and CO_2 certificates. Variation margins are payments with which transaction partners mutually collateralise profit and loss positions resulting from the daily revaluation of active contracts. However, their influence on cash flows is temporary and ends once the transactions are realised. Both of these effects resulted in a significant decrease in financial assets and contributed to a decline in net financial assets of continuing operations totalling €6.0 billion as of 31 December 2019 (previous year: €7.4 billion). Furthermore, net debt provisions rose by €3.7 billion to €15.6 billion (previous year: €11.9 billion). On average, provisions have a very long duration; their level is primarily determined by external factors such as the general level of interest rates. A precise calculation of net debt and net financial debt is presented on page 32 of the review of operations.

RWE's credit rating is influenced by a number of qualitative and quantitative factors. These include aspects such as the amount of cash flows and debt as well as market conditions, competition, and the political framework. Our hybrid bonds also have a positive effect on our rating. The leading rating agencies, Moody's and Fitch, classify part of hybrid capital as equity.

RWE's creditworthiness is currently rated 'Baa3' by Moody's and 'BBB' by Fitch. Our rating thus remains in the investment-grade range. The short-term credit ratings for RWE are 'P-3' and 'F2', respectively.

Changes in accounting regulations

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have implemented new IFRSs and approved amendments of existing IFRSs and a new interpretation, which became effective for the RWE Group as of fiscal 2019:

IFRS 16 Leases (2016) replaces IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. RWE applied the modified retrospective method when applying the new lease accounting rules for the first time. Comparable information for fiscal 2018 was not adjusted. RWE maintained the existing lease assessment in accordance with IAS 17 and IFRIC 4 for existing contracts. Furthermore, RWE is making use of exemptions allowing for leases relating to short-term or low-value assets not to be recognised on the balance sheet as a right-of-use asset. The transition to IFRS 16 did not have an effect on equity.

The initial adoption of IFRS 16 had the following effects on the continued operations of the RWE Group: Right-of-use assets in the amount of €353 million and net debt-increasing lease liabilities in the same amount were stated as of 1 January 2019. Taking account of the discontinued operation which have been deconsolidated in the meantime, the initial adoption of IFRS 16 led to an increase in the balance-sheet total of €2,251 million. At the transition date, RWE did not apply the new rules to leases with a term expiring within the first twelve months from the date of first-time adoption. These contracts are accounted for as short-term leases and the lease payments are recognized in the current costs of the period. Likewise, initial direct costs are not considered in the initial measurement of the right-of-use asset. Pursuant to IFRS 16, right-of-use assets are recognised as property, plant and equipment and amortised over the shorter of the term of the lease or the useful life using the straight-line method. Obligations entered into within the scope of leases are measured at the present value of the future lease payments and recognised as financial liabilities. The lease payments are divided into principal and interest components using the effective interest method. In the period under review, as a result of the introduction of IFRS 16, depreciation and amortisation increased by €58 million and interest expenses increased by €17 million in the period under review. The discontinuation of the recognition of nominal lease payments as an expense provided adjusted EBITDA in the period under review with relief of roughly the same amount, as a result of which net income was not affected significantly.

The obligations from operating leases as of 31 December 2018 lead to the following reconciliation to the opening balance of lease liabilities as of 1 January 2019:

Initial application of IFRS 16: reconciliation	€ million
Obligations from operating leases as of 31 Dec 2018	**572**
Simplified application for short-term leases	-10
Lease instalments related to contractually agreed leases that have not yet commenced	-67
Other differences	-3
Nominal value of lease liabilities as of 1 Jan 2019	492
Effect of discounting lease liabilities	-139
Lease liabilities recognised as of 1 Jan 2019 due to the initial application of IFRS 16	**353**
Finance lease liabilities as of 31 Dec 2018	241
Total lease liabilities as of 1 Jan 2019	**594**

The 'Other differences' line item mainly consists of non-lease components exempted from recognition in the lease liabilities and differences due to changed term assessments pursuant to IFRS 16. Lease liabilities are discounted using the term and currency-specific incremental borrowing rate. The weighted average incremental borrowing rate was 3.7 % on the IFRS 16 initial application date.

The following amendments to standards and new interpretations mandatory for the RWE Group from fiscal 2019 onwards did not have any material effects on RWE's consolidated financial statements:

- Annual Improvements to IFRS Standards 2015–2017 Cycle (2017),
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (2017),
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures (2017),
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (2018),
- IFRIC 23 Uncertainty over Income Tax Treatments (2017).

IFRS 9 Financial Instruments – Physical Settlement of Contracts to Buy or Sell a Non-financial Item (Own Use Contracts)
The IFRS IC found within the scope of an agenda decision in March 2019 that physically settled contracts for the purchase or sale of non-financial items must be recognised at the market price applicable at settlement, as long as such contracts are not covered by an own use scope exception according to IFRS 9 Financial Instruments (referred to as 'failed own-use contracts'). The practice customary thus far has been to recognise the contracts at their settlement amount.

This caused revenue for fiscal 2018 to rise by €108 million, with the cost of materials declining by €149 million. In sum, this did not have an effect on earnings, because other operating expenses and other operating income dropped by €44 million and €301 million in this context.

IAS 12/IFRIC 23 – Uncertainty over Income Tax Treatments
At its meeting in September 2019, the IFRS IC found within the scope of an agenda decision that uncertain income tax items must be recognised as current tax liabilities.

In RWE's consolidated financial statements, this causes amounts previously recognized as tax provisions in other provisions to be reclassified to income tax liabilities. Prior-year figures were adjusted accordingly.

New accounting policies

The IASB issued further standards and amendments to standards, which were not yet mandatory in the EU in fiscal 2019. These standards and amendments to standards, which are not expected to have any material effects on RWE's consolidated financial statements, are listed below:

- IFRS 17 Insurance Contracts (2017),
- Amendments to References to the Conceptual Framework in IFRS Standards (2018),
- Amendment to IFRS 3 Business Combinations (2018),
- Amendments to IAS 1 and IAS 8 Definition of Material (2018),
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (2019),
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (2020).

IFRS 16 – Determining the Lease Term
At its meeting in November 2019, the IFRS IC established that both contractual penalties and other financial incentives must be considered when determining the binding term of a lease. Consideration of financial incentives can generally result in longer lease terms and, in turn, higher amounts recognised for right-of-use assets and lease liabilities.

The effects of the IFRS IC agenda decision on the consolidated financial statements of RWE are currently being determined. We plan to implement the IFRS IC agenda decision at the end of the first half of 2020.

Notes to the Income Statement

(1) Revenue

Revenue is recorded when the customer has obtained control over goods or services.

We recognise income from the sale of our in-house generation and the consumer business in revenue. Revenue from in-house generation is based on the sale price achieved through commercial optimisation. Consumer revenue is reported on a gross basis.

In the year under review, RWE generated external revenue of €7,455 million with the innogy Group and €1,472 million with the Centrica Group (previous year: gross revenue of €13,752 million from discontinued innogy operations) in the Supply & Trading segment.

A breakdown of revenue by division, geographical region and product is contained in the segment reporting on page 169 et seqq.

The item 'Natural gas tax/electricity tax' comprises the taxes paid directly by Group companies.

Certain performance obligations of the RWE Group were not yet or not yet fully met by the end of the fiscal year. The €4,276 million in revenue due from these performance obligations (previous year: €4,650 million) is expected to be received over the following three years. The receipt of this revenue will depend on when these performance obligations to the customer are met. It does not include future revenue from contracts with an original contractual term of twelve months or less.

(2) Other operating income

Other operating income € million	2019	2018
Income from own work capitalised	67	45
Income from changes in product inventories	30	
Release of provisions	10	57
Cost allocations/refunds	116	63
Disposal and write-back of current assets (excluding marketable securities)		4
Disposal and write-back of non-current assets including income from deconsolidation	525	103
Income from derivative financial instruments	897	107[1]
Compensation and insurance benefits	34	26
Income from leases	16	20
Miscellaneous	3,061	205
	4,756	**630**

1 Figure restated: The implementation of the failed own use IFRS IC agenda decision caused income from derivative financial instruments to drop by €301 million.

In the year under review, write-backs of €71 million were recognised for the Scottish biomass-fired power station Markinch in the European Power segment (recoverable amount: €0.2 billion). This was predominantly due to changed assumptions regarding subsidies in the renewable energy business. The write-ups were fully allocated to property, plant and equipment.

Furthermore, write-backs of €363 million were recognised for the German Gas and Hydroelectric Power Plants cash-generating unit along with the associated power purchase agreements in the European Power segment (recoverable amount: €0.5 billion). This was largely due to the new definition of cash-generating units in the European Power segment presented on page 118 et seq. All of the write-backs were allocable to property, plant and equipment.

In the previous year, write-backs of €38 million were made for onshore wind farms in Poland in the innogy – continuing operations segment (recoverable amount: €0.2 billion). This was primarily due to the rise in the prices of electricity and of green electricity certificates. Of the write-backs, €36 million was allocable to property, plant and equipment and €2 milion was allocable to operating rights recognised as intangible assets.

Miscellaneous income contained the compensatory payments of €2,600 million for the early exit from our lignite business awarded by the German government.

Income from the disposal of non-current financial assets and loans is disclosed under income from investments if it relates to investments; otherwise it is recorded as part of the financial result as is the income from the disposal of current marketable securities.

To improve the presentation of the development of business, we state unrealised and realised income from contracts measured at fair value of the Supply & Trading segment as net amounts. The net amount totalled €258 million (previous year: €42 million).

(3) Cost of materials

Cost of materials € million	2019	2018[1]
Cost of raw materials and of goods for resale	7,663	8,615
Cost of purchased services	1,415	1,383
	9,078	**9,998**

1 Figure restated: due to changes in income recognition in relation to derivative transactions, the cost of materials decreased by €90 million. The implementation of the failed own use IFRS IC agenda decision caused it to drop by a further €149 million.

The cost of materials primarily includes expenses for the input materials of power plants. Expenses for coal of €195 million (previous year: €370 million) were recognised at the market price prevailing at settlement.

In the year under review, an impairment of €21 million (previous year: €4 million) was recognised for coal inventories due to a drop in market prices.

(4) Staff costs

Staff costs € million	2019	2018
Wages and salaries	2,124	1,487
Cost of social security, pensions and other benefits	402	408
	2,526	**1,895**

Number of employees	2019	2018
Employees covered by collective agreements and other employees	28,214	45,333
Employees not covered by collective agreements	9,868	13,108
	38,082	**58,441**

The number of employees is arrived at by conversion to full-time positions, meaning that part-time and fixed-term employment relationships are included in accordance with the ratio of the part-time work or the duration of the employment to the annual employment time.

The stated number of employees (average for the year) encompasses the continuing innogy operations, the acquired E.ON operations and – until and including Q2 2019 – the discontinued innogy operations. The discontinued innogy operations account for 14,663 wage earners and other personnel (previous year: 32,232) and 4,561 salaried staff (previous year: 8,614). On average, 1,280 trainees were employed (previous year: 2,031), of which 659 (previous year: 1,452) were assigned to the innogy – discontinued operations segment.

(5) Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses € million	2019	2018
Intangible assets	107	26
Property, plant and equipment	3,059	922
	3,166	**948**

Depreciation, amortisation and impairment losses contain the following impairments:

Impairments € million	2019	2018
Intangible assets	46	
Property, plant and equipment	1,922	47
	1,968	**47**

The legal steps to reduce and end electricity generation from lignite and hard coal in Germany that are materialising resulted in the split-up and spin-off of the two former Lignite & Nuclear and German Power Plant Portfolio cash-generating units in the European Power segment. In so doing, RWE is reacting to the changing regulatory environment and the resulting consequences for electricity sales.

The impairment test performed in the Lignite & Nuclear segment for this reason resulted in the recognition of an impairment loss of €400 million (recoverable amount: –€0.2 billion) for the new Hambach cash-generating unit, of €114 million for the new Inden cash-generating unit (recoverable amount: €0.0 billion) and of €253 million for the new Garzweiler cash-generating unit (recoverable amount: €1.3 billion). These effects are solely due to the agreement reached with the German government to phase out electricity generation from lignite early. The assets are distributed among the new cash-generating units based on their association with lignite or nuclear energy, with the lignite assets being further distinguished by their geographical, logistical and technical circumstances. €240 million in impairments are attributable to changes in provisions that were capitalised in the 'property, plant and equipment' item.

Moreover, the impairment test performed in the European Power segment led to reversals of write-downs of €363 million for the new Gas and Hydroelectric Power Plants cash-generating unit along with the associated power purchase agreements, which was recognised in other operating income (recoverable amount: €0.5 billion). For the first time, the recoverable amount was calculated separately for each of the assets in the hard coal business, owing to the changed regulatory environment. This resulted in impairment losses of €76 million (recoverable amount: €0.2 billion). These effects stem from the compensation lost due to the spin-off of the hard coal-fired power stations along with the associated power purchase agreements from the former cash-generating unit. The latter were also valued separately for the first time.

In addition, an impairment loss of €693 million (recoverable amount: €1.1 billion) was recognised for the Dutch Power Plant Portfolio cash-generating unit in the European Power segment. This was due to the early phase-out of electricity generation from hard coal in the Netherlands.

In the previous year, a €29 million impairment was recognised for the UK power station Staythorpe in the European Power segment (recoverable amount: €0.3 billion).

In the innogy – continuing operations segment, an impairment loss of €225 million was recognised for the Nordsee Ost offshore wind farm (recoverable amount: €0.6 billion). This primarily resulted from changed price and cost expectations.

Furthermore, an impairment loss of €69 million was recognised for gas storage facilities (of which €65 million for property, plant and equipment and €4 million for intangible assets) in the innogy – continuing operations segment, primarily due to changed price expectations (recoverable amount: €0.0 billion).

Other impairments on intangible assets and property, plant and equipment were recognised primarily on the basis of cost increases and changes in price expectations.

Recoverable amounts are generally determined on the basis of fair values less costs to sell; in the innogy – continuing operations segment, they are also determined on the basis of values in use. Fair values are determined using valuation models based on planned cash flows. In the fiscal year, the valuation models were based on discount rates (after taxes) in the range of 2.50 % to 4.75 %. In the innogy – continuing operations segment, they are based on discount rates (before taxes) of 3.90 % and 4.25 %. In the previous year, the valuation model for the UK power station Staythorpe used a discount rate of 4.75 %. Our key planning assumptions relate to the development of wholesale prices of electricity, crude oil, natural gas, coal and CO_2 emission allowances, retail prices of electricity and gas, market shares and regulatory framework conditions. Based on the use of internal planning assumptions, the determined fair values are assigned to Level 3 of the fair value hierarchy.

(6) Other operating expenses

Other operating expenses € million	2019	2018
Expenses associated with changes in product inventories		5
Maintenance and renewal obligations	505	465
Additions to provisions/reversals	1,814	- 196
Structural and adaptation measures	151	33
Legal and other consulting and data processing services	273	166
Disposal of current assets and decreases in values (excluding decreases in the value of inventories and marketable securities)	4	8
Disposal of non-current assets including expenses from deconsolidation	24	56
Insurance, commissions, freight and similar distribution costs	61	59
General administration	65	56
Expenses from derivative financial instruments	70	[1]
Expenses from leases	42	48
Fees and membership dues	65	61
Exchange rate losses	1	3
Other taxes (primarily on property)	29	27
Miscellaneous	150	115
	3,254	**906**

1 Figure restated: The implementation of the failed own use IFRS IC agenda decision caused expenses from derivative financial instruments to drop by €44 million .

Additions to provisions in fiscal 2019 primarily relate to the nuclear energy and mining business (see commentary on page 146 et seqq.).

(7) Income from investments

Income from investments includes all income and expenses which have arisen in relation to operating investments. It is comprised of income from investments accounted for using the equity method and other income from investments.

Income from investments € million	2019	2018
Income from investments accounted for using the equity method	**321**	**211**
Income from non-consolidated subsidiaries	1	- 45
Income from other investments	1	- 6
Income from the disposal of investments	5	
Income from loans to investments	1	9
Other income from investments	**8**	**- 42**
	329	**169**

(8) Financial result

Financial result € million	2019	2018
Interest and similar income	185	166
Other financial income	503	306
Financial income	**688**	**472**
Interest and similar expenses	258	180
Interest accretion to		
Provisions for pensions and similar obligations (including capitalised surplus of plan assets)	49	45
Provisions for nuclear waste management as well as to mining provisions	723	183
Other provisions	109	36
Other finance costs	487	437
Finance costs	**1,626**	**881**
	-938	**-409**

The financial result breaks down into net interest, interest accretion to provisions, other financial income and other finance costs.

Interest accretion to provisions contains the annual amounts of accrued interest. It is reduced by the imputed interest income on plan assets for the coverage of pension obligations. Due to the early end of electricity generation from lignite resulting from the German coal phase-out, the real discount rate used to calculate provisions for mining damage was reduced and the associated increase in the net present value of obligations of €463 million was recognised as an expense in the interest accretion to additions to provisions.Interest expenses incurred for lease liabilities amounted to €26 million in the year under review.

Net interest essentially includes interest income from interest-bearing securities and loans, income and expenses relating to marketable securities, and interest expenses.

In the year under review, €39 million in borrowing costs were capitalised as costs in connection with the acquisition, construction or production of qualifying assets (previous year: €9 million). The underlying capitalisation rate ranged from 3.7 % to 4.0 % (previous year: from 4.4 % to 4.8 %).

Net interest € million	2019	2018
Interest and similar income	185	166
Interest and similar expenses	258	180
	-73	**-14**

Net interest stems from financial assets and liabilities, which were allocated to the following measurement categories pursuant to IFRS 9:

Interest result by category € million	2019	2018
Debt instruments measured at amortised cost	123	108
Financial instruments measured at fair value through profit or loss	30	30
Debt instruments measured at fair value through other comprehensive income	16	14
Equity instruments measured at fair value through other comprehensive income	16	14
Financial liabilities measured at (amortised) cost	-258	-180
	-73	**-14**

Other financial income includes €19 million in gains realised from the disposal of marketable securities (previous year: €6 million). Of the other finance costs, €5 million (previous year: €13 million) stem from realised losses on the disposal of marketable securities.

(9) Taxes on income

Taxes on income € million	2019	2018
Current taxes on income	-136	122
Deferred taxes	44	-19
	-92	**103**

Of the deferred taxes, €29 million is related to temporary differences (previous year: -€2 million). In the year under review, changes in valuation allowances for deferred tax assets amounted to €572 million (previous year: -€73 million).

Current taxes on income contain €74 million in net tax income (previous year: expense of €30 million) relating to prior periods.

Due to the utilisation of tax loss carryforwards unrecognised in prior years, current taxes on income were reduced by €37 million (previous year: €28 million).

Income taxes recognised in other comprehensive income € million	2019	2018
Fair valuation of equity instruments	-3	
Fair valuation of debt instruments	-12	7
Fair valuation of financial instruments used for hedging purposes	-288	-1,442
Actuarial gains and losses of defined benefit pension plans and similar obligations[1]	176	410
	-127	**-1,025**

1 Including valuation allowances.

Taxes in the amount of €394 million (previous year: -€61 million) were offset directly against equity.

Tax reconciliation € million	2019	2018
Income before tax	**-752**	**49**
Theoretical tax expense	**-245**	**16**
Differences to foreign tax rates	-37	-28
Tax effects on		
Tax-free dividends	-49	-38
Other tax-free income	-10	-21
Expenses not deductible for tax purposes	30	42
Accounting for associates using the equity method (including impairment losses on associates' goodwill)	-55	-24
Unutilisable loss carryforwards, utilisation of unrecognised loss carryforwards, write-downs on loss carryforwards, recognition of loss carryforwards	175	-14
Income on the disposal of investments	-48	12
Changes in foreign tax rates	29	-3
Other allowances for deferred taxes in the RWE AG tax group	207	172
Other	-89	-11
Effective tax expense	**-92**	**103**
Effective tax rate in %	12.2	210.2

The theoretical tax expense is calculated using the tax rate for the RWE Group of 32.6% (previous year: 32.6%). This is derived from the prevailing 15% corporate tax rate, the solidarity surcharge of 5.5%, and the Group's average local trade tax rate.

Notes to the Balance Sheet

(10) Intangible assets

Intangible assets € million	Development costs	Concessions, patent rights, licences and similar rights	Customer relationships and similar assets	Goodwill	Prepayments	Total
Cost						
Balance at 1 Jan 2019	36	2,214	1	1,718	9	3,978
Additions/disposals due to changes in the scope of consoli-dation	1	1,601	295	653		2,550
Additions	2	22			2	26
Transfers	1	5			-5	1
Currency translation adjustments		80	5	15		100
Disposals		5				5
Balance at 31 Dec 2019	40	3,917	301	2,386	6	6,650
Accumulated amortisation/ impairment losses						
Balance at 1 Jan 2019	33	1,751	1			1,785
Additions/disposals due to changes in the scope of consolidation	-2	-57				-59
Amortisation/impairment losses in the reporting period	4	98	5			107
Currency translation adjustments	1	7				8
Balance at 31 Dec 2019	36	1,799	6			1,841
Carrying amounts						
Balance at 31 Dec 2019	4	2,118	295	2,386	6	4,809

Intangible assets € million	Development costs	Concessions, patent rights, licences and similar rights	Customer relationships and similar assets	Goodwill	Prepayments	Total
Cost						
Balance at 1 Jan 2018	837	3,054	2,810	11,671	31	18,403
Additions/disposals due to changes in the scope of consolidation	-821	-890	-2,812	-9,929	-3	-14,455
of which: stated as 'held for sale'	-821	-999	-2,812	-9,929	-3	-14,564
Additions	42	37			6	85
Transfers	2	29			-25	6
Currency translation adjustments	1	-15	3	-24		-35
Disposals	25	1				26
Balance at 31 Dec 2018	36	2,214	1	1,718	9	3,978
Accumulated amortisation/ impairment losses						
Balance at 1 Jan 2018	489	2,493	2,564	474		6,020
Additions/disposals due to changes in the scope of consolidation	-460	-792	-2,579	-475		-4,306
of which: stated as 'held for sale'	-460	-792	-2,579	-475		-4,306
Amortisation/impairment losses in the reporting period	29	63	13			105
Currency translation adjustments		-10	3	1		-6
Disposals	25	1				26
Write-ups		2				2
Balance at 31 Dec 2018	33	1,751	1			1,785
Carrying amounts						
Balance at 31 Dec 2018	3	463		1,718	9	2,193

In the reporting period, the RWE Group's total expenditures on research and development amounted to €25 million (previous year: €116 million).

Goodwill breaks down as follows:

Goodwill € million	31 Dec 2019	31 Dec 2018
Acquired E.ON operations	653	
innogy – continuing operations[1]	727	712
Supply & Trading	1,006	1,006
	2,386	**1,718**

1 Goodwill is solely allocable to the renewable energy activities recognised in 'innogy – continuing operations'.

In the year under review, goodwill increased by €653 million as a result of the first-time consolidation of the acquired E.ON operations. This goodwill passed the impairment test in the fourth quarter. In the previous year, goodwill increased by €0 million as a result of first-time consolidations.

In the third quarter of every fiscal year, an impairment test is performed to determine if there is any need to write down goodwill. In the course of this, goodwill is allocated to the cash-generating units.

The recoverable amount of the cash-generating unit is determined, which is defined as the higher of fair value less costs to sell or value in use. Fair value is the best estimate of the price that an independent third party would pay to purchase the cash-generating unit as of the balance-sheet date. Value in use reflects the present value of the future cash flows which are expected to be generated with the cash-generating unit.

Fair value less costs to sell is assessed from an external perspective and value in use from a company-internal perspective. Values are determined using a business valuation model, based on planned future cash flows. These cash flows, in turn, are based on the business plan, as approved by the Executive Board and valid at the time of the impairment test. They pertain to a detailed planning period of three years. In certain justifiable cases, a longer detailed planning period is taken as a basis, insofar as it is necessary due to economic or regulatory conditions. The cash flow plans are based on experience as well as on expected market trends in the future. If available, market transactions in the same sector or third-party valuations are taken as a basis for determining fair value. Based on the use of internal planning assumptions, the determined fair values are assigned to Level 3 of the fair value hierarchy.

Mid-term business plans are based on country-specific assumptions regarding the development of key economic indicators such as gross domestic product, consumer prices, interest rate levels and nominal wages. These estimates are, amongst others, derived from macro- economic and financial studies.

Our key planning assumptions for the business segments active in electricity and gas markets relate to the development of wholesale prices of electricity, crude oil, natural gas, coal and CO_2 emission allowances, retail prices of electricity and gas, market shares and regulatory framework conditions.

The discount rates used for business valuations are determined on the basis of market data. During the period under review, they were 5.50 % (previous year: 5.25 %) for the Supply & Trading and 4.00 % (previous year: 4.25 %) for the innogy – continuing operations cash-generating units.

We do not base the extrapolation of future cash flows going beyond the detailed planning period on growth rates. The growth rate for each division is generally derived from experience and expectations of the future and does not exceed the long-term average growth rates of the respective markets in which the Group companies are active. The annual cash flows assumed for the years after the detailed planning period include as a deduction capital expenditure in the amount necessary to maintain the scope of business.

As of the balance-sheet date, the recoverable amounts of the cash-generating units – determined as the fair value less costs to sell – were higher than their carrying amounts. The surpluses react especially sensitively to changes in the discount rate, the growth rate and cash flows in terminal value.

The Supply & Trading cash-generating unit exhibited the smallest surplus of recoverable amount over the carrying amounts. The recoverable amount was €1.4 billion higher than the carrying amount. Impairment would have been necessary if the calculations had used an after-tax discount rate increased by more than 3.2 percentage points to above 8.7 %, a growth rate decreased by more than 3.9 percentage points to below – 3.9 %, or cash flows reduced by more than €86 million in terminal value.

(11) Property, plant and equipment

Property, plant and equipment € million	Land, land rights and buildings incl. buildings on third-party land	Technical plant and machinery	Other equipment, factory and office equipment	Prepayments and plants under construction	Total
Cost					
Balance at 1 Jan 2019	4,868	43,733	934	2,061	51,596[1]
Additions/disposals due to changes in the scope of consolidation	282	3,863	19	1,450	5,614
Additions	300	1,153	66	1,077	2,596
Transfers	1	217	13	-239	-8
Currency translation adjustments	23	401	4	42	470
Disposals	151	683	47	14	895
Balance at 31 Dec 2019	5,323	48,684	989	4,377	59,373
Accumulated depreciation/impairment losses					
Balance at 1 Jan 2019	3,073	34,214	756	791	38,834
Additions/disposals due to changes in the scope of consolidation	-51	-640	-12		-703
Amortisation/impairment losses in the reporting period	222	2,685	64	88	3,059
Transfers	-6	-2	5	-1	-4
Currency translation adjustments	8	169	4		181
Disposals	91	509	47	5	652
Additions	27	412			439
Balance at 31 Dec 2019	3,128	35,505	770	873	40,276
Carrying amounts					
Balance at 31 Dec 2019	2,195	13,179	219	3,504	19,097

Property, plant and equipment € million	Land, land rights and buildings incl. buildings on third-party land	Technical plant and machinery	Other equipment, factory and office equipment	Prepayments and plants under construction	Total
Cost					
Balance at 1 Jan 2018	7,325	74,280	2,123	2,317	86,045
Additions/disposals due to changes in the scope of consolidation	-2,740	-30,747	-1,238	-845	-35,570
of which: stated as 'held for sale'	-2,738	-30,708	-1,238	-859	-35,543
Additions	65	665	74	1,014	1,818
Transfers	45	283	-2	-332	-6
Currency translation adjustments	-42	-294	-7	-10	-353
Disposals	109	478	35	69	691
Balance at 31 Dec 2018	4,544	43,709	915	2,075	51,243
Accumulated depreciation/impairment losses					
Balance at 1 Jan 2018	4,555	54,187	1,505	851	61,098
Additions/disposals due to changes in the scope of consolidation	-1,455	-20,646	-803	-1	-22,905
of which: stated as 'held for sale'	-1,453	-20,580	-803	-1	-22,837
Amortisation/impairment losses in the reporting period	66	1,209	93	7	1,375
Transfers	1	-1			
Currency translation adjustments	-20	-149	-4		-173
Disposals	69	352	35	65	521
Additions	5	34		1	40
Balance at 31 Dec 2018	3,073	34,214	756	791	38,834
Carrying amounts					
Balance at 31 Dec 2018	1,471	9,495	159	1,284	12,409

1 Including the effect of the initial adoption of IFRS 16 in the amount of €353 million.

Property, plant and equipment in the amount of €1,024 million (previous year: €504 million) were subject to restrictions from land charges, chattel mortgages or other restrictions. Disposals of property, plant and equipment resulted from sale or decommissioning.

Property, plant and equipment includes owned assets as well as right-of-use assets from leases of which RWE is the lessee.

These leases primarily comprise long-term rights of use to leased office buildings and land (e.g. leaseholds, properties for renewable energy production) and rights of use to leased assets relating to vehicle fleets and power plants.

The following table shows the development of right-of-use assets recognised in property, plant and equipment:

Right-of-use assets € million	Balance at: 1 Jan 2019	Additions	Depreciation, amortisation and impairments	Disposals	Other changes[1]	Balance at: 31 Dec 2019
Cost						
Buildings	51	30	12		1	70
Land	274	142	25	4	279	666
Technical plant and machinery	8	37	5	4	7	43
Pumped storage power stations	27	31	1		204	261
Vehicle fleet	8	7	6		9	18
Other plant, factory and office equipment	12	23	12			23
	380	**270**	**61**	**8**	**500**	**1,081**

1 Other changes comprise transfers, additions, currency translation adjustments as well as additions and disposals in the scope of consolidation.

Disclosure on the corresponding lease liabilities and interest expenses can be found in Notes (8) Financial result, (23) Financial liabilities and (27) Reporting on financial instruments.

In addition, leases had the following effect on the RWE Group's earnings and cash flows in the year under review:

Effects of leases on income and cash flows € million	2019
RWE as lessee	
Expenses from short-term leases	14
Expenses from variable lease payments not considered in the measurement of lease liabilities	18
Total cash outflows from leases	60
RWE as lessor	
Income from operating leases	13

Leases primarily relating to office buildings that have been contractually agreed, but not begun yet, lead to future lease payments of €195 million. Moreover, potential lease payments predominantly relating to leases of wind farm space were disregarded when valuing lease liabilities. This relates to €471 million in variable payments which may come due depending on generation volumes and €100 million in potential payments associated with extension and termination options.

In addition to right-of-use assets, property, plant and equipment also include land and buildings leased as operating leases by RWE as lessor. The carrying amount of these assets totalled €193 million as of 31 December 2019.

The following payment claims resulted from these operating leases:

Nominal Lease payments from operating leases € million	
Due in up to 1 year	4
Due in > 1 to 2 years	7
Due in > 2 to 3 years	6
Due in > 3 to 4 years	6
Due in > 4 to 5 years	6
Due after 5 years	55

(12) Investments accounted for using the equity method

Information on material and non-material investments in associates and joint ventures accounted for using the equity method is presented in the following summaries:

Material investments accounted for using the equity method	Amprion GmbH, Dortmund		KELAG-Kärntner Elektrizitäts-AG/ Kärntner Energieholding Beteiligungs GmbH (KEH), Klagenfurt (Austria)	
€ million	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Balance sheet[1]				
Non-current assets	5,225	4,192	1,664	1,630
Current assets	1,825	2,906	383	373
Non-current liabilities	2,012	1,401	869	857
Current liabilities	2,496	3,555	285	276
Share of equity[2]	638	538	383	365
Goodwill			198	198
Carrying amounts	638	538	581	563
Statement of comprehensive income[1]				
Revenue	14,773	13,495	1,285	1,172
Income	523	372	93	79
Other comprehensive income	-22	-17	-15	-1
Total comprehensive income	501	355	78	78
Dividends (prorated)	25	25	15	15
RWE shareholding	25%	25%	49%	49%

1 Figures based on a shareholding of 100% in KEH.
2 Figures based on proportional share of equity in KEH and Kelag.

Amprion GmbH, headquartered in Dortmund, Germany, is a transmission system operator (TSO) for the electricity sector, pursuant to the German Energy Act (EnwG). Amprion's main shareholder is a consortium of financial investors led by Commerz Real, a subsidiary of Commerzbank.

KELAG-Kärntner Elektrizitäts-AG, headquartered in Klagenfurt, Austria, is a leading Austrian energy supplier in the fields of electricity, district heating and natural gas. RWE has an economic interest of 49% in Kärntner Energieholding Beteiligungs GmbH (KEH), which is Kelag's largest shareholder and is assigned to innogy – continuing operations.

Non-material investments accounted for using the equity method	Associates		Joint ventures	
€ million	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Income (pro-rata)	58	27	88	56
Other comprehensive income	41	8	16	
Total comprehensive income	99	35	104	56
Carrying amounts	246	142	1,771	224

The RWE Group holds shares with a book value of €3 million (previous year: €3 million) in associates and joint ventures, which are subject to temporary restrictions or conditions in relation to their distributions of profits, due to provisions of loan agreements.

(13) Other non-current financial assets

Other financial assets encompass non-consolidated subsidiaries, other investments and non-current securities.

The rise in other financial assets in fiscal 2019 was primarily due to the addition of the stake in E.ON SE within the scope of the sale of discontinued innogy operations.

Non-current securities amounting to €29 million and €4 million (previous year: €31 million and €4 million) were deposited in a trust account for RWE AG and its subsidiaries, in order to cover credit balances stemming from the block model for pre-retirement part-time work, pursuant to Sec. 8a of the Pre-Retirement Part-Time Work Act (AltTZG) and from the management of long-term working hours accounts pursuant to Sec. 7e of the German Code of Social Law (SGB IV), respectively. This coverage applies to the employees of RWE AG as well as to the employees of Group companies.

(14) Financial receivables

Financial receivables	31 Dec 2019		31 Dec 2018	
€ million	Non-current	Current	Non-current	Current
Loans to non-consolidated subsidiaries and investments	103	1	82	1
Collateral for trading activities		1,638		2,458
Other financial receivables				
Accrued interest		39		89
Miscellaneous other financial receivables	25	681	28	234
	128	**2,359**	**110**	**2,782**

Companies of the RWE Group deposited collateral for the trading activities stated above for exchange-based and over-the-counter transactions. These are to guarantee that the obligations from the transactions are discharged even if the development of prices is not favourable for RWE. Regular replacement of the deposited collateral depends on the contractually agreed thresholds, above which collateral must be provided for the market value of the trading activities.

(15) Other receivables and other assets

Other receivables and other assets	31 Dec 2019		31 Dec 2018	
€ million	Non-current	Current	Non-current	Current
Derivatives	661	11,447	704	6,567
Capitalised surplus of plan assets over benefit obligations	153		213	
Prepayments for items other than inventories		144		137
CO_2 emission allowances		407		329
Miscellaneous other assets	2,506	758	29	375
	3,320	**12,756**	**946**	**7,408**
of which: financial assets	824	11,564	924	6,684
of which: non-financial assets	2,496	1,192	22	724

The financial instruments reported under miscellaneous other assets are measured at amortised cost. Derivative financial instruments are stated at fair value. The carrying values of exchange-traded derivatives with netting agreements are offset.

€2,600 million of the miscellaneous other assets comprise the compensatory payments for the early exit from our lignite business awarded by the German government.

Furthermore, €43 million of the miscellaneous other assets (previous year: €7 million in other liabilities) were allocable to government grants awarded in relation with co-firing biomass in two Dutch power plants.

(16) Deferred taxes

Deferred tax assets and liabilities principally stem from the fact that measurements in the IFRS statements differ from those in the tax bases. As of 31 December 2019, no deferred tax liabilities were recognised for the difference between net assets and the carrying value of the subsidiaries and associates for tax purposes (known as 'outside basis differences') in the amount of €969 million (previous year: €618 million), as it is neither probable that there will be any distributions in the foreseeable future, nor will the temporary differences reduce in the foreseeable future. €5,316 million and €6,166 million of the gross deferred tax assets and liabilities, respectively, will be realised within twelve months (previous year: €5,335 million and €6,254 million).

The following is a breakdown of deferred tax assets and liabilities by item:

Deferred taxes	31 Dec 2019		31 Dec 2018	
€ million	Assets	Liabilities	Assets	Liabilities
Non-current assets	1,157	2,506	815	938
Current assets	1,450	3,876	2,101	3,009
Exceptional tax items		47		58
Non-current liabilities				
Provisions for pensions	148	40	139	41
Other non-current liabilities	487	50	289	194
Current liabilities	3,866	2,290	3,234	3,245
	7,108	**8,809**	**6,578**	**7,485**
Tax loss carryforwards				
Corporate income tax (or comparable foreign income tax)	125		77	
Trade tax	23		16	
Gross total	**7,256**	**8,809**	**6,671**	**7,485**
Netting	-6,550	-6,550	-5,847	-5,847
Net total	**706**	**2,259**	**824**	**1,638**

As of 31 December 2019, RWE reported deferred tax claims which exceeded the deferred tax liabilities by €144 million (previous year: €56 million), in relation to companies which suffered a loss in the current or previous period. The basis for the recognition of deferred tax assets is the judgement of the management that it is likely that the companies in question will generate taxable earnings, against which unutilised tax losses and deductible temporary differences can be applied.

The capitalised tax reduction claims from loss carryforwards result from the expected utilisation of previously unused tax loss carryforwards in subsequent years.

It is sufficiently certain that these tax carryforwards will be realised. At the end of the reporting period, corporate income tax loss carryforwards and trade tax loss carryforwards for which no deferred tax claims have been recognised amounted to €1,492 million and €879 million, respectively (previous year: €1,463 million and €490 million). €569 million in corporate income tax loss carryforwards for which no deferred tax claims have been recognised will apply to the following eight years. The other loss carryforwards do not have any time limits, but they are mostly not expected to be used.

As of 31 December 2019, temporary differences for which no deferred tax assets were recognised amounted to €12,791 million (previous year: €11,180 million).

In the year under review, a deferred tax expense of €14 million arising from the currency translation of foreign financial statements was offset against equity (previous year: €5 million).

(17) Inventories

Inventories € million	31 Dec 2019	31 Dec 2018
Raw materials, incl. nuclear fuel assemblies and earth excavated for lignite mining	728	723
Work in progress – goods/services	33	37
Finished goods and goods for resale	839	872
Prepayments	-15	-1
	1,585	**1,631**

The carrying amount of inventories acquired for resale purposes was €605 million (previous year: €33 million). In the year under review, the entire amount related to gas inventories (previous year: €29 million). In the previous year, €4 million of this sum was attributable to coal inventories.

The fair value of gas and coal inventories is determined every month on the basis of the current price curves of the relevant indices for gas (e.g. NCG) and coal (e.g. API#2). The valuations are based on prices which can be observed directly or indirectly (Level 2 of the fair value hierarchy). Differences between the fair value and the carrying value of inventories acquired for resale purposes are recognised on the income statement at the end of the month.

(18) Marketable securities

Of the current marketable securities, €2,809 million were fixed-interest marketable securities (previous year: €3,226 million) with a maturity of more than three months from the date of acquisition, and €449 million were stocks and profit-participation certificates (previous year: €383 million). Marketable securities are stated at fair value.

(19) Cash and cash equivalents

Cash and cash equivalents € million	31 Dec 2019	31 Dec 2018
Cash and demand deposits	3,192	3,521
Marketable securities and other cash investments (maturity less than three months from the date of acquisition)		2
	3,192	**3,523**

RWE keeps demand deposits exclusively for short-term cash positions. For cash investments, banks are selected on the basis of various creditworthiness criteria. Such criteria include their rating from one of the three renowned rating agencies – Moody's, Standard & Poor's and Fitch – as well as their equity capital and the prices for credit default swaps. As in the previous year, interest rates on cash and cash equivalents were at market levels in 2019.

(20) Equity

A breakdown of fully paid-up equity is shown on page 102 et seq.
The subscribed capital of RWE AG is structured as follows:

Subscribed capital	31 Dec 2019 Number of shares		31 Dec 2018 Number of shares		31 Dec 2019 Carrying amount	31 Dec 2018 Carrying amount
	in '000	in %	in '000	in %	€ million	€ million
Common shares	614,745	100.0	575,745	93.7	1,574	1,474
Preferred shares			39,000	6.3		100
	614,745	**100.0**	**614,745**	**100.0**	**1,574**	**1,574**

Pursuant to resolutions passed by the Annual General Meeting and the Preferred Shareholders Meeting on 3 May 2019 as well as the entry of the amendment to the Articles of Incorporation in the Commercial Register on 28 June 2019, all of the 39,000,000 non-voting preferred shares in RWE AG were converted to voting common shares. The conversion was effected at a 1:1 ratio without additional payment. The number of common shares thus rose from 575,745,499 to 614,745,499.

The common shares are no-par-value bearer share certificates.

Pursuant to a resolution passed by the Annual General Meeting on 26 April 2018, the Executive Board was authorised to increase the company's capital stock with the Supervisory Board's approval by up to €314,749,693.44 until 25 April 2023 through the issue of up to 122,949,099 bearer common shares in return for contributions in cash and/or in kind (approved capital). In certain cases, with the approval of the Supervisory Board, the subscription rights of shareholders can be excluded.

Pursuant to a resolution passed by the Annual General Meeting on 26 April 2018, the Company was further authorised until 25 April 2023 to acquire any kind of shares of the Company up to a volume of 10% of the capital stock when the resolution on this authorisation was passed, or if the following is lower, when this authorisation is exercised. Based on the authorisation, the Executive Board is also authorised to cancel treasury shares without a further resolution by the Annual General Meeting. Moreover, the Executive Board is authorised to transfer or sell such shares to third parties under certain conditions and excluding shareholders' subscription rights.

Furthermore, treasury shares may be issued to holders of option or convertible bonds. The Executive Board is also authorised to use the treasury shares to discharge obligations from future employee share schemes; in this regard, shareholders' subscription rights shall be excluded.

No treasury shares were held as of 31 December 2019.

In fiscal 2019, RWE AG purchased a total of 305,216 RWE shares for a purchase price of €7,998,155.06 on the capital market. This is equivalent to €781,352.96 of the capital stock (0.05% of subscribed capital). Employees of RWE AG and its subsidiaries received a total of 305,216 shares for capital formation under the employee share plan. This generated total proceeds of €7,924,538.24. The difference to the purchase price was offset against freely available retained earnings.

On 6 February 2019, RWE cancelled the hybrid bond issued by Group companies that was previously classified as equity pursuant to IAS 32. The redemption in the amount of €869 million was effected on 20 March 2019 without refinancing the hybrid bond with fresh hybrid capital. The hybrid bond had a 7% coupon and a theoretically perpetual tenor.

As a result of equity capital transactions with subsidiary companies which did not lead to a change of control, the share of equity attributable to RWE AG's shareholders changed by a total of – €149 million (previous year: €491 million) and the share of equity attributable to other shareholders changed by a total of – €746 million (previous year: €258 million). This includes the effects of the acquisition of the 25 % and 12.5 % minority interests in the Gundremmingen and Emsland nuclear power stations operated by RWE held by the E.ON subsidiary Preussen Elektra (change in RWE AG shareholders' interest in Group equity of €58 million) and the effects of the acquisition of the 23.2 % minority interest in the continuing innogy operations (change in RWE AG shareholders' interest in Group equity of – €201 million).

Accumulated other comprehensive income reflects changes in the fair values of debt instruments measured at fair value through other comprehensive income, cash flow hedges and hedges of the net investment in foreign operations, as well as changes stemming from foreign currency translation adjustments from foreign financial statements.

As of 31 December 2019, the share of accumulated other comprehensive income attributable to investments accounted for using the equity method amounted to – €22 million (previous year: – €7 million).

During the reporting year, €523 million in differences from currency translation which had originally been recognised without an effect on income were realised as an expense (previous year: expense of €48 million).

Dividend proposal

We propose to the Annual General Meeting that RWE AG's distributable profit for fiscal 2019 be appropriated as follows:

Distribution of a dividend of €0.80 per share.

Dividend	€ 491,796,399.20
Profit carryforward	€ 61,201.42
Distributable profit	€ 491,857,600.62

Based on a resolution of RWE AG's Annual General Meeting on 3 May 2019, the dividend for fiscal 2018 amounted to €0.70 per dividend-bearing common and preferred share. The dividend payment to shareholders of RWE AG amounted to €430 million.

Non-controlling interests

The share ownership of third parties in Group entities is presented in this item.

The income and expenses recognised directly in equity (other comprehensive income – OCI) include the following non-controlling interests:

Non-controlling interests in OCI € million	2019	2018
Actuarial gains and losses of defined benefit pension plans and similar obligations	-138	-134
Pro-rata income and expenses of investments accounted for using the equity method	43	-2
Fair valuation of equity instruments	-10	-13
Income and expenses recognised directly in equity, not to be reclassified through profit or loss	**-105**	**-149**
Currency translation adjustment	267	11
Fair valuation of debt instruments	-3	-4
Fair valuation of financial instruments used for hedging purposes	-29	-5
Pro-rata income and expenses of investments accounted for using the equity method	2	
Income and expenses recognised directly in equity, to be reclassified through profit or loss in the future	**237**	**2**
	132	**-147**

(21) Share-based payment

For executives of RWE AG and innogy SE as well as of affiliated companies, Long Term Incentive Plans (LTIPs) are in place as share-based payment systems known as Strategic Performance Plans (SPPs) and the predecessor model Beat 2010, which is being phased out. The expenses associated with these are borne by the Group companies which employ the persons holding notional stocks.

The LTIP SPP was introduced in 2016. It uses an internal performance target (net income of relevance to remuneration) derived from the mid-term planning and takes into account the development of RWE AG's and innogy SE's share price. Executives receive conditionally granted virtual shares (performance shares). The final number of virtual shares in a tranche is determined based on the achievement of the adjusted net income target. Each of the issued LTIP SPP tranches has a term of four years before payment is possible. The prerequisite for participating in the plan was the renouncement of the options of the predecessor model Beat 2010 which had not yet lapsed. The large majority of the participants made such renouncement declarations. The plan has expired with the exception of some immaterial remaining components.

<table>
<tr><th>RWE AG SPP</th><th>2016 tranche</th><th>2017 tranche</th><th>2018 tranche</th><th>2019 tranche</th></tr>
<tr><td>Start of term</td><td>1 Jan 2016</td><td>1 Jan 2017</td><td>1 Jan 2018</td><td>1 Jan 2019</td></tr>
<tr><td>Number of conditionally granted performance shares</td><td>486,436</td><td>1,338,027</td><td>883,974</td><td>932,889</td></tr>
<tr><td>Term</td><td>4 years</td><td>4 years</td><td>4 years</td><td>4 years</td></tr>
<tr><td>Performance target</td><td>Adjusted net income</td><td>Adjusted net income</td><td>Adjusted net income</td><td>Adjusted net income</td></tr>
<tr><td>Cap/number of performance shares</td><td>150%</td><td>150%</td><td>150%</td><td>150%</td></tr>
<tr><td>Cap/payment amount</td><td>200%</td><td>200%</td><td>200%</td><td>200%</td></tr>
<tr><td>Determination of payment</td><td colspan="4">The payment amount is calculated on the basis of the determined number of performance shares multiplied by the sum of
a) the mathematical average of the closing share price of the RWE common share (ISIN DE 000703129), with all available decimal places, in Xetra trading of Deutsche Börse AG (or a successor trading system which subsequently takes the place of the Xetra system) for the last 30 trading days prior to the end of the vesting period rounded according to standard commercial practice to two decimal places, and
b) the dividends paid per share for the fiscal years between the determination of the final number of performance shares and the end of the vesting period. Dividends do not bear interest and are not reinvested. If a dividend payment occurs during the 30-day period for calculating the share price in accordance with item a), the share prices of the trading days leading up to the payment (CUM share prices) are adjusted by the dividend, as the dividend would otherwise be considered twice.
Payment amount = (number of finally granted performance shares) x (mathematical average of the share price + dividends paid)
The payment amount calculated in this manner is limited to no more than 200% of the grant amount.</td></tr>
<tr><td>Change in corporate control/merger</td><td colspan="4">A change in corporate control ('change of control') shall occur if
a) a shareholder gains control in accordance with Sec. 29 of the German Securities Acquisition and Takeover Act (WpÜG) by holding at least 30% of the voting rights including third-party voting rights attributable to it in accordance with Sec. 30 WpÜG, or
b) a control agreement in accordance with Sec. 291 of the Stock Corporation Act (AktG) is concluded with RWE AG as the dependent company, or
c) RWE AG is merged with another legal entity that does not belong to the Group in accordance with Sec. 2 of the German Company Transformation Act (UmwG), unless the value of the other legal entity is less than 50% of the value of RWE AG based on the agreed conversion rate; in such a case, item a) shall not apply.
In the event of a change of control, all of the performance shares which have been fully granted and have not been paid out shall be paid out early. The payment amount is determined according to the exercise conditions, with the deviation that the last 30 trading days prior to the announcement of the change in control is to be used; plus the dividends paid per share in the fiscal years between the determination of the final number of performance shares and the time of the change in control. The payment amount calculated in this manner shall be paid to the plan participant together with his or her next salary payment.
All conditionally granted performance shares as of the effective date of the change of control shall lapse without consideration.</td></tr>
<tr><td>Form of settlement</td><td>Cash settlement</td><td>Cash settlement</td><td>Cash settlement</td><td>Cash settlement</td></tr>
<tr><td>Payment date</td><td>2020</td><td>2021</td><td>2022</td><td>2023</td></tr>
</table>

innogy SE SPP	2016 tranche	2017 tranche	2018 tranche	
Start of term	1 Jan 2016	1 Jan 2017	1 Jan 2018	
Number of conditionally granted performance shares	352,834	1,178,133	1,108,599	
Term	4 years	4 years	4 years	
Performance target	Adjusted net income	Adjusted net income	Adjusted net income	
Cap/number of performance shares	150%	150%	150%	
Cap/payment amount	200%	200%	200%	
Determination of payment	The payment amount is calculated on the basis of the determined number of finally granted performance shares multiplied by the sum of a) the mathematical average of the closing share price (including all available decimal places) of the innogy SE share (ISIN DE 000A2AADD2) in Deutsche Börse AG's Xetra trading (or a successor trading system which subsequently takes the place of the Xetra system) for the last 30 trading days prior to the end of the vesting period rounded to two decimal places according to standard commercial practice and b) the dividends paid per share for the fiscal years between the determination of the final number of performance shares and the end of the vesting period. Dividends do not bear interest and are not reinvested. If a dividend payment occurs during the 30-day period for calculating the share price in accordance with item a), the share prices of the trading days leading up to the payment (CUM share prices) are adjusted by the dividend, as the dividend would otherwise be considered twice. Payment amount = (number of finally granted performance shares) x (mathematical average of the share price + dividends paid) The payment amount calculated in this manner is limited to no more than 200% of the grant amount.			
Change in corporate control/merger	A change in corporate control ('change of control') shall occur if a) a shareholder obtains control in the sense of Sec. 29 of the German Securities Acquisition and Takeover Act (WpÜG) by acquiring at least 30% of the voting rights, including the voting rights of third parties which can be attributed to the shareholder pursuant to Sec. 30 of WpÜG, whereby RWE AG or an RWE Group company may no longer have control in the sense of Sec. 29 of WpÜG (30% of the voting rights), or b) a control agreement in accordance with Sec. 291 of the Stock Corporation Act (AktG) is concluded with a company which is not part of the RWE Group with innogy SE as the dependent company, or c) innogy SE is merged with another legal entity that does not belong to the Group in accordance with Sec. 2 of the German Company Transformation Act (UmwG), unless the value of the other legal entity is less than 50% of the value of innogy SE based on the agreed conversion rate; in such a case, item a) shall not apply. In the event of a change of control, all of the performance shares which have been fully granted and have not been paid out shall be paid out early. The payment amount is determined according to the exercise conditions, with the deviation that the last 30 trading days prior to the announcement of the change in control is to be used; plus the dividends paid per share in the fiscal years between the determination of the final number of performance shares and the time of the change in control. The payment amount calculated in this manner shall be paid to the plan participant together with his or her next salary payment. All conditionally granted performance shares as of the effective date of the change of control shall lapse without consideration.			
Form of settlement	Cash settlement	Cash settlement	Cash settlement	
Payment date	2020	2021	2022	

The fair value of the performance shares conditionally granted under SPP included the following sums on the grant date:

Performance Shares from the RWE AG SPP €	2016 tranche	2017 tranche	2018 tranche	2019 tranche
Fair value per share	13.78	11.62	18.80	19.10

Performance Shares from the innogy SE SPP €	2016 tranche	2017 tranche	2018 tranche	
Fair value per share	37.13	32.07	36.78	

The fair values of the tranches of the RWE AG SPP are based on RWE AG's and innogy SE's current share price plus the dividends per share which have already been paid to the shareholders during the term of the corresponding tranche. The limited payment per SPP was implemented via a sold call option. The option value calculated using the Black Scholes Model was deducted. The maximum payments per conditionally granted SPP (= option strike) established in the plan conditions, the discount rates relative to the remaining term as well as the volatilities and expected dividends of RWE AG and innogy SE were considered in determining the option price.

The fair values of the tranches of the innogy SE SPP are affected by the asset swap with E.ON announced in March 2018 because the rules set out earlier will be reflected in the valuation in the event of a change of control. The expected payout amount will be calculated on the basis of the average innogy share price on the 30 stock market trading days leading up to 11 March 2018 plus dividends paid. In line with the payout conditions in the event of a change of control, the amount was paid after the completion of the transaction.

The performance shares displayed the following development in the fiscal year that just came to a close:

Performance Shares from the RWE AG SPP	2016 tranche	2017 tranche	2018 tranche	2019 tranche
Outstanding at the start of the fiscal year	528,207	1,628,391	883,974	
Granted				932,889
Change (granted/expired)	306	3,737	207,021	
Paid out				
Outstanding at the end of the fiscal year	528,513	1,632,128	1,090,995	932,889
Payable at the end of the fiscal year	528,513			

Performance Shares from the innogy SE SPP	2016 tranche	2017 tranche	2018 tranche	
Outstanding at the start of the fiscal year	27,876	55,212	56,546	
Granted				
Change (granted/expired)	8,041	25,699	3,321	
Paid out	-35,917	-80,911	-59,867	
Outstanding at the end of the fiscal year				
Payable at the end of the fiscal year				

During the period under review, expenses for the share-based payment system totalled €34 million (previous year: €20 million). As of the balance-sheet date, provisions for cash-settled share-based payment programmes amounted to €60 million (previous year: €32 million).

(22) Provisions

Provisions € million	31 Dec 2019 Non-current	 Current	 Total	31 Dec 2018 Non-current	 Current	 Total
Provisions for pensions and similar obligations	3,446		3,446	3,287		3,287
Provisions for nuclear waste management	6,355	368	6,723	5,659	285	5,944
Provisions for mining damage	4,559	59	4,618	2,460	56	2,516
	14,360	**427**	**14,787**	**11,406**	**341**	**11,747**
Other provisions[1]						
Staff-related obligations (excluding restructuring)	361	622	983	378	446	824
Restructuring obligations	591	31	622	109	23	132
Purchase and sales obligations	1,390	116	1,506	905	92	997
Provisions for dismantling wind farms	948	4	952	358	4	362
Other dismantling and retrofitting obligations	557	77	634	528	52	580
Environmental protection obligations	78	2	80	90	7	97
Interest payment obligations	281		281	261	1	262
Obligations to deliver CO_2 emission allowances/ certificates for renewable energies		771	771		885	885
Miscellaneous other provisions	370	588	958	331	721	1,052
	4,576	**2,211**	**6,787**	**2,960**	**2,231**	**5,191**
	18,936	**2,638**	**21,574**	**14,366**	**2,572**	**16,938**

1 Prior-year figures restated: Due to the IFRS IC agenda decision of September 2019, tax balances previously stated as tax provisions are now recognised in income tax liabilities.

Provisions for pensions and similar obligations. The company pension plan consists of defined contribution and defined benefit plans. The defined benefit commitments mainly relate to pension benefits based on final salary. These are exposed to the typical risks of longevity, inflation and salary increases.

In the reporting period, €24 million (previous year: €23 million) was paid into defined contribution plans. This includes payments made by RWE for a benefit plan in the Netherlands which covers the commitments of various employers. This fund does not provide the participating companies with information allowing for the pro-rata allocation of defined benefit obligations, plan assets and service cost. In the consolidated financial statements, the contributions are thus recognised analogously to a defined contribution plan, although this is a defined benefit plan. The pension plan for employees in the Netherlands is administered by Stichting Pensioenfonds ABP (see www.abp.nl). Contributions to the pension plan are calculated as a percentage rate of employees' salaries and are paid by the employees and employers. The rate of the contributions is determined by ABP. There are no minimum funding obligations. Approximately €9 million in employer contributions are expected to be paid to the ABP pension fund in fiscal 2020 (previous year: €8 million). The contributions are used for all of the beneficiaries. If ABP's funds are insufficient, it can either curtail pension benefits and future post-employment benefits, or increase the contributions of the employer and employees. In the event that RWE terminates the ABP pension plan, ABP will charge a termination fee. Amongst other things, its level depends on the number of participants in the plan, the amount of salary and the age structure of the participants. As of 31 December 2019, we had around 600 active participants in the plan (previous year: approximately 600).

RWE transferred assets to RWE Pensionstreuhand e.V. within the framework of a contractual trust arrangement (CTA) in order to finance the pension commitments of German Group companies. There is no obligation to provide further funds. From the assets held in trust, funds were transferred to RWE Pensionsfonds AG to cover pension commitments to most of the employees who have already retired. RWE Pensionsfonds AG falls under the scope of the Act on the Supervision of Insurance Undertakings and oversight by the Federal Financial Supervisory Agency (BaFin). Insofar as a regulatory deficit occurs in the pension fund, supplementary payment shall be requested from the employer. Independently of the aforementioned rules, the liability of the employer shall remain in place. The boards of RWE Pensionstreuhand e.V. and RWE Pensionsfonds AG are responsible for ensuring that the funds under management are used in compliance with the contract and thus fulfil the requirements for recognition as plan assets.

In the United Kingdom, it is legally mandated that defined benefit plans are provided with adequate and suitable assets to cover pension obligations. The corporate pension system is managed by the sector-wide Electricity Supply Pension Scheme (ESPS), in which RWE and the continuing innogy operations each have their own dedicated independent sections. The sections are managed by trustees which are elected by members of the pension plans or appointed by the sponsoring employers. The trustees are responsible for managing the pension plans. This includes investments, pension payments and financing plans. The pension plans comprise the benefit obligations and plan assets for the subsidiaries of the RWE Group and the continuing innogy operations. It is required by law to assess the required financing of the pension plans once every three years. This involves measuring pension obligations on the basis of conservative assumptions, which deviate from the requirements imposed by IFRS. The underlying actuarial assumptions primarily include the projected life expectancies of the members of the pension plans as well as assumptions relating to inflation, imputed interest rates and the market returns on the plan assets.

The last funding valuations of the ESPS sections were carried out on 31 March 2019. They showed that the RWE section had a financing deficit of £44.3 million. RWE will rectify this deficit with a payment of £48.3 million as of 31 March 2020. A technical financing deficit of £103.4 million was revealed for the section of the continuing innogy operations. innogy and the trustees subsequently agreed to rectify this deficit with annual payments of £37.5 million, £36.3 million, £17.0 million and £17.0 million from 2020 to 2023. The next valuations have to occur by 31 March 2022. From this point in time, the company and the trustees have 15 months to approve the funding valuation.

The payments to settle the deficit are charged to the participating companies on the basis of a contractual agreement. Above and beyond this, payments are regularly made to finance the newly arising benefit obligations of active employees which increase the pension claims.

Provisions for defined benefit plans are determined using actuarial methods. We apply the following assumptions:

Calculation assumptions	31 Dec 2019		31 Dec 2018	
in %	Germany	Foreign[1]	Germany	Foreign[1]
Discount rate	1.20	2.00	1.70	2.70
Wage and salary growth rate	2.35	3.00	2.35	3.30
Pension increase rate	1.00, 1.60 and 1.75	1.90 and 2.80	1.00, 1.60 and 1.75	2.20 and 3.10

1 Pertains to benefit commitments to employees of the RWE Group in the UK.

Composition of plan assets (fair value)	31 Dec 2019				31 Dec 2018			
€ million	Germany[1]	Of which: Level 1 pursuant to IFRS 13	Foreign[2]	Of which: Level 1 pursuant to IFRS 13	Germany[1]	Of which: Level 1 pursuant to IFRS 13	Foreign[2]	Of which: Level 1 pursuant to IFRS 13
Equity instruments, exchange-traded funds	1,539	1,519	468	131	1,396	1,375	469	208
Interest-bearing instruments	3,620	91	3,502	33	3,245	4	3,720	1,641
Real estate	3				4			
Mixed funds[3]	705	375	1,539	160	613	229	613	324
Alternative investments	685	438	661		689	406	784	2
Other[4]	64	30	407	69	72	68	308	7
	6,616	**2,453**	**6,577**	**393**	**6,019**	**2,082**	**5,894**	**2,182**

1 Plan assets in Germany primarily pertain to assets of RWE AG and other Group companies which are managed by RWE Pensionstreuhand e.V. as a trust, as well as to assets of RWE Pensionsfonds AG.
2 Foreign plan assets pertain to the assets of two UK pension funds for covering benefit commitments to employees of the RWE Group in the UK.
3 Includes equity and interest-bearing instruments.
4 Includes reinsurance claims against insurance companies and other fund assets of provident funds.

Our investment policy in Germany is based on a detailed analysis of the plan assets and the pension commitments and the relation of these two items to each other, in order to determine the best possible investment strategy (Asset Liability Management Study). Using an optimisation process, portfolios are identified which can earn the best targeted results at a defined level of risk. One of these efficient portfolios is selected and the strategic asset allocation is determined; furthermore, the related risks are analysed in detail.

The focus of RWE's strategic investment policy is on domestic and foreign government bonds. In order to increase the average yield, corporate bonds with a higher yield are also included in the portfolio. The ratio of equities in the portfolio is lower than that of bonds. Investment occurs in various regions. The investment position in equities is intended to earn a risk premium over bond investments over the long term. Furthermore, in order to achieve consistently high returns, there is also investment in products which are more likely to offer relatively regular positive returns over time. This involves products with returns which fluctuate like those of bond investments, but which achieve an additional return over the medium term, such as so-called absolute return products (including funds of hedge funds).

In the United Kingdom, our capital investment takes account of the structure of the pension obligations as well as liquidity and risk matters. The goal of the investment strategy in this context is to maintain the level of pension plan funding and ensure the full financing of the pension plans over time. To reduce financing costs and earn surplus returns, we also include higher-risk investments in our portfolio. The capital investment focusses on government and corporate bonds.

Pension provisions for pension commitments changed as follows:

Changes in pension provisions € million	Present value of pension commitments	Fair value of plan assets	Capitalised surplus of plan assets	Total
Balance at 1 Jan 2019	**14,987**	**11,913**	**213**	**3,287**
Current service cost	123			123
Interest cost/income	312	262		50
Return on fund assets less interest components		1,096		-1,096
Gain/loss on change in demographic assumptions	-49			-49
Gain/loss on change in financial assumptions	1,272			1,272
Experience-based gains/losses	43			43
Currency translation adjustments	308	315	10	3
Employee contributions	6	6		
Employer contributions [1]		157		-157
Benefits paid [2]	-718	-694		-24
Changes in the scope of consolidation/transfers	209	145		64
Past service cost	-7			-7
General administration expenses		-7		7
Change in capitalised surplus of plan assets			-70	-70
Balance at 31 Dec 2019	**16,486**	**13,193**	**153**	**3,446**
of which: domestic	10,041	6,616		3,425
of which: foreign	6,445	6,577	153	21

1 Of which: €42 million from initial and subsequent transfers to plan assets and €115 million in cash flows from operating activities.
2 Contained in cash flows from operating activities.

Changes in pension provisions € million	Present value of pension commitments	Fair value of plan assets	Capitalised surplus of plan assets	Total
Balance at 1 Jan 2018	**25,316**	**19,999**	**103**	**5,420**
Current service cost	210			210
Interest cost/income	413	340		73
Return on fund assets less interest components		-788		788
Gain/loss on change in demographic assumptions	44			44
Gain/loss on change in financial assumptions	380			380
Experience-based gains/losses	-71			-71
Currency translation adjustments	-45	-46	-1	
Employee contributions	8	8		
Employer contributions[1]		259		-259
Benefits paid [2]	-907	-852		-55
Changes in the scope of consolidation	-10,376	-7,001	-106	-3,481
of which: stated as "held for sale"	-10,461	-7,005	-106	-3,562
Past service cost	15			15
General administration expenses		-6		6
Change in capitalised surplus of plan assets			217	217
Balance at 31 Dec 2018	**14,987**	**11,913**	**213**	**3,287**
of which: domestic	9,208	6,019		3,189
of which: foreign	5,779	5,894	213	98

1 Of which: €138 million from initial and subsequent transfers to plan assets and €121 million in cash flows from operating activities.
2 Contained in cash flows from operating activities.

Changes in the actuarial assumptions would lead to the following changes in the present value of the defined benefit obligations:

Sensitivity analysis of pension provisions	Changes in the present value of defined benefit obligations			
€ million	31 Dec 2019		31 Dec 2018	
Change in the discount rate by +50/-50 basis points				
– Domestic	-734	833	-644	728
– Foreign	-433	489	-373	420
Change in the wage and salary growth rate by -50/+50 basis points				
– Domestic	-55	57	-49	51
– Foreign	-35	41	-29	32
Change in the pension increase rate by -50/+50 basis points				
– Domestic	-489	537	-442	484
– Foreign	-300	407	-267	298
Increase of one year in life expectancy				
– Domestic		482		425
– Foreign		259		202

The sensitivity analyses are based on the change of one assumption each, with all other assumptions remaining unchanged. Actual developments will probably be different than this. The methods of calculating the aforementioned sensitivities and for calculating the pension provisions are in agreement. The dependence of pension provisions on market interest rates is limited by an opposite effect. The background of this is that the commitments stemming from company pension plans are primarily covered by funds, and mostly plan assets exhibit negative correlation with the market yields of fixed-interest securities. Consequently, declines in market interest rates are typically reflected in an increase in plan assets, whereas rising market interest rates are typically reflected in a reduction in plan assets.

The present value of pension obligations, less the fair value of the plan assets, equals the net amount of funded and unfunded pension obligations.

As of the balance-sheet date, the recognised amount of pension provisions totalled €2,889 million for funded pension plans (previous year: €2,826 million) and €557 million for unfunded pension plans (previous year: €461 million).

In fiscal 2019, a substantial portion of the past service cost related to effects in connection with restructuring measures in Germany and severance payments in Great Britain. In the previous year, the past service cost predominantly consisted of pension commitments in the United Kingdom due to a ruling on the equalisation of minimum pension entitlements through the consideration of gender-specific factors and due to severance payments. Furthermore, employee rights to compensation for disadvantages were remeasured in some cases in German pre-retirement regulations.

Domestic company pensions are subject to an obligation to review for adjustment every three years pursuant to the Act on the Improvement of Company Pensions (Sec 16 of the German Company Pension Act (BetrAVG)). Additionally, some commitments grant annual adjustments of pensions, which may exceed the adjustments in compliance with the legally mandated adjustment obligation.

Some domestic pension plans guarantee a certain pension level, taking into account the statutory pension (total retirement earnings schemes). As a result, future reductions in the statutory pension can result in higher pension payments by RWE.

The weighted average duration of the pension obligations was 16 years in Germany (previous year: 15 years) and 15 years outside of Germany (previous year: 14 years).

In fiscal 2020, RWE expects to make €275 million in payments for defined benefit plans of continuing operations (previous-year target: €220 million), as direct benefits and contributions to plan assets.

Provisions for nuclear energy and mining € million	Balance at 1 Jan 2019	Additions	Unused amounts released	Interest accretion	Changes in the scope of consolidation, currency adjustments, transfers	Amounts used	Balance at 31 Dec 2019
Provisions for nuclear waste management	5,944	800		227	-3	-245	6,723
Provisions for mining damage	2,516	1,384	-9	765		-38	4,618
	8,460	**2,184**	**-9**	**992**	**-3**	**-283**	**11,341**

Provisions for nuclear waste management are recognised in the full amount for the nuclear power plants Biblis A and B, Mülheim-Kärlich, Emsland, Lingen and Gundremmingen A, B and C. Provisions for waste disposal for the Dutch nuclear power plant Borssele are included at a rate of 30 %, in line with RWE's stake.

Provisions for nuclear waste disposal are almost exclusively reported as non-current provisions, and their settlement amount is discounted to the balance-sheet date. Based on the current state of planning, we will use most of these provisions by the beginning of the 2040s. The discount rate calculated on the basis of the current level of market interest rates for no-risk cash investments was 0.0 % as of the balance-sheet date (previous year: 0.4 %). The escalation rate based on expectations with regard to general increases in wages and prices and productivity growth was 1.5 % (previous year: 1.5 %). As a result, the real discount rate used for nuclear waste management purposes, which is the difference between the discount rate and the escalation rate, amounted to - 1.5 % (previous year: - 1.1 %). An increase (decrease) in this rate by 0.1 percentage point would reduce (increase) the present value of the provision by roughly €50 million.

Excluding the interest accretion, additions to provisions for nuclear waste management amount to €800 million. €719 million of this sum is allocable to the nuclear energy obligations assumed from the E.ON subsidiary PreußenElektra within the scope of the acquisition of the minority interests in the Gundremmingen nuclear power plant units. Besides quantity-related increases in the provisions, the other additions to provisions are due to the fact that the current estimates resulted in a net increase in the anticipated nuclear waste management costs. Of the changes in provisions, – €51 million was offset against the corresponding costs of nuclear power plants still in operation and the fuel elements. Prepayments for services in the amount of €8 million were deducted from these provisions. In the reporting period, we also used provisions of €193 million for the decommissioning of nuclear power plants. Decommissioning and dismantling costs had originally been capitalised in a corresponding amount and reported under the cost of the respective nuclear power plants.

The provisions of the law on the reassignment of responsibility for nuclear waste disposal stipulates that accountability for the shutdown and dismantling of the assets as well as for packaging radioactive waste remains with the companies. The shutdown and dismantling process encompasses all activities following the final termination of production by the nuclear power plant until the plant site is removed from the regulatory scope of the Nuclear Energy Act. A request to decommission and dismantle the nuclear power plant will be filed with the nuclear licensing authority during its operating period so that the decommissioning and dismantling work can be performed in time after the expiry of the operating permit. Dismantling operations essentially consist of dismantling and removal of the radioactive contamination from the facilities and structures, radiation protection, and regulatory monitoring of the dismantling measures and residual operations.

We thus subdivide our provisions for nuclear waste management into the residual operation of nuclear power plants, the dismantling of nuclear power station facilities as well as the cost of residual material processing and radioactive waste treatment facilities.

Provisions for nuclear waste management € million	31 Dec 2019	31 Dec 2018
Residual operation	2,840	2,515
Dismantling	2,086	1,810
Processing of residual material and waste management	1,797	1,619
	6,723	**5,944**

Provisions for the residual operation of nuclear power station facilities cover all steps that must be taken largely independent of dismantling and disposal but are necessary to ensure that the assets are safe and in compliance with permits or are required by the authorities. In addition to works monitoring and facility protection, these mainly include service, recurrent audits, maintenance, radiation and fire protection as well as infrastructural adjustments.

Provisions for the dismantling of nuclear power plant facilities include all work done to dismantle plants, parts of plants, systems and components as well as on buildings that must be dismantled to comply with the Nuclear Energy Act. They also consider the conventional dismantling of nuclear power plant facilities to fulfil legal or other obligations.

Provisions for residual material processing and waste management include the costs of processing radioactive residual material for non-hazardous recycling and the costs of treating radioactive waste produced during the plant's service life and dismantling operations. This includes the various processes for conditioning, proper packaging of the low-level and intermediate-level radioactive waste in suitable containers and the transportation of such waste to BGZ Gesellschaft für Zwischenlagerung mbH (BGZ), which has been commissioned by the Federal government for intermediate storage. This item also contains the cost of transporting the waste produced by recycling and the cost of the proper packaging of spent nuclear fuel elements, i.e. the cost of loading and procuring freight and interim storage containers.

Commissioned by the plant operator, the internationally renowned company NIS Ingenieurgesellschaft mbH (NIS), Alzenau, assesses the prospective residual operation and dismantling costs for the nuclear power plants on an annual basis. The costs are determined specifically for each facility and take into consideration the current state of the art, regulatory requirements and previous practical experience from ongoing and completed dismantling projects. Additionally, current developments are also incorporated into the cost calculations. They also include the cost of conditioning and packaging radioactive waste generated during dismantling operations and the transportation of such waste to BGZ, which has been commissioned by the Federal government for intermediate storage. Further cost estimates for the disposal of radioactive waste are based on contracts with foreign reprocessing companies and other disposal companies. Furthermore, they are based on plans by internal and external experts, in particular GNS Gesellschaft für Nuklear-Service mbH, (GNS) Essen.

In terms of their contractual definition, provisions for nuclear waste management break down as follows:

Provisions for nuclear waste management € million	31 Dec 2019	31 Dec 2018
Provisions for nuclear obligations, not yet contractually defined	4,849	4,462
Provisions for nuclear obligations, contractually defined	1,874	1,482
	6,723	**5,944**

The provision for obligations which are not yet contractually defined covers the costs of the remaining operational phase of the operating plants, the costs of dismantling as well as the residual material processing and waste treatment costs incurred in connection with waste produced as a result of shut-downs.

Provisions for contractually defined nuclear obligations relate to all obligations the value of which is specified in contracts under civil law. The obligations include the anticipated residual costs of reprocessing and returning the resulting radioactive waste. These costs stem from existing contracts with foreign reprocessing companies and with GNS. Moreover, these provisions also include the costs for transport and intermediate storage containers for and the loading of spent fuel assemblies within the framework of final direct storage. Furthermore, this item also includes the amounts for the professional packaging of radioactive operational waste as well as the in-house personnel costs incurred for the residual operation of plants which are permanently decommissioned.

Provisions for mining damage also consist almost entirely of non-current provisions and fully covered the volume of obligations as of the balance-sheet date. They are reported at their settlement amount discounted to the balance-sheet date. Provisions for mining damage also contain the expected additional cost of restoring the opencast lignite mines associated with the phase-out of electricity generation from lignite by 2038. In addition to continuous recultivation of opencast mine sites a large part of the claims for site restoration of lignite opencast mining areas is expected through to 2050. The cost estimates are to a great extent based on external expert opinions.

So far, due to the long-term nature of the obligations, both the escalation rate and the discount rate have been determined as the average values for a longer period in the past. Since the development of inflation has an impact both on the fulfilment amounts and the level of interest rates, this approach resulted in a consistent real discount rate of 1.3 % specific to the provisions, as the difference between the discount rate of 4.1 % and the escalation rate of 2.8 %. Since a major portion of the amounts used will now occur in the next 30 years due to the early phase-out of electricity generation from lignite and the associated additional cost of restoring the opencast lignite mines, it became necessary to adjust the calculation of the discount rate and the escalation rate. In discounting the amounts used in the coming 30 years, we have oriented ourselves towards the current market interest rates for risk-free cash investments. Since no market interest rates are available for later periods, a sustainable, long-term interest rate is used to discount the amounts used after the next 30 years. In sum, this results in an average discount rate of 1.99 %. The escalation rate used (1.5 %) is also lower than in the previous year (2.8 %). The escalation rate reflects currently expected price and cost increases. The real discount rate applied for mining purposes, which is the difference between the discount rate and the escalation rate, is thus 0.49 % (previous year: 1.3 %). An increase (decline) in the real discount rate by 0.1 percentage point would reduce (increase) the present value of the provision by around €140 million.

Excluding the interest accretion, €1,384 million was added to provisions for mining damage. This includes the cost of the quantity-induced increase in the obligatory volume and the cost of restoring the opencast lignite mines due to the phase-out of electricity generation from lignite by 2038. €258 million of the changes in provisions was capitalised under 'Property, plant and equipment'.

Other provisions € million	Balance at 1 Jan 2019	Additions	Unused amounts released	Interest accretion	Changes in the scope of consoli-dation, currency adjust-ments, transfers	Amounts used	Balance at 31 Dec 2019
Staff-related obligations (excluding restructuring)	824	541	-17	6	39	-410	983
Restructuring obligations	132	537	-23	7	-28	-3	622
Purchase and sales obligations	997	367	-178	32	378	-90	1,506
Provisions for dismantling wind farms	362	62	-21	-45	594		952
Other dismantling and retrofitting obligations	580	29	-41	83		-17	634
Environmental protection obligations	97	7	-19	3	2	-10	80
Interest payment obligations	262	91	-5			-67	281
Obligations to deliver CO_2 emission allowances/ certificates for renewable energies	885	775	-11		9	-887	771
Miscellaneous other provisions	1,052	605	-24	28	-355	-348	958
	5,191[1]	**3,014**	**-339**	**114**	**639**	**-1,832**	**6,787**

1 Figure restated: Due to the IFRS IC agenda decision of September 2019, tax balances previously stated as tax provisions are now recognised in income tax liabilities.

Provisions for staff-related obligations mainly consist of provisions for pre-retirement part-time work arrangements, severance, outstanding vacation and service jubilees and performance-based pay components. Based on current estimates, we expect most of these to be used from 2020 to 2025.

Provisions for restructuring obligations pertain mainly to measures for socially acceptable payroll downsizing. We currently expect most of these to be used from 2020 to 2030. In so doing, sums ear-marked for personnel measures are reclassified from provisions for restructuring obligations to provisions for staff-related obligations as soon as the underlying restructuring measure has been specified. This is the case if individual contracts governing socially acceptable payroll downsizing are signed by affected employees.

Provisions for purchase and sales obligations primarily relate to contingent losses from pending transactions.

From the current perspective, we expect that the majority of the **provisions for the dismantling of wind farms** will be used from 2020 to 2045, and the **other dismantling and retrofitting obligations** will be used from 2020 to 2060.

(23) Financial liabilities

Financial liabilities	31 Dec 2019		31 Dec 2018	
€ million	Non-current	Current	Non-current	Current
Bonds payable[1]	1,110		1,103	
Bank debt	965	391	473	81
Other financial liabilities				
Collateral for trading activities		400		533
Miscellaneous other financial liabilities	1,849	1,019	422	152
	3,924	**1,810**	**1,998**	**766**

1 Including hybrid bonds classified as debt as per IFRS.

€631 million of the non-current financial liabilities were interest-bearing liabilities (previous year: €523 million).

The following overview shows the key data on the bonds of the RWE Group as of 31 December 2019:

Bonds payable Issuer	Outstanding amount	Carrying amount € million	Coupon in %	Maturity
RWE AG	€ 12 million	12	3.5	October 2037
RWE AG	€ 539 million[1]	538	2.75	April 2075
RWE AG	€ 282 million[1]	281	3.5	April 2075
RWE AG	US$ 317 million[1]	279	6.625	July 2075
Bonds payable		**1,110**		

1 Hybrid bonds classified as debt as per IFRS.

€39 million of the financial liabilities are secured by mortgages (previous year: €72 million).

Other financial liabilities contain lease liabilities.

In the previous year, liabilities arising from finance lease agreements had the following maturities:

Liabilities from finance lease agreements	Maturities of minimum lease payments		
	31 Dec 2018		
€ million	Nominal value	Discount	Present value
Due in the following year	10		10
Due after 1 to 5 years	39		39
Due after 5 years	192		192
	241		**241**

The introduction of IFRS 16 abolishes the distinction between operating leases and finance leases by the lessee. A maturity analysis of all lease liabilities as of 31 December 2019 can be found in the reporting on financial instruments (see Note 27).

(24) Income tax liabilities

Income tax liabilities contain uncertain income tax items in the amount of €1,174 million (previous year: €1,540 million; 1 January 2018: €1,969 million). Due to the IFRS IC agenda decision in September 2019, these are now recognised as income tax liabilities instead of as tax provisions. This item primarily includes income taxes for periods for which the tax authorities have not yet finalised a tax assessment and for the current year.

(25) Other liabilities

Other liabilities	31 Dec 2019		31 Dec 2018	
€ million	Non-current	Current	Non-current	Current
Tax liabilities		129		105
Social security liabilities	2	17	2	14
Derivatives	391	10,088	362	6,698
Miscellaneous other liabilities	456	1,354	144	383
	849	**11,588**	**508**	**7,200**
of which: financial debt	435	10,303	379	6,877
of which: non-financial debt	414	1,285	129	323

The principal component of social security liabilities are the amounts payable to social security institutions.

Miscellaneous other liabilities contain €269 million in contract liabilities (previous year: €76 million).

Moreover, €46 million (previous year: €56 million) in miscellaneous other liabilities were allocable to state investment subsidies primarily granted in connection with the construction of wind farms and in the preceding year with biomass co-firing.

Other information

(26) Earnings per share
Basic and diluted earnings per share are calculated by dividing the portion of net income attributable to RWE shareholders by the average number of shares outstanding; treasury shares are not taken into account in this calculation.

In the previous year, earnings per share were the same for both common and preferred shares.

Earnings per share		2019	2018
Net income for RWE AG shareholders	€ million	8,498	335
of which: from continuing operations		-691	-196
of which: from discontinued operations		9,189	531
Number of shares outstanding (weighted average)	in '000	614,745	614,745
Basic and diluted earnings per common share	€	13.82	0.54
of which: from continuing operations		-1.13	-0.32
of which: from discontinued operations		14.95	0.86
Dividend per common share	€	0.80[1]	0.70
Dividend per preferred share	€		0.70

1 Proposal for fiscal 2019.

(27) Reporting on financial instruments
Financial instruments are divided into non-derivative and derivative. Non-derivative financial assets essentially include other non-current financial assets, accounts receivable, marketable securities and cash and cash equivalents. Financial instruments are recognised either at amortised cost or at fair value, depending on their classification. Financial instruments are recognised in the following categories:

- Debt instruments measured at amortised cost: the contractual cash flows solely consist of interest and principal on the outstanding capital: there is an intention to hold the financial instrument until maturity.
- Debt instruments measured at fair value through other comprehensive income: the contractual cash flows solely consist of interest and principal on the outstanding capital: there is an intention to hold and sell the financial instrument.
- Equity instruments measured at fair value through other comprehensive income: the option to recognise changes in fair value directly in equity is exercised.
- Financial assets measured at fair value through profit or loss: the contractual cash flows of a debt instrument do not solely consist of interest and principal on the outstanding capital or the option to recognise changes in the fair value of equity instruments in other comprehensive income is not exercised.

On the liabilities side, non-derivative financial instruments principally include liabilities measured at amortised cost.

Financial instruments recognised at fair value are measured based on the published exchange price, insofar as the financial instruments are traded on an active market. The fair value of non-quoted debt and equity instruments is generally determined on the basis of discounted expected payment flows, taking into consideration macro-economic developments and corporate business plan data. Current market interest rates corresponding to the remaining maturity are used for discounting.

Derivative financial instruments are recognised at their fair values as of the balance-sheet date, insofar as they fall under the scope of IFRS 9. Exchange-traded products are measured using the published closing prices of the relevant exchange. Non-exchange traded products are measured on the basis of publicly available broker quotations or, if such quotations are not available, on generally accepted valuation methods. In doing so, we draw on prices on active markets as much as possible. If such prices are not available, company-specific planning estimates are used in the measurement process. These estimates encompass all of the market factors which other market participants would take into account in the course of price determination. Assumptions pertaining to the energy sector and economy are made within the scope of a comprehensive process with the involvement of both in-house and external experts.

Measurement of the fair value of a group of financial assets and financial liabilities is conducted on the basis of the net risk exposure per business partner.

The following overview presents the classifications of financial instruments measured at fair value in the fair value hierarchy prescribed by IFRS 13. The individual levels of the fair value hierarchy are defined as follows:

- Level 1: Measurement using (unadjusted) prices of identical financial instruments formed on active markets,
- Level 2: Measurement on the basis of input parameters which are not the prices from Level 1, but which can be observed for the financial instrument either directly (i.e. as price) or indirectly (i.e. derived from prices),
- Level 3: Measurement using factors which cannot be observed on the basis of market data.

Fair value hierarchy € million	Total 2019	Level 1	Level 2	Level 3	Total 2018	Level 1	Level 2	Level 3
Other financial assets	4,391	3,853	188	350	400	93	159	148
Derivatives (assets)	12,108		11,443	665	7,271		7,115	156
of which: used for hedging purposes	2,961		2,961		1,644		1,644	
Securities	3,258	1,829	1,429		3,606	1,618	1,988	
Assets held for sale	9		1	8	4,031	1,755	1,472	804
Derivatives (liabilities)	10,479		9,902	577	7,060		7,025	35
of which: used for hedging purposes	1,513		1,513		1,134		1,134	
Liabilities held for sale	4			4	1,343		1,343	

Due to the increase in the number of price quotations on active markets, financial assets with a fair value of €24 million (previous year: €14 million) were reclassified from Level 2 to Level 1. Conversely, due to a drop in the number of price quotations, financial assets with a fair value of €25 million (previous year: €12 million) were reclassified from Level 1 to Level 2. Furthermore, in the reporting year, derivatives with a fair value of €44 million were reclassified from Level 2 to Level 3.

The development of the fair values of Level 3 financial instruments is presented in the following table:

Level 3 financial instruments: Development in 2019 € million	Balance at 1 Jan 2019	Changes in the scope of consolidation, currency adjustments and other	Changes			Balance at 31 Dec 2019
			Recognised in profit or loss	Recognised in OCI	With a cash effect	
Other financial assets	148	155	-23	-9	79	350
Derivatives (assets)	156	182	434		-107	665
Assets held for sale	804	-819	-8		31	8
Derivatives (liabilities)	35	138	432		-28	577
Liabilities held for sale					4	4

Level 3 financial instruments: Development in 2018 € million	Balance at 1 Jan 2018	Changes in the scope of consolidation, currency adjustments and other	Changes			Balance at 31 Dec 2018
			Recognised in profit or loss	Recognised in OCI	With a cash effect	
Other financial assets	821	-741	-42	12	98	148
Financial receivables	35	-35				
Derivatives (assets)	33		140		-17	156
Assets held for sale		736	30	-1	39	804
Derivatives (liabilities)	4		36		-5	35

Amounts recognised in profit or loss generated through Level 3 financial instruments relate to the following line items on the income statement:

Level 3 financial instruments: Amounts recognised in profit or loss € million	Total 2019	Of which: attributable to financial instruments held at the balance-sheet date	Total 2018	Of which: attributable to financial instruments held at the balance-sheet date
Revenue	242	242	25	25
Cost of materials	-449	-449	-24	-24
Other operating income/expenses	209	209	96	96
Income from investments	-23	-10	-45	-45
Income from discontinued operations	-8		40	48
	-29	**-8**	**92**	**100**

Level 3 derivative financial instruments essentially consist of energy purchase and commodity agreements, which relate to trading periods for which there are no active markets yet. The valuation of such depends on the development of electricity, oil and gas prices in particular. All other things being equal, rising market prices cause the fair values to increase, whereas declining gas prices cause them to drop. A change in pricing by +/-10% would cause the market value to rise by €61 million (previous year: €41 million) or decline by €61 million (previous year: €41 million).

Financial assets and liabilities can be broken down into the measurement categories with the following carrying amounts according to IFRS 9 in the year under review:

Carrying amounts by category € million	31 Dec 2019	31 Dec 2018
Financial assets measured at fair value through profit or loss	10,829	11,128
of which: obligatorily measured at fair value – continuing operations	10,821	8,483
of which: obligatorily measured at fair value – held for sale	8	2,645
Debt instruments measured at amortised cost	9,543	14,757
of which: held for sale	112	6,244
Debt instruments measured at fair value through other comprehensive income	1,727	1,715
of which: held for sale		975
Equity instruments measured at fair value through other comprehensive income	4,247	817
of which: held for sale		408
Financial liabilities measured at fair value through profit or loss	8,970	7,258
of which: obligatorily measured at fair value – continuing operations	8,966	5,926
of which: obligatorily measured at fair value – held for sale	4	1,332
Financial liabilities measured at (amortised) cost	8,091	20,621
of which: held for sale	311	15,545

The carrying amounts of financial assets and liabilities within the scope of IFRS 7 basically correspond to their fair values. The only deviations are for financial liabilities. The carrying amount of these is €4,632 million (previous year: €2,764 million), while the fair value amounts to €4,919 million (previous year: €2,842 million). Of this, €1,180 million (previous year: €1,080 million) is related to Level 1 and €3,739 million (previous year: €1,762 million) to Level 2 of the fair value hierarchy.

Due to the initial adoption of IFRS 16, the figures stated for financial liabilities in the period under review no longer include lease liabilities, whereas these were still considered in the previous year's figures.

The following net results from financial instruments as per IFRS 7 were recognised on the income statement, depending on the category:

Net gain/loss by category € million	2019	2018
Financial assets and liabilities measured at fair value through profit or loss	941	-95
of which: obligatorily measured at fair value	941	-95
Debt instruments measured at amortised cost	137	186
Debt instruments measured at fair value through other comprehensive income	38	25
Equity instruments measured at fair value through other comprehensive income	27	14
Financial liabilities measured at (amortised) cost	-317	-236

The net result as per IFRS 7 essentially includes interest, dividends and results from the measurement of financial instruments at fair value.

The option to recognise changes in fair value in other comprehensive income is exercised for a portion of the investments in equity instruments. These are strategic investments and other long-term investments as well as securities in special funds.

Fair value of equity instruments measured at fair value through other comprehensive income € million	31 Dec 2019	31 Dec 2018
Securities in special funds	444	378
Nordsee One GmbH	22	31
E.ON SE	3,780	

In the 2019 fiscal year, €27 million (previous year: €13 million) in income from dividends from these financial instruments was recognised, of which €5 million (previous year: €4 million) is attributable to equity instruments sold during the same year. Moreover, in the year under review, equity instruments measured through other comprehensive income were sold in line with the existing investment strategy. Their fair value at the derecognition date amounted to €738 million (previous year: €312 million). The resulting gain amounted to €5 million (previous year: loss of €2 million).

The following is an overview of the financial assets and financial liabilities which are netted out in accordance with IAS 32 or are subject to enforceable master netting agreements or similar agreements. The netted financial assets and liabilities essentially consist of collateral for stock market transactions due on a daily basis.

Netting of financial assets and financial liabilities as of 31 Dec 2019	Gross amounts recognised	Netting	Net amounts recognised	Related amounts not set off		Net amount
€ million				Financial instruments	Cash collateral received/ pledged	
Derivatives (assets)	10,381	-9,801	580		-318	262
Derivatives (liabilities)	9,031	-8,185	846	-119	-727	

Netting of financial assets and financial liabilities as of 31 Dec 2018	Gross amounts recognised	Netting	Net amounts recognised	Related amounts not set off		Net amount
€ million				Financial instruments	Cash collateral received/ pledged	
Derivatives (assets)	14,915	-14,232	683		-400	283
Derivatives (liabilities)	10,532	-10,101	431	-186	-245	

The related amounts not set off include cash collateral received and pledged for over-the-counter transactions as well as collateral pledged in advance for stock market transactions.

As a utility enterprise with international operations, the RWE Group is exposed to market, credit and liquidity risks in its ordinary business activity. We limit these risks via systematic, groupwide risk management. The range of action, responsibilities and controls are defined in binding internal directives.

Market risks stem from changes in exchange rates and share prices as well as interest rates and commodity prices, which can have an influence on business results.

Due to the RWE Group's international profile, currency management is a key issue. Fuels are traded in British pounds and US dollars as well as in other currencies. In addition, RWE does business in a number of currency areas. The companies of the RWE Group are required to hedge their foreign currency risks via RWE AG. Foreign currency risks arising from the involvement in and the financing of the renewable energy business are hedged by RWE Renewables International Participations B.V.

Interest rate risks stem primarily from financial debt and the Group's interest-bearing investments. We hedge against negative changes in value caused by unexpected interest-rate movements using non-derivative and derivative financial instruments.

Opportunities and risks from changes in the values of non-current securities are centrally controlled by a professional fund management system operated by RWE AG.

The Group's other financial transactions are recorded using centralised risk management software and monitored by RWE AG.

For commodity operations, risk management directives have been established by RWE AG's Controlling & Risk Management Department. These regulations stipulate that derivatives may be used to hedge price risks. Furthermore, commodity derivatives may be traded, subject to limits. Compliance with limits is monitored daily.

Risks stemming from fluctuations in commodity prices and financial market risks (foreign currency risks, interest rate risks, securities risks) are monitored and managed by RWE using indicators such as the Value at Risk (VaR), amongst other things. In addition, for the management of interest rate risk, a Cash Flow at Risk (CFaR) is determined.

Using the VaR method, RWE determines and monitors the maximum expected loss arising from changes in market prices with a specific level of probability during specific periods. Historical price volatility is taken as a basis in the calculations. With the exception of the CFaR data, all VaR figures are based on a confidence interval of 95 % and a holding period of one day. For the CFaR, a confidence interval of 95 % and a holding period of one year is taken as a basis.

In respect of interest rate risks, RWE distinguishes between two risk categories: on the one hand, increases in interest rates can result in declines in the prices of securities from the holdings of RWE. This pertains primarily to fixed-rate instruments. A VaR is determined to quantify securities price risk. As of the balance-sheet date, it amounted to €4.8 million (previous year: €2.3 million). On the other hand, financing costs also increase along with the level of interest rates. The sensitivity of interest expenses to increases in market interest rates is measured with the CFaR. As of 31 December 2019 this amounted to €34.8 million (previous year: €5.9 million). RWE calculates the CFaR based on the assumption of the refinancing of maturing debt.

As of 31 December 2019, the VaR for foreign currency positions was €1.6 million (previous year: €1.1 million). This corresponds to the figure used internally, which also includes the underlying transactions for cash flow hedges. The VaR also reflects the risk of timing differences.

As of 31 December 2019, the VaR for risks related to the RWE share portfolio amounted to €3.7 million (previous year: €6.9 million).

The key internal control parameters for commodity positions at RWE Supply & Trading are the VaR for the trading business and the VaR for the pooled gas and liquefied natural gas (LNG) business. Here, the maximum VaR is €40 million and €14 million, respectively. As of 31 December 2019, the VaR was €12.0 million in the trading business (previous year: €12.4 million) and €4.7 million for the pooled gas and LNG business (previous year: €5.1 million).

Additionally, stress tests are carried out on a monthly basis in relation to the trading and pooled LNG and gas business of RWE Supply & Trading to model the impact of commodity price changes on the earnings conditions and take risk-mitigating measures if necessary. In these stress tests, market price curves are modified, and the commodity position is revalued on this basis. Historical scenarios of extreme prices and realistic, fictitious price scenarios are modelled. In the event that the stress tests exceed internal thresholds, these scenarios are then analysed in detail in relation to their impact and probability, and – if necessary – risk-mitigating measures are considered.

Commodity risks of the Group's power generation companies belonging to the Lignite & Nuclear and European Power segments are hedged by the Supply & Trading segment on the basis of available market liquidity in accordance with Group guidelines. In accordance with the approach for long-term investments for example, it is not possible to manage commodity risks from long-term positions or positions which cannot be hedged due to their size and the prevailing market liquidity using the VaR concept. As a result, these positions are not included in the VaR figures. Above and beyond open production positions which have not yet been transferred, the Group companies belonging to the Lignite & Nuclear and European Power segments are not allowed to maintain significant risk positions, according to a Group guideline. Furthermore, commodity price risks can exist in relation to the renewable generation positions and in the gas storage business. The commodity price risks associated with the renewable generation positions are managed by the Renewables Commodity Management Committee (RES CMC), which was newly established for this purpose. The subsidiaries owning the gas storage facilities also manage their positions independently, in compliance with unbundling regulations.

One of our most important instruments to limit market risk is the conclusion of hedging transactions. The instruments most commonly used are forwards and options with foreign currency, interest rate swaps, interest rate currency swaps, and forwards, options, futures and swaps with commodities.

Maturities of derivatives related to interest rates, currencies, equities, indices and commodities for the purpose of hedging are based on the maturities of the underlying transactions and are thus primarily short term and medium term in nature. Hedges of the foreign currency risks of foreign investments have maturities of up to twelve years.

All derivative financial instruments are recognised as assets or liabilities and are measured at fair value. When interpreting their positive and negative fair values, it should be taken into account that, with the exception of trading in commodities, these financial instruments are generally matched with underlying transactions that carry offsetting risks.

Hedge accounting pursuant to IFRS 9 is used primarily for mitigating currency risks from net investments in foreign functional currencies, commodity market price risks, interest risks from non-current liabilities and currency and price risks from sales and purchase transactions.

Fair value hedges are used to limit the market price risk exposure related to CO_2 emission allowances. In the case of fair value hedges, both the derivative as well as the underlying hedged transaction (in relation to the hedged risk) are recorded at fair value with an effect on income.

RWE held the following instruments to hedge the fair value of commodity price risks:

Fair value hedges as of 31 Dec 2019	Maturity		
	1–6 months	7–12 months	>12 months
CO_2 derivatives			
Nominal volume (€ million)			39
Secured average price (€/metric ton)			5.57

Fair value hedges as of 31 Dec 2018	Maturity		
	1–6 months	7–12 months	>12 months
CO_2 derivatives			
Nominal volume (€ million)			39
Secured average price (€/metric ton)			5.57

Cash flow hedges are primarily used to hedge against interest risks from non-current liabilities as well as currency and price risks from sales and purchase transactions. Hedging instruments consist of forwards, swaps and options with foreign currency and interest rates, and forwards, futures and swaps with commodities. Changes in the fair value of the hedging instruments – insofar as they affect the effective portion – are recorded under other comprehensive income until the underlying transaction is realised. The ineffective portion of changes in value is recognised in profit or loss. When hedging commodities, underlying and hedging transactions are based on the same price index. This generally does not result in ineffectiveness. When hedging foreign currency risks, ineffectiveness can result from the difference in timing between the origination of the hedged item and the hedging instrument. Ineffectiveness can likewise stem from hedges containing material foreign currency basis spreads. Upon realisation of the underlying transaction, the hedge's contribution to income from accumulated other comprehensive income is recognised on the income statement or is offset against the initial value recognition of an asset or a liability.

RWE held the following instruments to hedge future cash flows relating to foreign currency risks:

Cash flow hedges as of 31 Dec 2019	Maturity		
	1–6 months	7–12 months	>12 months
Currency forwards – purchases			
Nominal volume (€ million)	2,276	134	61
Avg. EUR/USD exchange rate	1.15	1.18	1.19
Avg. EUR/GBP exchange rate	0.87	0.89	
Avg. EUR/CAD exchange rate	1.54	1.56	1.64
Currency forwards – sales			
Nominal volume (€ million)	-2,947	-401	-112
Avg. EUR/USD exchange rate	1.13	1.18	1.26
Avg. EUR/GBP exchange rate	0.87	0.88	0.86
Avg. EUR/CAD exchange rate	1.51		1.57

Cash flow hedges as of 31 Dec 2018	Maturity		
	1–6 months	7–12 months	>12 months
Currency forwards – purchases			
Nominal volume (€ million)	1,534	135	738
Avg. EUR/USD exchange rate	1.20		1.19
Avg. EUR/GBP exchange rate	0.90	0.91	0.92
Avg. EUR/CAD exchange rate	1.57	1.58	1.55
Currency forwards – sales			
Nominal volume (€ million)	-1,743	-339	-217
Avg. EUR/USD exchange rate	1.23	1.28	1.17
Avg. EUR/GBP exchange rate	0.90	0.91	0.91
Avg. EUR/CAD exchange rate	1.53		

RWE held the following instruments to hedge future cash flows relating to interest risks:

Cash flow hedges as of 31 Dec 2019	Maturity		
	1 - 6 months	7 - 12 months	>12 months
Interest swaps			
Nominal volume (£ million)			808
Secured average interest rate (%)			1.55

Cash flow hedges as of 31 Dec 2018	Maturity		
	1 - 6 months	7 - 12 months	>12 months
Interest swaps			
Nominal volume (£ million)			1,642
Secured average interest rate (%)			1.56

The commercial optimisation of the power plant portfolio is based on a dynamic hedging strategy. Hedged items and hedging instruments are constantly adjusted based on changes in market prices, market liquidity and the sales business with consumers. Commodity prices are hedged if this leads to a positive margin. Proprietary commodities trading is strictly separated from this when managing risks.

Hedges of net investment in a foreign operation are used to hedge the foreign currency risks of net investment in foreign entities whose functional currency is not the euro. We use bonds with various terms in the appropriate currencies, interest rate currency swaps, and other currency derivatives as hedging instruments. If there are changes in the exchange rates of currencies in which the bonds used for hedging are denominated or changes in the fair value of interest rate currency swaps, this is recorded under foreign currency translation adjustments in other comprehensive income.

RWE held the following instruments to hedge net investments in foreign operations:

Net investment hedges as of 31 Dec 2019	Maturity		
	1 - 6 months	7 - 12 months	>12 months
Bonds and currency forwards - sales			
Nominal volume (€ million)	- 1,037	- 349	- 631
Avg. EUR/AUD exchange rate			
Avg. EUR/GBP exchange rate	0.90	0.86	0.63
Avg. EUR/USD exchange rate			

Net investment hedges as of 31 Dec 2018	Maturity		
	1 - 6 months	7 - 12 months	>12 months
Bonds and currency forwards - purchases			
Nominal volume (€ million)	56		
Avg. EUR/GBP exchange rate	0.89		
Bonds and currency forwards - sales			
Nominal volume (€ million)	- 1,576		- 4,370
Avg. EUR/AUD exchange rate	1.58		
Avg. EUR/GBP exchange rate	0.89		0.85
Avg. EUR/USD exchange rate	1.23		

As regards bonds used as hedging instruments for net investment hedges, the average price was calculated using the foreign exchange rate valid on the designation date of the hedging relationship.

The hedging instruments designated in hedging relationships had the following effects on the company's net asset, financial and earnings position:

Hedging instruments – effects on the net asset, financial and earnings position as of 31 Dec 2019 € million	Nominal amount	Carrying amount		Fair value changes in the current period	Recognised ineffective-ness
		Assets	Liabilities		
Fair value hedges					
Commodity price risks	39		135	11	
Cash Flow Hedges					
Interest risks	931		105	69	
Foreign currency risks	296	52	87	26	
Commodity price risks	-4,125[1]	2,337	1,046	-571	
Net investment hedges					
Foreign currency risks			328	55	35

1 The net nominal amount stated is made up of purchases in the amount of €3,494 million and sales in the amount of €7,619 million.

Hedging instruments – effects on the net asset, financial and earnings position as of 31 Dec 2018 € million	Nominal amount	Carrying amount		Fair value changes in the current period	Recognised ineffective-ness
		Assets	Liabilities		
Fair value hedges					
Commodity price risks	39		146	-126	
Cash Flow Hedges					
Interest risks	1,642		42	-26	
Foreign currency risks	108	39	63	-18	-11
Commodity price risks	4,516[1]	1,056	861	4,611	
Net investment hedges					
Foreign currency risks	-5,890	7	4,070	37	-3

1 The net nominal amount stated is made up of purchases in the amount of €7,904 million and sales in the amount of €3,388 million.

The carrying amounts of the hedging instruments are recognised in the 'Other receivables and other assets' and 'Other liabilities' balance-sheet items.

The hedged items designated in hedging relationships had the following effects on the company's net asset, financial and earnings position:

Fair value hedges as of 31 Dec 2019	Carrying amount		Of which cumulative fair value adjustments		Changes in fair value in the reporting year
€ million	Assets	Liabilities	Assets	Liabilities	
Commodity price risks	174		135		11

Fair value hedges as of 31 Dec 2018	Carrying amount		Of which cumulative fair value adjustments		Changes in fair value in the reporting year
€ million	Assets	Liabilities	Assets	Liabilities	
Commodity price risks	185		146		126

Cash flow hedges and net investment hedges as of 31 Dec 2019 € million	Changes in fair value during the current period	Reserve for current hedges	Reserve for terminated hedges
Cash flow hedges			
Interest risks		- 94	
Foreign currency risks	67	107	
Commodity price risks	623	4,574	- 15
Net investment hedges			
Foreign currency risks	55	1,151	328

Cash flow hedges and net investment hedges as of 31 Dec 2018 € million	Changes in fair value during the current period	Reserve for current hedges	Reserve for terminated hedges
Cash flow hedges			
Interest risks	26	- 158	
Foreign currency risks	6	13	
Commodity price risks	4,611	5,004	
Net investment hedges			
Foreign currency risks	- 19	1,380	171

The carrying amounts of the hedged items for fair value hedges are stated in the 'Other receivables and other assets' balance-sheet item. Amounts realised from OCI and any ineffectiveness are recognised in the items on the income statement in which the underlying transactions are also recognised with an effect on income. The amounts realised from OCI are recognised in revenue and the cost of materials, whereas any ineffectiveness is recognised in other operating income and expenses. Amounts recognised and any ineffectiveness of hedging interest risks are recognised in financial income and financial expenses on the income statement.

The reconciliation of the changes in the hedge reserve in relation to the various risk categories of hedge accounting follows below:

Hedge reserve – 2019 € million	
Balance at 1 Jan 2019	**3,344**
Cash flow hedges	
Effective portion of changes in market value	332
Interest risks	-53
Foreign currency risks	-223
Commodity price risks	608
Gain or loss reclassified from OCI to the income statement – realisation of underlying transactions	136
Foreign currency risks	-127
Commodity price risks	263
Gain or loss recognised as a basis adjustment	-1,267
Interest risks	38
Foreign currency risks	2
Commodity price risks	-1,307
Tax effect of the change in the hedge reserve	434
Net investment hedges	
Effective portion of changes in market value	95
Foreign currency risks	95
Ofsetting against currency adjustments	-95
Balance at 31 Dec 2019	**2,979**

Hedge reserve – 2018 € million	
Balance at 1 Jan 2018	**43**
Cash flow hedges	
Effective portion of changes in market value	5,085
Interest risks	-26
Foreign currency risks	12
Commodity price risks	5,099
Gain or loss reclassified from OCI to the income statement – realisation of underlying transactions	-473
Commodity price risks	-473
Gain or loss recognised as a basis adjustment	187
Interest risks	31
Foreign currency risks	-15
Commodity price risks	171
Tax effect of the change in the hedge reserve	-1,498
Net investment hedges	
Effective portion of changes in market value	57
Foreign currency risks	57
Ofsetting against currency adjustments	-57
Balance at 31 Dec 2018	**3,344**

Credit risks. In the fields of finance and commodities, RWE primarily has credit relationships with banks that have good creditworthiness and other trading partners, most of which have good creditworthiness. Furthermore, RWE has credit relationships primarily with banks and other business partners with good creditworthiness within the scope of large-scale projects such as the construction of wind farms. RWE reviews counterparty default risks before contracts are concluded. RWE mitigates such risks by establishing limits which are adjusted during the business relationships if the creditworthiness of the business partners changes. Counterparty risks are monitored constantly so that countermeasures can be initiated early on. Furthermore, RWE is exposed to credit risks due to the possibility of customers failing to meet their payment obligations. We identify these risks by conducting regular analyses of the creditworthiness of our customers and initate countermeasures if necessary.

Amongst other things, RWE demands guarantees, cash collateral and other forms of security in order to mitigate credit risks. Furthermore, RWE takes out credit insurance policies to protect against defaults. Bank guarantees received as collateral are from financial institutions with the required good ratings. Collateral for credit insurance is pledged by insurers with an investment-grade rating.

The maximum balance-sheet default risk is derived from the carrying amounts of the financial assets stated on the balance sheet. The default risks for derivatives correspond to their positive fair values. Risks can also stem from financial guarantees and loan commitments which we have to fulfill vis-à-vis external creditors in the event of a default of a certain debtor. As of 31 December 2019, these obligations amounted to €174 million (previous year: €223 million). As of 31 December 2019, default risks were balanced against credit collateral, financial guarantees, bank guarantees and other collaterals amounting to €5.5 billion (previous year: €1.3 billion). Of this, €1.1 billion relates to trade receivables (previous year: €0.2 billion), €1.1 billion to derivatives used for hedging purposes (previous year: €0.3 billion), and €3.3 billion to other derivatives (previous year: €0.8 billion). There were no material defaults in fiscal 2019 or the previous year.

In the RWE Group, the risk provision for financial assets is determined on the basis of expected credit losses. These are determined on the basis of the probability of default, loss given default and the exposure at default. We determine the probability of default and loss given default using historical data and forward-looking information. The exposure at default date for financial assets is the gross carrying amount on the balance-sheet date. The expected credit loss for financial assets determined on this basis corresponds to the difference between the contractually agreed payments and the payments expected by RWE, discounted by the original effective interest rate. The assignment to one of the levels described below influences the level of the expected losses and the effective interest income recognised.

- Stage 1 – Expected 12-month credit losses: At initial recognition, financial assets are generally assigned to this stage – with the exception of those that have been purchased or originated credit impaired, which are thus considered separately. The level of impairment results from the cash flows expected for the entire term of the financial instrument, multiplied by the probability of a default within 12 months from the reporting date. The effective interest rate used for measurement is determined on the basis of the carrying amount before impairment (gross).
- Stage 2 – Lifetime expected credit losses (gross): If the credit risk has risen significantly between initial recognition and the reporting date, the financial instrument is assigned to this stage. Unlike Stage 1, default events expected beyond the 12-month period from the reporting date are also considered in calculating the impairment. The effective interest rate used for measurement is still determined on the basis of the carrying amount before impairment (gross).
- Stage 3 – Lifetime expected credit losses (net): If in addition to the criteria for Stage 2 there is an objective indication of an impairment, the financial asset is assigned to Stage 3. The impairment is calculated analogously to Stage 2. In this case, however, the effective interest rate used for measurement is applied to the carrying amount after impairment (net).

In the RWE Group, risk provisions are formed for financial instruments in the following categories:

- debt instruments measured at amortised cost,
- debt instruments measured at fair value through other comprehensive income.

For debt instruments for which there has been no significant rise in credit risk since initial recognition, a risk provision is recognised in the amount of the expected 12-month credit losses (Stage 1). In addition, a financial instrument is assigned to Stage 1 of the impairment model if the absolute credit risk is low on the balance-sheet date. The credit risk is classified as low if the debtor's internal or external rating is investment-grade. For trade accounts receivable, the risk provision corresponds to the lifetime expected credit losses (Stage 2).

To determine whether a financial instrument is assigned to Stage 2 of the impairment model, it must be determined whether the credit risk has increased significantly since initial recognition. To make this assessment, we consider quantitative and qualitative information supported by our experience and assumptions regarding future developments.

In so doing, special importance is accorded to the sector in which the RWE Group's debtors are active. Our experience is based on studies and data from financial analysts and government authorities, amongst others. Special attention is paid to the following developments:

- significant deterioration of the internal or external rating of the financial instrument,
- unfavourable changes in risk indicators, e.g. credit spreads or debtor-related credit default swaps,
- negative development of the debtor's regulatory, technological or economic environment,
- danger of an unfavourable development of business resulting in a significant reduction in operating income.

Independent thereof, a significant rise in credit risk and thus an assignment of the financial instrument to Stage 2 are assumed if the contractually agreed payments are more than 30 days overdue and there is no information that contradicts the assumption of a payment default.

We draw conclusions about the potential default of a counterparty from information from internal credit risk management. If internal or external information indicates that the counterparty cannot fulfil its obligations, the associated receivables are classified as unrecoverable and assigned to Stage 3 of the impairment model. Examples of such information are:

- The debtor of the receivable has apparent financial difficulties.
- The debtor has already commited a breach of contract by missing or delaying payments.
- Concessions already had to be made to the debtor.
- An insolvency or another restructuring procedure is impending.
- The market for the financial asset is no longer active.
- A sale is only possible at a high discount, which reflects the debtor's reduced creditworthiness.

A payment default and an associated assignmet of the financial asset to Stage 3 is also assumed if the contractually agreed payments are more than 90 days overdue and there is no information disproving the assumption of a payment default. Based on our experience, we generally assume that this assumption does not apply to trade accounts receivable.

A financial asset is depreciated if there are indications that the counterparty is in serious financial difficulty and the situation is unlikely to improve. We may also take legal recourse and other measures in order to enforce the contractually agreed payments in the event of an impairment.

The following impairments were recognised for financial assets stated under the following balance-sheet items within the scope of IFRS 7:

Impairment of financial assets € million	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Purchased or originated credit impaired	Total
Financial receivables					
Balance at 1 Jan 2019	**23**	**6**	**11**		**40**
Remeasurement due to new measurement parameters	4				4
Newly acquired/issued financial assets	2	1			3
Redeemed or derecognised financial assets	-18				-18
Transfer from Level 2 to Level 1		-4			-4
Balance at 31 Dec 2019	**11**	**3**	**11**		**25**

Impairment of financial assets € million	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Purchased or originated credit impaired	Total
Financial receivables					
Balance at 1 Jan 2018	**53**	**5**	**11**	**71**	**140**
Remeasurement due to new measurement parameters	1	1			2
Newly acquired/issued financial assets	1				1
Redeemed or derecognised financial assets	-1				-1
Change in the scope of consolidation	-10			-71	-81
Transfers	-21				-21
Balance at 31 Dec 2018	**23**	**6**	**11**		**40**

For trade accounts receivable, the expected credit loss is determined by applying the simplified approach taking account of the entire lifetime of the financial instruments.

In the RWE Group, there are no cases where a risk provision for trade accounts receivable was not recognised due to the collateral on the books.

The following table shows the development of the risk provisions for trade accounts receivable:

Risk provision for trade accounts receivable € million	
Balance at 1 Jan 2019	**27**
Addition	9
Changes in the scope of consolidation	-4
Balance at 31 Dec 2019	**32**

Risk provision for trade accounts receivable € million	
Balance at 1 Jan 2018	**405**
Addition	85
Withdrawal	-81
Currency translation	-2
Changes in the scope of consolidation	-390
Transfers	10
Balance at 31 Dec 2018	**27**

The following table presents the gross carrying amounts of the financial instruments under the scope of the impairment model:

Gross carrying amounts of financial assets as of 31 Dec 2019 € million	Equivalent to S&P scale	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Trade accounts receivable	Total
Class 1 – 5: low risk	AAA to BBB–	7,262	39		3,261	10,562
Class 6 – 9: medium risk	BB+ to BB–	121	1	12	95	229
Class 10: high risk	B+ to B–	43	10		67	120
Class 11: doubtful	CCC to C				6	6
Class 12: loss	D			1	36	37
		7,426	**50**	**13**	**3,465**	**10,954**

Gross carrying amounts of financial assets as of 31 Dec 2018 € million	Equivalent to S&P scale	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Trade accounts receivable	Total
Class 1 – 5: low risk	AAA to BBB–	7,228			1,611	8,839
Class 6 – 9: medium risk	BB+ to BB–	68		11	297	376
Class 10: high risk	B+ to B–	5	13		65	83
Class 11: doubtful	CCC to C				6	6
Class 12: loss	D			1	20	21
		7,301	**13**	**12**	**1,999**	**9,325**

Liquidity risks. As a rule, RWE Group companies refinance with RWE AG. In this regard, there is a risk that liquidity reserves will prove to be insufficient to meet financial obligations in a timely manner. In 2020, liabilities owed to banks of €0.4 billion (previous year: €0.1 billion) are due. In addition, short-term debt must be repaid. Furthermore, taking account of the earliest possible call date of the hybrid bond, which is classified as debt pursuant to IFRS, €0.5 billion in capital market debt matures in 2020 (previous year: €0.8 billion).

As of 31 December 2019, holdings of cash and cash equivalents and current marketable securities amounted to €6,450 million (previous year: €7,132 million).

RWE AG's credit line was increased to €5 billion in April 2019. Its two tranches expire in April 2021 (€2 billion) and April 2024 (€3 billion). As of the balance-sheet date, US$0 billion (previous year: US$0 billion) of RWE AG's US$5 billion commercial paper programme (previous year: US$5 billion) was used. Above and beyond this, RWE AG can finance itself using a €10 billion debt issuance programme; as of the balance-sheet date, outstanding bonds from this programme amounted to €0 billion (previous year: €0 billion) at RWE AG. Accordingly, RWE AG's medium-term liquidity risk can be classified as low.

Financial liabilities falling under the scope of IFRS 7 are expected to result in the following (undiscounted) payments in the coming years:

Redemption and interest payments on financial liabilities		Redemption payments			Interest payments		
€ million	Carrying amounts 31 Dec 2019	2020	2021 to 2024	From 2025	2020	2021 to 2024	From 2025
Bonds payable[1]	1,110	539		571	44	116	53
Bank debt	1,356	393	70	894	23	90	94
Lease liabilities	1,102	83	244	784	24	89	200
Other financial liabilities	1,766	921	329	541	57	164	508
Derivative financial liabilities	10,479	10,092	85	302	22	64	153
Collateral for trading activities	400	400					
Miscellaneous other financial liabilities	3,147	3,143	9	4			

1 Including hybrid bonds classified as debt as per IFRS, taking into account the earliest possible call date.

Redemption and interest payments on financial liabilities		Redemption payments			Interest payments		
€ million	Carrying amounts 31 Dec 2018	2019	2020 to 2023	From 2024	2019	2020 to 2023	From 2024
Bonds payable[1]	1,103		539	564	102	129	81
Bank debt	554	87	90	413	13	51	31
Lease liabilities	241	10	39	192			
Other financial liabilities	333	155	13	170	7	27	428
Derivative financial liabilities	7,060	6,681	100	282	26	58	143
Collateral for trading activities	533	533					
Miscellaneous other financial liabilities	2,553	2,549	8	4			

1 Including hybrid bonds classified as debt as per IFRS, taking into account the earliest possible call date.

Above and beyond this, as of 31 December 2019, there were financial guarantees for external creditors in the amount of €121 million (previous year: €145 million), which are to be allocated to the first year of repayment. Additionally, Group companies have provided loan commitments to third-party companies amounting to €53 million (previous year: €78 million), which are callable in 2020.

Detailed information on the risks of the RWE Group and on the objectives and procedures of the risk management is presented on page 84 et seqq. in the review of operations.

(28) Contingent liabilities and financial commitments

As of 31 December 2019, the amount of capital commitments totalled €1,989 million (previous year: €2,396 million). This mainly consisted of investment in property, plant and equipment.

In the previous year, commitments from operating leases referred largely to rental arrangements for power generation and supply plants as well as rent and lease contracts for storage and administration buildings. Minimum lease payments had the following maturity structure:

Operating leases € million	Nominal value 31 Dec 2018
Due within 1 year	59
Due after 1 to 5 years	159
Due after 5 years	354
	572

We have made long-term contractual purchase commitments for supplies of fuels, including natural gas in particular. Payment obligations stemming from the major long-term purchase contracts amounted to €27.1 billion as of 31 December 2019 (previous year: €27.9 billion), of which €0.3 billion is due within one year (previous year: €0.8 billion).

Gas purchases by the RWE Group are partially based on long-term take-or-pay contracts. The conditions in these contracts, which have terms up to 2036 in some cases, are renegotiated by the contractual partners at certain intervals, which may result in changes in the reported payment obligations. Calculation of the payment obligations resulting from the purchase contracts is based on parameters from the internal planning.

Furthermore, RWE has long-term financial commitments for purchases of electricity. As of 31 December 2019, the minimum payment obligations stemming from the major purchase contracts totalled €7.1 billion (previous year: €7.8 billion), of which €0.2 billion is due within one year (previous year: €0.8 billion). Above and beyond this, there are also long-term purchase and service contracts for uranium, conversion, enrichment and fabrication.

We bear legal and contractual liability from our membership in various associations which exist in connection with power plant projects, profit- and loss-pooling agreements and for the provision of liability cover for nuclear risks, amongst others.

On the basis of a mutual benefit agreement, RWE AG and other parent companies of German nuclear power plant operators undertook to provide approximately €2,244 million in funding to liable nuclear power plant operators to ensure that they are able to meet their payment obligations in the event of nuclear damages. From 1 January 2020, onwards, RWE AG has a 30.452 % contractual share in the liability (23.259 % until 31 December 2019) plus 5 % for damage settlement costs.

RWE AG and its subsidiaries are involved in official, regulatory and antitrust proceedings, litigation and arbitration proceedings related to their operations and are affected by the results of such. In some cases, out-of-court claims are also filed. However, RWE does not expect any material negative repercussions from these proceedings on the RWE Group's economic or financial position.

(29) Segment reporting

RWE is divided into five segments, which are separated from each other based on functional criteria.

We report on German electricity generation from lignite and nuclear fuel in the Lignite & Nuclear segment. This includes the Rhenish opencast lignite mining operations.

The European Power segment encompasses the German, British, Dutch/Belgian and Turkish power generation business via gas and hard coal-fired power stations, the Scottish biomass-fired power plant Markinch, and the project management and engineering specialist RWE Technology International. The segment is supplemented by hydroelectric power stations in Germany and Luxembourg.

The Supply & Trading segment contains energy and commodities trading, the marketing and hedging of the RWE Group's electricity position and the gas midstream business. This segment is the responsibility of RWE Supply & Trading, which also supplies certain major industrial and commercial customers with electricity and natural gas.

The innogy – continuing operations segment encompasses the parts of innogy the control of which was not transferred to E.ON. These are the renewables business, innogy's gas storage facilities located in Germany and the Czech Republic, and the stake in the Austrian energy utility Kelag. Along with electricity generation, activities in the field of renewables include the development and implementation of projects to expand capacities. Wind and hydroelectric power are the two dominant production technologies. The main production sites are located in Germany, the United Kingdom, the Netherlands, Poland, Spain and Italy.

The Acquired E.ON operations segment comprises the main parts of E.ON's former renewable energy business, of which RWE gained control on 18 September 2019. It includes onshore and offshore wind and photovoltaic activities.

'Other, consolidation' covers RWE AG, consolidation effects and the activities of other business areas which are not presented separately. These activities primarily include our non-controlling interests in the German transmission system operator Amprion and in E.ON.

Segment reporting Divisions 2019 € million	Lignite & Nuclear	European Power	Supply & Trading	innogy – continuing operations	Acquired E.ON operations	Other, consolidation	RWE Group
External revenue (incl. natural gas tax/electricity tax)	**1,018**	**1,065**	**9,649**	**1,164**	**374**	**7**	**13,277**
Intra-group revenue	2,166	3,483	3,274	399		-9,322[1]	
Total revenue	3,184	4,548[2]	12,923	1,563	374	-9,315	13,277
Adjusted EBIT	12	132	691	443	116	-127	1,267
Operating income from investments	63	21	1	74	13	133	305
Operating income from investments accounted for using the equity method	62	20	34	59	16	132	323
Operating depreciation, amortisation and impairment losses	362	321	11	390	137	1	1,222
Impairment losses	785	772	19	414	11		2,001
Adjusted EBITDA	**374**	**453**	**702**	**833**	**253**	**-126**	**2,489**
Carrying amount of investments accounted for using the equity method	68	139	3	750	1,638	638	3,236
Capital expenditure on intangible assets, property, plant and equipment	342	252	11	1,215	267	3	2,090

1 Of which: consolidation of intra-group revenue of –€9,322 million.
2 Of which: total revenue from power generation in the United Kingdom of €2,640 million.

Regions 2019	EU			Rest of Europe	Other	RWE Group
€ million	Germany	UK	Other EU			
External revenue[1,2]	4,840	5,035	2,368	484	398	13,125
Intangible assets and property, plant and equipment	6,758	9,845	3,353		3,950	23,906

1 Excluding natural gas tax/electricity tax.
2 Broken down by the region in which the service was provided.

Segment reporting Divisions 2018 € million	Lignite & Nuclear	European Power	Supply & Trading	innogy – continuing operations	Acquired E.ON operations	Other, consoli-dation	RWE Group
External revenue (incl. natural gas tax/electricity tax)	**1,144**	**926**	**10,335**	**1,124**		**18**	**13,547**
Intra-group revenue	2,340	3,768	3,434	386		–9,928[1]	
Total revenue	3,484	4,694[2]	13,769	1,510		–9,910	13,547
Adjusted EBIT	77	37	177	349		–21	619
Operating income from invest-ments	58	7	–44	61		94	176
Operating income from invest-ments accounted for using the equity method	58	6		53		94	211
Operating depreciation, amortisation and impairment losses	279	297	6	350		–13	919
Impairment losses	14	29		4			47
Adjusted EBITDA	**356**	**334**	**183**	**699**		**–34**	**1,538**
Carrying amount of investments accounted for using the equity method	60	125	3	740		539	1,467
Capital expenditure on intangible assets and property, plant and equipment	230	245	13	592		–1	1,079

1 Of which: consolidation of intra-group revenue of – €9,929 million and intra-group revenue of other companies of €1 million.
2 Of which: total revenue from power generation in the United Kingdom of €2,213 million.

Regions 2018	EU			Rest of Europe	Other	RWE Group
€ million	Germany	UK	Other EU			
External revenue[1,2,3]	4,549	4,358	3,130	984	385	13,406
Intangible assets and property, plant and equipment	5,882	5,286	3,004		430	14,602

1 Excluding natural gas tax/electricity tax.
2 Broken down by the region in which the service was provided.
3 Prior-figures restated.

External revenue by product in 2019 € million	Lignite & Nuclear	European Power	Supply & Trading	innogy – continuing operations	Acquired E.ON operations	Other, consoli-dation	RWE Group
External revenue[1,2]	**1,003**	**1,062**	**9,514**	**1,164**	**374**	**8**	**13,125**
of which: electricity	282	620	8,259	869	242		10,272
of which: gas		12	1,094	50			1,156
of which: other revenue	721	430	161	245	132	8	1,697

1 Excluding natural gas tax/electricity tax.
2 Of which €3,054 million in external revenue on the basis of coal-based electricity generation and coal sales.

External revenue by product in 2018 € million	Lignite & Nuclear	European Power	Supply & Trading	innogy – continuing operations	Acquired E.ON operations	Other, consoli-dation	RWE Group
External revenue[1,2]	**1,132**	**925**	**10,208**	**1,124**		**17**	**13,406**
of which: electricity	303	542	8,478	799		-1	10,121
of which: gas		17	1,484	47		-1	1,547
of which: other revenue	829	366	246	278		19	1,738

1 Excluding natural gas tax/electricity tax.
2 Of which €4,196 million in external revenue on the basis of coal-based electricity generation and coal sales.

Notes on segment data. We report revenue between the segments as RWE intra-group revenue. Internal supply of goods and services is settled at arm's length conditions. Adjusted EBITDA is used for internal management. The following table presents the reconciliation of adjusted EBITDA to adjusted EBIT and income from continuing operations before tax:

Reconciliation of income items € million	2019	2018
Adjusted EBITDA	**2,489**	**1,538**
– Operating depreciation, amortisation and impairment losses	-1,222	-919
Adjusted EBIT	**1,267**	**619**
+ Non-operating result	-1,081	-161
+ Financial result	-938	-409
Income from continuing operations before tax	**-752**	**49**

Income and expenses that are unusual from an economic perspective, or stem from exceptional events, prejudice the assessment of operating activities. They are reclassified to the non-operating result. Amongst other things, these can include book gains or losses from the disposal of investments or non-current assets not required for operations, impairment of the goodwill of fully consolidated companies, as well as effects of the fair valuation of certain derivatives.

Non-operating result € million	2019	2018
Disposal result	48	-25
Impact of derivatives on earnings	81	-146
Other	-1,210	10
Non-operating result	**-1,081**	**-161**

Further commentary on the non-operating result can be found on page 57 et seq. of the review of operations.

(30) Notes to the cash flow statement

The cash flow statement classifies cash flows according to operating, investing and financing activities. Cash and cash equivalents in the cash flow statement correspond to the amount stated on the balance sheet. Cash and cash equivalents consist of cash on hand, demand deposits and fixed-interest marketable securities with a maturity of three months or less from the date of acquisition.

Among other things, cash flows from operating activities include:

- cash flows from interest income of €184 million (previous year: €166 million) and cash flows used for interest expenses of €257 million (previous year: €176 million),
- €325 million (previous year: €321 million) in taxes on income paid (less refunds),
- income from investments, corrected for items without an effect on cash flows, in particular from accounting using the equity method, which amounted to €187 million (previous year: €107 million).

Flows of funds from the acquisition and sale of consolidated companies are included in cash flows from investing activities. Effects of foreign exchange rate changes and other changes in value are stated separately.

Cash flows from financing activities of continuing operations include €430 million (previous year: €922 million) which was distributed to RWE shareholders, €51 million (previous year: €43 million) which was distributed to non-controlling shareholders, and €61 million (previous year: €60 million) which was distributed to hybrid capital investors. Furthermore, cash flows from financing activities include purchases of €86 million (previous year: €2 million) and sales in the amount of €0 million (previous year: €687 million) of shares in subsidiaries and other business units which did not lead to a change of control.

Changes in liabilities from financing activities are presented in the following table:

Statement of changes in financial liabilities € million	1 Jan 2019[1]	Increase/ repayment	Changes in the scope of consoli- dation	Currency effects	Changes in fair values	Other changes	31 Dec 2019
Current financial liabilities	787	986	7,081	-392	137	-6,789	1,810
Non-current financial liabilities	2,330	218	2,468	17		-1,109	3,924
Other items		474					

1 Including the effect of the initial adoption of IFRS 16 in the amount of €353 million.

Statement of changes in financial liabilities € million	1 Jan 2018	Increase/ repayment	Changes in the scope of consoli- dation	Of which stated as 'held for sale'	Currency effects	Changes in fair values	Other changes	31 Dec 2018
Current financial liabilities	2,787	-196	-2,845	-2,779	32	-58	1,046	766
Non-current financial liabilities	14,414	435	-13,840	-13,840	4	1	984	1,998
Other items		-1,494						

The amount stated in the 'Other items' line item contains cash-effective changes resulting from derivative financial instruments and margin payments, which are recognised in cash flows from financing activities in the cash flow statement.

Restrictions on the disposal of cash and cash equivalents amounted to €51 million (previous year: €0 million).

(31) Related party disclosures

Within the framework of their ordinary business activities, RWE AG and its subsidiaries have business relationships with numerous companies. These include associated companies and joint ventures, which are classified as related parties. In particular, this category includes material investments of the RWE Group, which are accounted for using the equity method.

Business transactions were concluded with major associates and joint ventures, resulting in the following items in RWE's consolidated financial statements:

Key items from transactions with associates and joint ventures € million	Associated companies		Joint ventures	
	2019	2018	2019	2018
Income	258	1,855	74	79
Expenses	142	3,193	45	48
Receivables	88	140	59	64
Liabilities	123	191	7	8

The key items from transactions with associates and joint ventures mainly stem from supply and service transactions. In addition to supply and service transactions, there are also financial links with joint ventures. During the reporting period, income of €2 million (previous year: €4 million) was recorded from interest-bearing loans to joint ventures. As of the balance-sheet date, financial receivables accounted for €55 million of the receivables from joint ventures (previous year: €56 million). All transactions were completed at arm's length conditions, i.e. on principle the conditions of these transactions did not differ from those with other enterprises. €108 million of the receivables (previous year: €165 million) and €10 million of the liabilities (previous year: €166 million) fall due within one year. Other obligations from executory contracts amounted to €99 million (previous year: €578 million).

Above and beyond this, the RWE Group did not execute any material transactions with related companies or persons.

With regard to fiscal 2019, in addition to the members of the Executive Board and Supervisory Board of RWE AG, the Executive Board members and Supervisory Board members of innogy SE were deemed to be key management personnel for the RWE Group until 18 September 2019. The following information pertains to total compensation pursuant to IAS 24.

Key management personnel (Executive and Supervisory Board members) received €16,457,000 in short-term compensation components for fiscal 2019 (previous year: €19,721,000). Additionally, share-based payments within the framework of LTIP SPP amounted to €8,386,000 (previous year: €7,479,000) and the pension service cost amounted to €554,000 (previous year: €536,000). Provisions totalling €25,607,000 (previous year: €36,052,000) were formed for obligations vis-à-vis key management personnel.

The remuneration model and remuneration of the Executive and Supervisory Boards of RWE AG calculated pursuant to the German Commercial Code is presented in the remuneration report, which is included in the review of operations.

In total, the remuneration of the Executive Board amounted to €7,571,000 (previous year: €6,880,000). This contains share-based payments amounting to €2,350,000 (123,037 RWE performance shares) granted within the framework of the LTIP SPP. In the previous year, share-based payments amounting to €2,350,000 (125,000 RWE performance shares) were granted.

Including remuneration from subsidiaries for the exercise of mandates, the Supervisory Board received total remuneration of €3,304,000 (previous year: €3,480,000) in fiscal 2019. The employee representatives on the Supervisory Board have labour contracts with the respective Group companies. Remuneration occurs in accordance with the relevant contractual conditions.

During the period under review, no loans or advances were granted to members of the Executive or Supervisory Boards.

Former members of the Executive Board and their surviving dependants received €10,623,000 (previous year: €10,802,000), of which €651,000 came from subsidiaries (previous year: €940,000). As of the balance-sheet date, €146,568,000 (previous year: €146,721,000) were accrued for defined benefit obligations to former members of the Executive Board and their surviving dependants. Of this, €6,980,000 was set aside at subsidiaries (previous year: €8,516,000).

Information on the members of the Executive and Supervisory Boards is presented on page 207 et seqq. of the Notes.

(32) Auditors' fees

The fees for audit services primarily contain the fees for the audit of the consolidated financial statements and for the audit of the financial statements of RWE AG and its subsidiaries, along with the review of the interim statements. Other assurance services include fees for review of the internal controlling system, as well as expenses related to statutory or court-ordered requirements. In particular, the fees for tax services include compensation for consultation in the preparation of tax returns and other national and international tax-related matters as well as review of resolutions of the tax authorities. Other services primarily include compensation for M&A activity and IT project consulting.

RWE recognised the following fees as expenses for the services rendered by the auditors of the consolidated financial statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) and companies belonging to PwC's international network:

PwC network fees	2019		2018	
€ million	Total	Of which: Germany	Total	Of which: Germany
Audit services	17.5	12.9	17.7	11.0
Other assurance services	2.5	2.3	5.1	4.7
Tax services	0.9	0.3	0.7	0.6
Other services	5.8	5.6	3.8	1.8
	26.7	**21.1**	**27.3**	**18.1**

(33) Application of the exemption rule pursuant to Sec. 264, Para. 3 and Sec. 264b of the German Commercial Code

In fiscal 2019, the following German subsidiaries made partial use of the exemption clause pursuant to Sec. 264, Para. 3 and Sec. 264b of the German Commercial Code (HGB):

- BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen,
- GBV Vierunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen,
- GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen,
- Kernkraftwerk Lingen Gesellschaft mit beschränkter Haftung, Lingen (Ems),
- KMG Kernbrennstoff-Management Gesellschaft mit beschränkter Haftung, Essen,
- Rheinbraun Brennstoff GmbH, Cologne,
- Rheinische Baustoffwerke GmbH, Bergheim,
- RV Rheinbraun Handel und Dienstleistungen GmbH, Cologne,
- RWE Nuclear Beteiligungs-GmbH, Essen,
- RWE Renewables GmbH, Essen,
- RWE Technology International GmbH, Essen,
- RWE Trading Services GmbH, Essen.

(34) Events after the balance-sheet date

In the period from 1 January 2020 until the completion of the consolidated financial statements on 27 February 2020, the following significant events occurred:

Acquisition of the King's Lynn power station

On 12 February 2020, the acquisition of a 100% stake in Centrica KL Limited (CKLL), Windsor, UK, agreed with the British energy company GB Gas Holdings Limited, a subsidiary of Centrica plc, Windsor, UK, at the end of December 2019, was completed.

The power station is a combined-cycle gas turbine (CCGT) power plant located in King's Lynn, Norfolk, UK. The plant has a capacity of 382 megawatts and will receive reliable, stable capacity payments until 2035 based on a 15-year contract in the British capacity market with a term starting in October 2020.

The preliminary purchase price amounts to £28 million (excluding repaid shareholder loans in the amount of £73 million). The final purchase price is subject to adjustments depending on the net debt and net working capital as of the completion date. The closing balance sheet as of this cut-off date is currently being finalised.

Since the closing balance sheet of CKLL had not been finalised when the RWE consolidated financial statements were prepared, the statements cannot present the information on the fair values of the acquired assets (including acquired receivables) and liabilities, or the information on the factors which may comprise goodwill, or any necessary information on acquisition at a price below market value.

(35) Declaration according to Sec. 161 of the German Stock Corporation Act

The declaration on the German Corporate Governance Code prescribed by Sec. 161 of the German Stock Corporation Act (AktG) has been submitted for RWE AG and has been made permanently and publicly available to shareholders on the Internet pages of RWE AG[1].

Essen, 27 February 2020

The Executive Board

Schmitz Krebber

1 www.rwe.com/statement-of-compliance-2019

3.7 List of shareholdings (part of the notes)

List of shareholdings as per Sec. 285 No. 11 and No. 11a and Sec. 313 Para. 2 (in relation to Sec. 315 e I) of HGB as of 31 December 2019

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Aktivabedrijf Wind Nederland B.V., Zwolle/Netherlands		100	25,645	23,154
Alte Haase Bergwerks-Verwaltungs-Gesellschaft mbH, Dortmund		100	-67,329	-3,664
Amrum-Offshore West GmbH, Düsseldorf		100	126	149,501
An Suidhe Wind Farm Limited, Swindon/United Kingdom		100	24,290	1,202
Anacacho Holdco, LLC, Wilmington/USA		100	56,488	0
Anacacho Wind Farm, LLC, Wilmington/USA		100	134,952	-5,062
Andromeda Wind s.r.l., Bolzano/Italy		51	9,579	2,876
Belectric Australia Pty. Limited, Melbourne/Australia		100	508	1,872
Belectric Canada Solar Inc. , Vancouver/Canada		100	-978	-964
Belectric Chile Energia Fotovoltaica LTDA, Santiago de Chile/Chile		100	-851	-5,747
Belectric Espana Fotovoltaica S.L., Barcelona/Spain		100	554	-199
Belectric France S.à.r.l., Vendres/France		100	-5,710	-5,129
BELECTRIC GmbH, Kolitzheim		100	12,467	-4,442
Belectric Inversiones Latinoamericana S.L., Barcelona/Spain		100	28	-18
Belectric Israel Ltd., Be'er Scheva/Israel		100	12,329	537
Belectric Italia s.r.l., Latina/Italy		100	3,299	409
Belectric Photovoltaic India Private Limited, Mumbai/India		100	727	-2,980
BELECTRIC PV Dach GmbH, Sömmerda		100	1,177	201
Belectric Solar & Battery GmbH, Kolitzheim		100	12,461	-3,064
Belectric Solar Ltd., Slough/United Kingdom		100	1,734	394
BELECTRIC Solar Power, S.L., Barcelona/Spain		100	50	0
BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen	100	100	4,317,938	[1]
Bilbster Wind Farm Limited, Swindon/United Kingdom		100	3,846	352
Boiling Springs Wind Farm, LLC, Wilmington/USA		100	-60	-60
Bruenning's Breeze Holdco, LLC, Wilmington/USA		100	75,011	0
Bruenning's Breeze Wind Farm, LLC, Wilmington/USA		100	238,456	-5,287
Carl Scholl GmbH, Cologne		100	581	45
Carnedd Wen Wind Farm Limited, Swindon/United Kingdom		100	-4,340	-318
Cassadaga Wind LLC, Chicago/USA		100	66,403	-296
Champion WF Holdco, LLC, Wilmington/USA		100	114,010	-5,254
Champion Wind Farm, LLC, Wilmington/USA		100	114,010	-5,258
Cloghaneleskirt Energy Supply Limited, Kilkenny/Ireland		100	76	76
Colbeck's Corner Holdco, LLC, Wilmington/USA		100	73,239	0
Colbeck's Corner, LLC, Wilmington/USA		100	243,854	-7,489
Cranell Holdco, LLC, Wilmington/USA		100	29,363	0
Cranell Wind Farm, LLC, Wilmington/USA		100	29,298	-64
DOTTO MORCONE S.r.l., Rome/Italy		100	-1,161	-1,617
Dromadda Beg Wind Farm Limited, Kilkenny/Ireland		100	1,515	94
Edgware Energy Limited, Swindon/United Kingdom		100	-7	-7

1 Profit and loss-pooling agreement.
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8 Profit and loss-pooling agreement with non-Group companies.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Electra Insurance Limited, Hamilton/Bermuda		100	29,823	687
Energies France S.A.S. – Group – (pre-consolidated)			33,206	1,878[2]
Centrale Hydroelectrique d'Oussiat S.A.S., Paris/France		100		
Energies Charentus S.A.S., Paris/France		100		
Energies France S.A.S., Paris/France		100		
Energies Maintenance S.A.S., Paris/France		100		
Energies Saint Remy S.A.S., Paris/France		100		
Energies VAR 1 S.A.S., Paris/France		100		
Energies VAR 3 S.A.S., Paris/France		100		
SAS Île de France S.A.S., Paris/France		100		
Energy Resources Holding B.V., 's-Hertogenbosch/Netherlands		100	96,292	-20,770
Energy Resources Ventures B.V., 's-Hertogenbosch/Netherlands		100	18,776	-5,191
E.ON Energie Odnawialne Sp. z o.o., Szczecin/Poland		100	61,917	29,764
Farma Wiatrowa Barzowice Sp. z o.o., Warsaw/Poland		100	16,727	7,464
Forest Creek Investco, Inc., Wilmington/USA		100	109	0
Forest Creek WF Holdco, LLC, Wilmington/USA		100	88,869	-3,728
Forest Creek Wind Farm, LLC, Wilmington/USA		100	88,869	-3,728
Fri-El Anzi Holding s.r.l., Bolzano/Italy		51	7,354	1,743
Fri-El Anzi s.r.l., Bolzano/Italy		100	7,629	1,776
Fri-El Guardionara s.r.l., Bolzano/Italy		51	10,334	2,344
GBV Vierunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	17,923,746	5,268,288
GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	25	[1]
Generación Fotovoltaica De Alarcos, S.L.U., Barcelona/Spain		100	-20	-42
Georgia Biomass Holding LLC, Savannah/USA		100	62,922	18,351
Georgia Biomass LLC, Savannah/USA		100	46,072	14,266
GfV Gesellschaft für Vermögensverwaltung mbH, Dortmund	100	100	135,281	6,817
Glen Kyllachy Wind Farm Limited, Swindon/United Kingdom		100	-4,198	-4,078
Grandview Holdco, LLC, Wilmington/USA		100	103,297	2,260
Green Gecco GmbH & Co. KG, Essen		51	80,321	3,795
Hardin Class B Holdings LLC, Wilmington/USA		100	104,969	0
Hardin Wind Holdings LLC, Wilmington/USA		100	104,933	-3
Hardin Wind LLC, Chicago/USA		100	42,250	0
Harryburn Wind Farm Limited, Swindon/United Kingdom		100	-2,391	-464
Inadale Wind Farm, LLC, Wilmington/USA		100	121,398	-3,842
innogy Bergheim Windparkbetriebsgesellschaft mbH, Hanover		100	25	[1]
innogy Brise Windparkbetriebsgesellschaft mbH, Hanover		100	226	[1]
Innogy Energy Marketing LLC, Wilmington/USA		100	-42,733	-42,885
innogy Evendorf Windparkbetriebsgesellschaft mbH, Hanover		100	25	[1]
innogy Gas Storage NWE GmbH, Dortmund		100	317,572	[8]

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
innogy Gas Storage, s.r.o., Prague/Czech Republic		100	540,881	11,337
Innogy GyM 2 Limited, Swindon/United Kingdom		100	-13,399	-552
Innogy GyM 3 Limited, Swindon/United Kingdom		100	-13,401	-554
Innogy GyM 4 Limited, Swindon/United Kingdom		100	-40,229	-1,662
innogy Hörup Windparkbetriebsgesellschaft mbH, Hörup		100	26	[1]
innogy indeland Windpark Eschweiler GmbH & Co. KG, Eschweiler		51	53,581	3,159
innogy Italia s.p.a., Milan/Italy		100	16,766	1,507
innogy Kaskasi GmbH, Hamburg		100	99	[1]
innogy Lengerich Windparkbetriebsgesellschaft mbH, Gersten		100	25	[1]
innogy Limondale Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	40,071	-582
innogy Lüneburger Heide Windparkbetriebsgesellschaft mbH, Walsrode		100	25	[1]
innogy Mistral Windparkbetriebsgesellschaft mbH, Hanover		100	578	[1]
innogy Offshore Wind Netherlands B.V., 's-Hertogenbosch/Netherlands		100	621	-396
Innogy Renewables Australia Pty Ltd., Melbourne/Australia		100	-16	-16
innogy Renewables Benelux B.V., 's-Hertogenbosch/Netherlands		100	-71,621	54,655
innogy Renewables Beteiligungs GmbH, Dortmund		100	7,350	[1]
innogy Renewables Canada Inc., Vancouver/Canada		100	1,485	-1,060
Innogy Renewables Ireland Limited, Kilkenny/Ireland		100	-3,237	-2,281
innogy Renewables Polska Sp. z o.o., Warsaw/Poland		100	245,878	38,464
Innogy Renewables UK Holdings Limited, Swindon/United Kingdom		100	1,842,861	328,572
Innogy Renewables UK Limited, Swindon/United Kingdom		100	2,373,332	712,184
Innogy Renewables US LLC, Chicago/USA		100	197,193	-11,792
innogy Seabreeze II GmbH & Co. KG, Essen		100	2,550	-47,591
innogy Slovensko s.r.o., Bratislava/Slovakia		100	9,452	10,061
innogy Sommerland Windparkbetriebsgesellschaft mbH, Sommerland		100	26	[1]
innogy Spain, S.A.U. – Group – (pre-consolidated)			153,356	20,608[2]
Danta de Energías, S.A., Soria/Spain		99		
Explotaciones Eólicas de Aldehuelas, S.L., Soria/Spain		95		
General de Mantenimiento 21, S.L.U., Barcelona/Spain		100		
Hidroeléctrica del Trasvase, S.A., Barcelona/Spain		60		
innogy Spain, S.A.U., Barcelona/Spain		100		
innogy Süderdeich Windparkbetriebsgesellschaft mbH, Süderdeich		100	106	[1]
innogy Titz Windparkbetriebsgesellschaft mbH, Essen		100	25	[1]
innogy Wind Onshore Deutschland GmbH, Hanover		100	77,373	[1]
innogy Windpark Bedburg GmbH & Co. KG, Bedburg		51	81,458	5,845
innogy Windpower Netherlands B.V., 's-Hertogenbosch/Netherlands		100	1,158	171,067
Inversiones Belectric Chile LTDA, Santiago de Chile/Chile		100	-39	-3

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
INVESTERG – Investimentos em Energias, SGPS, Lda. – Group – (pre-consolidated)			21,174	2,580[2]
INVESTERG – Investimentos em Energias, Sociedade Gestora de Participações Sociais, Lda., São João do Estoril/Portugal		100		
LUSITERG – Gestão e Produção Energética, Lda., São João do Estoril/Portugal		74		
IRUS Solar Development LLC, Dover/USA		100	-165	-165
IRUS Solar Holdings LLC, Dover/USA		100	22,385	-270
IRUS Solar NC Lessee LLC, Wilmington/USA		100	14,165	-33
IRUS Solar NC Pledgor LLC, Wilmington/USA		100	14,198	0
IRUS Solar Operations LLC, Wilmington/USA		100	13,361	-839
IRUS Wind Development LLC, Dover/USA		100	65,602	-1,210
IRUS Wind Holdings LLC, Dover/USA		100	198,798	0
IRUS Wind Operations LLC, Wilmington/USA		100	104,969	0
Jurchen Technology GmbH, Kitzingen		100	2,035	-397
Jurchen Technology India Private Limited, Mumbai/India		100	1,158	-62
Kernkraftwerk Gundremmingen GmbH, Gundremmingen		100	96,736	8,343
Kernkraftwerk Lingen Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	20,034	[1]
Kernkraftwerke Lippe-Ems Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	432,269	[1]
Kernkraftwerksbeteiligung Lippe-Ems beschränkt haftende OHG, Lingen/Ems		100	144,433	35,516
KMG Kernbrennstoff-Management Gesellschaft mit beschränkter Haftung, Essen		100	696,225	[1]
Knabs Ridge Wind Farm Limited, Swindon/United Kingdom		100	11,391	1,378
Limondale Sun Farm Pty. Ltd., Melbourne/Australia		100	-172	-171
Little Cheyne Court Wind Farm Limited, Swindon/United Kingdom		59	39,374	9,669
MI-FONDS G50, Frankfurt am Main	100	100	1,940,959	84,296
ML Wind LLP, Swindon/United Kingdom		51	75,549	9,501
Munnsville Investco, LLC, Wilmington/USA		100	14,309	0
Munnsville WF Holdco, LLC, Wilmington/USA		100	38,797	-1,378
Munnsville Wind Farm, LLC, Wilmington/USA		100	38,797	-1,378
Nordsee Windpark Beteiligungs GmbH, Essen		90	21,408	13,321
NRW Pellets GmbH, Erndtebrück		100	312	[1]
Padcon GmbH, Kitzingen		100	2,574	365
Panther Creek Holdco, LLC, Wilmington/USA		100	241,364	0
Panther Creek Wind Farm I&II, LLC, Wilmington/USA		100	259,732	-8,837
Panther Creek Wind Farm Three, LLC, Wilmington/USA		100	147,251	510
Peyton Creek Holdco, LLC, Wilmington/USA		100	16,498	0
Peyton Creek Wind Farm, LLC, Wilmington/USA		100	15,865	-635
Piecki Sp. z o.o., Warsaw/Poland		51	19,635	2,799

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	Direct	Total	€ '000	€ '000
Pioneer Trail Wind Farm, LLC, Wilmington/USA		100	167,466	-2,390
Primus Projekt GmbH & Co. KG, Hanover		100	-1,388	-734
Pyron Wind Farm, LLC, Wilmington/USA		100	203,648	-1,558
Radford's Run Holdco, LLC, Wilmington/USA		100	159,020	0
Radford's Run Wind Farm, LLC, Wilmington/USA		100	432,077	12,818
Raymond Holdco, LLC, Wilmington/USA		100	35,514	0
Raymond Wind Farm, LLC, Wilmington/USA		100	35,514	0
Rheinbraun Brennstoff GmbH, Cologne		100	82,619	[1]
Rheinische Baustoffwerke GmbH, Bergheim		100	9,236	[1]
Rheinkraftwerk Albbruck-Dogern Aktiengesellschaft, Waldshut-Tiengen		77	31,817	1,757
Rhenas Insurance Limited, Sliema/Malta	100	100	59,176	300
Rhyl Flats Wind Farm Limited, Swindon/United Kingdom		50	152,512	16,393
Roscoe WF Holdco, LLC, Wilmington/USA		100	172,832	-10,392
Roscoe Wind Farm, LLC, Wilmington/USA		100	172,832	-10,419
RV Rheinbraun Handel und Dienstleistungen GmbH, Cologne		100	36,694	[1]
RWE & Turcas Güney Elektrik Üretim A.S., Ankara/Turkey		70	190,537	-11,278
RWE Aktiengesellschaft, Essen			5,736,616	513,498
RWE Canada Ltd., Saint John/Canada		100	78,616	0
RWE Czech Gas Grid Holding B.V., Geertruidenberg/Netherlands	100	100	1,526	1,526
RWE Eemshaven Holding II B.V., Geertruidenberg/Netherlands		100	-48,396	9,487
RWE Energy Services, LLC, Wilmington/USA		100	3,108	1,683
RWE Generation NL B.V., Arnhem/Netherlands		100	-20,424	-187,664
RWE Generation NL Corner Participations B.V., Geertruidenberg/ Netherlands		100	48,270	3,029
RWE Generation NL Participations B.V., Arnhem/Netherlands		100	-10,869	2,121
RWE Generation NL Personeel B.V., Arnhem/Netherlands		100	12,464	639
RWE Generation SE, Essen	100	100	264,673	[1]
RWE Generation UK Holdings Limited, Swindon/United Kingdom		100	3,024,201	-173,543
RWE Generation UK plc, Swindon/United Kingdom		100	1,779,495	-108,464
RWE Investco EPC Mgmt, LLC, Wilmington/USA		100	234,047	24
RWE Investco Mgmt, LLC, Wilmington/USA		100	1,586,717	69
RWE Investco Mgmt II, LLC, Wilmington/USA		100	579,256	-6,778
RWE Magicat Holdco, LLC, Wilmington/USA		100	91,555	0
RWE Markinch Limited, Swindon/United Kingdom		100	49,408	-5,402
RWE Nuclear Beteiligungs-GmbH, Essen		100	25	[1]
RWE Nuclear GmbH, Essen	100	100	100,000	[1]
RWE Personeel B.V., Arnhem/Netherlands		100	-17	23
RWE Power Aktiengesellschaft, Cologne and Essen	100	100	2,037,209	[1]
RWE Renewables Americas, LLC, Wilmington/USA		100	263,978	-156,882

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	Direct	Total	€ '000	€ '000
RWE Renewables Asset Management, LLC, Wilmington/USA		100	-25,066	32,107
RWE Renewables Canada Ltd., Saint John/Canada		100	8,299	1,877
RWE Renewables Development, LLC, Wilmington/USA		100	57,181	-11,440
RWE Renewables Energy Marketing, LLC, Wilmington/USA		100	-56,319	-31,364
RWE Renewables GmbH, Essen		100	25	1
RWE Renewables International GmbH, Essen		100	18,024	918
RWE Renewables International Participations B.V., Geertruidenberg/ Netherlands		100	-111,318	-28,518
RWE Renewables Italia S.r.l., Rome/Italy		100	463,789	19,292
RWE Renewables O&M, LLC, Wilmington/USA		100	6,559	9,375
RWE Renewables QSE, LLC, Wilmington/USA		100	-9,898	478
RWE Renewables Services, LLC, Wilmington/USA		100	-46,542	-48,922
RWE Renewables Sweden AB, Malmö/Sweden		100	43,392	1,899
RWE Renewables UK Blyth Limited, Coventry/United Kingdom		100	-4,557	-708
RWE Renewables UK Developments Limited, Coventry/United Kingdom		100	56,274	17,103
RWE Renewables UK Humber Wind Limited, Coventry/United Kingdom		100	116,605	45,449
RWE Renewables UK Limited, Coventry/United Kingdom		100	64,839	16,403
RWE Renewables UK London Array Limited, Coventry/United Kingdom		100	101,571	24,297
RWE Renewables UK Offshore Wind Limited, Coventry/United Kingdom		100	51,971	6,797
RWE Renewables UK Operations Limited, Coventry/United Kingdom		100	33,842	6,770
RWE Renewables UK Robin Rigg East Limited, Coventry/United Kingdom		100	55,160	14,570
RWE Renewables UK Robin Rigg West Limited, Coventry/United Kingdom		100	60,955	10,495
RWE Renewables UK Wind Limited, Coventry/United Kingdom		100	16,051	15,058
RWE Renewables UK Zone Six Limited, Coventry/United Kingdom		100	0	0
RWE Slovak Holding B.V., Geertruidenberg/Netherlands	100	100	704,083	-317
RWE Solar Development, LLC, Wilmington/USA		100	-31,891	-9,735
RWE Solar PV, LLC, Wilmington/USA		100	36,139	-7,435
RWEST Middle East Holdings B.V., 's-Hertogenbosch/Netherlands		100	6,465	-79
RWE Supply & Trading Asia-Pacific PTE. LTD., Singapore/Singapore		100	41,607	10,726
RWE Supply & Trading CZ, a.s., Prague/Czech Republic		100	1,208,523	64,941
RWE Supply & Trading GmbH, Essen	100	100	446,778	1
RWE Supply & Trading (India) Private Limited, Mumbai/India		100	801	165
RWE Supply & Trading Participations Limited, London/United Kingdom		100	13,255	-2,876
RWE Supply and Trading (Shanghai) Co. Ltd, Shanghai/China		100	2,624	-267
RWE Technology International GmbH, Essen		100	12,463	1
RWE Technology Tasarim ve Mühendislik Danismanlik Ticaret Limited Sirketi, Istanbul/Turkey		100	192	113
RWE Technology UK Limited, Swindon/United Kingdom		100	2,948	1,006
RWE Trading Americas Inc., New York City/USA		100	9,558	47

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	Direct	Total	€ '000	€ '000
RWE Trading Services GmbH, Essen		100	5,735	1
RWE Wind Karehamn AB, Malmö/Sweden		100	33,150	-177
RWE Wind Services Denmark A/S, Rødby/Denmark		100	5,400	2,758
Sand Bluff WF Holdco, LLC, Wilmington/USA		100	6,823	-13,390
Sand Bluff Wind Farm, LLC, Wilmington/USA		100	6,823	-13,390
Settlers Trail Wind Farm, LLC, Wilmington/USA		100	193,435	-8,844
Sofia Offshore Wind Farm Holdings Limited, Swindon/United Kingdom		100	0	0
Sofia Offshore Wind Farm Limited, Swindon/United Kingdom		100	-394	-383
SOLARENGO Energia, Unipessoal, Lda., Cascais/Portugal		100	-81	-81
Solar Holding India GmbH, Kolitzheim		100	5,925	-50
Solar Holding Poland GmbH, Kolitzheim		100	16	-3
SRS EcoTherm GmbH, Salzbergen		90	13,758	1,706
Stella Holdco, LLC, Wilmington/USA		100	97,537	0
Stella Wind Farm, LLC, Wilmington/USA		100	235,593	-169
Taber Solar 1 Inc., Vancouver/Canada		100	9,521	-69
Taber Solar 2 Inc., Vancouver/Canada		100	10,210	-64
Tamworth Holdings, LLC, Charlotte/USA		100	7,743	77
Tanager Holdings, LLC, Charlotte/USA		100	7,129	-1
Tech Park Solar, LLC, Wilmington/USA		100	-11,511	767
The Hollies Wind Farm Limited, Swindon/United Kingdom		100	604	68
Transpower Limited, Dublin/Ireland		100	3,528	-1,048
Triton Knoll HoldCo Limited, Swindon/United Kingdom		59	97,484	0
Triton Knoll Offshore Wind Farm Limited, Swindon/United Kingdom		100	-25,460	1,852
Valencia Solar, LLC, Tucson/USA		100	-19,810	565
Východoslovenská distribucná, a.s., Košice/Slovakia		100	290,463	30,641
Východoslovenská energetika a.s., Košice/Slovakia		100	67,856	8,641
Východoslovenská energetika Holding a.s., Košice/Slovakia		49	608,317	77,877[4]
West of the Pecos Solar, LLC, Wilmington/USA		100	91,352	-3,049
West Raymond Holdco, LLC, Wilmington/USA		100	33,054	0
West Raymond Wind Farm, LLC, Wilmington/USA		100	33,054	0
Wind Farm Deliceto s.r.l., Bolzano/Italy		100	24,403	1,909
Windpark Eekerpolder B.V., 's-Hertogenbosch/Netherlands		100	-2	-2
Windpark Kattenberg B.V., 's-Hertogenbosch/Netherlands		100	520	153
Windpark Nordsee Ost GmbH, Heligoland		100	256	1
Windpark Oostpolderdijk B.V., 's-Hertogenbosch/Netherlands		100	0	0
Windpark Zuidwester B.V., 's-Hertogenbosch/Netherlands		100	9,336	-593
WKN Windkraft Nord GmbH & Co. Windpark Wönkhausen KG, Hanover		100	2,016	649

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Adensis GmbH, Dresden		100	381	59
Agenzia Carboni S.R.L., Genoa/Italy		100	191	24
Alcamo II S.r.l., Milan/Italy		100	6	-13
Alvarado Solar S.L., Barcelona/Spain		100	-84	-138
Ashwood Solar I, LLC, Wilmington/USA		100	0	0
Aurum Solaris 4 GmbH & Co. KG, Kassel		100	1	-12
Avolta Storage Limited, Kilkenny/Ireland		100	-292	-288
Awel y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		100		3
Baltic Trade and Invest Sp. z o.o., Slupsk/Poland		100	10,913	-4,926
Baron Winds LLC, Chicago/USA		100	0	0
Belectric International GmbH, Kolitzheim		100	99	10
BELECTRIC JV GmbH, Kolitzheim		100	14	-5
Belectric Mexico Fotovoltaica S.de R.L. de C.V., Bosques de las Lomas/Mexico		100	-5	356
Belectric Polska Sp. z o.o., Warsaw/Poland		100	-146	-44
Belectric PV 5 (SARL), Vendres/France		100	-11	-10
Belectric PV 10 (SARL), Vendres/France		100	-8	-2
Belectric SP Solarprojekte 14 GmbH & Co. KG, Sömmerda		100		3
Belectric SP Solarprojekte 14 Verwaltungs-GmbH, Sömmerda		100		3
Belectric SP Solarprojekte 15 GmbH & Co. KG, Sömmerda		100		3
Belectric SP Solarprojekte 15 Verwaltungs-GmbH, Sömmerda		100		3
Belectric SP Solarprojekte 16 GmbH & Co. KG, Sömmerda		100		3
Belectric SP Solarprojekte 16 Verwaltungs-GmbH, Sömmerda		100		3
Belectric US LLC, Wilmington/USA		100		3
Biomasseheizkraftwerk Schameder GmbH, Essen		100	23	-1
Blackbeard Solar, LLC, Wilmington/USA		100	0	0
Blackbriar Battery, LLC, Wilmington/USA		100	0	0
Blackjack Creek Wind Farm, LLC, Wilmington/USA		100	0	0
Blueberry Hills LLC, Chicago/USA		100	0	0
BO Baltic Offshore GmbH, Hamburg		98	13	-7
Boiling Springs Holdco, LLC, Wilmington/USA		100	0	0
Bowler Flats Energy Hub LLC, Chicago/USA		100	0	0
Brahman Solar, LLC, Wilmington/USA		100	0	0
Broken Spoke Solar, LLC, Wilmington/USA		100	0	0
Buckeye Wind LLC, Chicago/USA		100	0	0
Burgar Hill Wind Farm Limited, Swindon/United Kingdom		100	0	0
Bursjöliden Vind AB, Malmö/Sweden		100	561	-2
Camellia Solar LLC, Wilmington/USA		100	0	0
Camellia Solar Member LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Cardinal Wind Farm, LLC, Wilmington/USA		100	0	0
Casey Fork Solar, LLC, Wilmington/USA		100	0	0
Cassadaga Class B Holdings LLC, Wilmington/USA		100		3
Cassadaga Wind Holdings LLC, Wilmington/USA		100		3
Catalina-Cypress Holding Limited, Swindon/United Kingdom		100	94	0
Cattleman Wind Farm, LLC, Wilmington/USA		100	0	0
Cattleman Wind Farm II, LLC, Wilmington/USA		100	0	0
Champaign Wind LLC, Chicago/USA		100	0	0
Ciriè Centrale PV s.a.s. (s.r.l.), Rome/Italy		100	-5	-22
Clavellinas Solar, S.L., Barcelona/Spain		100	-26	-39
Climagy Photovoltaikprojekt Verwaltungs-GmbH, Kolitzheim		100	29	-1
Climagy PV-Sonnenanlage GmbH & Co. KG, Kolitzheim		100	-26	-2
Climagy PV-Sonnenanlage Verwaltungs-GmbH, Kolitzheim		100	28	0
Climagy Sonneneinstrahlung GmbH & Co. KG, Kolitzheim		100	-20	-2
Climagy Sonneneinstrahlung Verwaltungs-GmbH, Kolitzheim		100	27	0
Climagy Sonnenkraft Verwaltungs-GmbH, Kolitzheim		100	27	-1
Climagy Sonnenstrom GmbH & Co. KG, Kolitzheim		100	-29	-2
Climagy Sonnenstrom Verwaltungs-GmbH, Kolitzheim		100	29	0
Climagy Stromertrag GmbH & Co. KG, Kolitzheim		100	-18	-2
Climagy Stromertrag Verwaltungs-GmbH, Kolitzheim		100	27	0
Clinton Wind, LLC, Wilmington/USA		100	0	0
Clocaenog Wind Farm Limited, Swindon/United Kingdom		100	0	0
Coralese Investments Sp. z o.o., Warsaw/Poland		100	90	-12
Cordova Wind Farm, LLC, Wilmington/USA		100	0	0
Curns Energy Limited, Kilkenny/Ireland		70	-501	-266
Decadia GmbH, Essen	50	50	893	-45
E & Z Industrie-Lösungen GmbH, Essen		100	16,874	-2,885
Eko-En 1 Sp. z o.o., Warsaw/Poland		100	98	-78
Eko-En 2 Sp. z o.o., Warsaw/Poland		100	1,236	-58
Eko-En 3 Sp. z o.o., Warsaw/Poland		100	134	-69
Eko-En 4 Sp. z o.o., Warsaw/Poland		100	535	-76
El Algarrobo (SpA), Santiago de Chile/Chile		100	1	0
El Algodon Alto Wind Farm, LLC, Wilmington/USA		100	0	0
El Chañar (SpA), Santiago de Chile/Chile		100	1	0
El Navajo Solar, S.L., Barcelona/Spain		100	-10	-23
El Pimiento (SpA), Santiago de Chile/Chile		100	1	0
El Solar (SpA), Santiago de Chile/Chile		100	1	-5
El Tamarugo (SpA), Santiago de Chile/Chile		100	1	0

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	Direct	Total	€ '000	€ '000
Enchant Solar 3 Inc., Vancouver/Canada		100	0	0
Enchant Solar 4 Inc., Vancouver/Canada		100	0	0
Energio Co., Ltd., Bangkok/Thailand		100	29	-1
Eólica de Sarnago, S.A., Soria/Spain		52	1,550	-29
EverPower Maine LLC, Chicago/USA		100	0	0
EverPower Ohio LLC, Chicago/USA		100	0	0
EverPower Solar LLC, Chicago/USA		100	0	0
EverPower Wind Development, LLC, Chicago/USA		100	0	0
Farma Wiatrowa Lubsko Sp. z o.o. , Zielona Góra/Poland		100		3
Fifth Standard Solar PV, LLC, Wilmington/USA		100	0	0
"Finelectra" Finanzgesellschaft für Elektrizitäts-Beteiligungen AG in Liquidation, Hausen/Switzerland		100	7,562	122
Five Estuaries Offshore Wind Farm Limited, Swindon/United Kingdom		100		3
Flatlands Wind Farm, LLC, Wilmington/USA		100	0	0
Florida Solar and Power Group LLC, Wilmington/USA		100	0	0
Frazier Solar, LLC, Wilmington/USA		100	0	0
Gazules I Fotovoltaica, S.L., Barcelona/Spain		100	-58	-137
Gazules II Solar, S.L., Barcelona/Spain		100	-58	-137
GBV Achtunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	1
GBV Dreiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	25	1
GBV Einunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	30	1
GBV Sechsunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	1
GBV Siebenunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	1
GBV Siebte Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	100	1
Generación Fotovoltaica Castellano Manchega, S.L., Murcia/Spain		100		3
Goole Fields II Wind Farm Limited, Swindon/United Kingdom		100	0	0
Grandview Wind Farm III, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm IV, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm V, LLC, Wilmington/USA		100	0	0
Green Gecco Verwaltungs GmbH, Essen		51	36	1
Haube Wind Sp. z o.o., Slupsk/Poland		100	663	-255
Highland III LLC, Chicago/USA		100	0	0
Horse Thief Wind Project LLC, Chicago/USA		100	0	0
INDI Energie B.V., 's-Hertogenbosch/Netherlands		100	47	40
Infraestructuras de Aldehuelas, S.A., Barcelona/Spain		100	428	0
Infrastrukturgesellschaft Netz Lübz mit beschränkter Haftung, Hanover		100	18	-24
innogy Energy Marketing Australia PTY LTD, Melbourne/Australia		100		3

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	Direct	Total	€ '000	€ '000
Innogy Energy Services LLC, Wilmington/USA		100	0	0
innogy Hillston Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	-169	-168
innogy indeland Windpark Eschweiler Verwaltungs GmbH, Eschweiler		100	47	6
Innogy Management Services LLC, Wilmington/USA		100		3
innogy Middle East & North Africa Ltd., Dubai/UAE		100	-7,654	-5,550
innogy Offshore Wind Netherlands Participations I B.V., 's-Hertogenbosch/Netherlands		100	0	0
innogy Offshore Wind Netherlands Participations II B.V., 's-Hertogenbosch/Netherlands		100	0	0
innogy Offshore Wind Netherlands Participations III B.V., 's-Hertogenbosch/Netherlands		100	0	0
innogy Offshore Wind Netherlands Participations IV B.V., 's-Hertogenbosch/Netherlands		100	0	0
innogy Seabreeze II Verwaltungs GmbH, Essen		100	65	6
innogy Solar Netherlands B.V., 's-Hertogenbosch/Netherlands		100	0	0
innogy Solar Polska Sp. z o.o., Warsaw/Poland		100	22	-6
innogy Solutions s.r.o., Bratislava/Slovakia		100		3
Innogy Stallingborough Limited, Swindon/United Kingdom		100	0	0
innogy Windpark Bedburg Verwaltungs GmbH, Bedburg		51	45	2
innogy Windpark Garzweiler GmbH & Co. KG, Essen		51	559	-23
Innogy Windpark Jüchen A44n Verwaltungs GmbH, Essen		100	31	-3
innogy Windpark Papenhagen GmbH & Co. KG, Hanover		100		3
innogy Windpark Papenhagen Verwaltungs GmbH, Hanover		100		3
Iron Horse Battery Storage, LLC, Wilmington/USA		100	10,849	679
IRUS Offshore Wind Holdings LLC, Dover/USA		100	0	0
iWATT s.r.o., Košice/Slovakia		100		3
Jerez Fotovoltaica S.L., Barcelona/Spain		100	2	-35
Kasson Manteca Solar, LLC, Wilmington/USA		100	0	0
Kieswerk Kaarst GmbH & Co. KG, Bergheim		51	2,200	656
Kieswerk Kaarst Verwaltungs GmbH, Bergheim		51	30	0
Kiln Pit Hill Wind Farm Limited, Swindon/United Kingdom		100	0	0
Kimberly Run LLC, Chicago/USA		100	0	0
Lake Fork Wind Farm, LLC, Wilmington/USA		100	0	0
Lampasas Wind LLC, Chicago/USA		100	0	0
Las Vaguadas I Fotovoltaica S.L., Barcelona/Spain		100	-17	-54
Las Vaguadas II Solar S.L., Barcelona/Spain		100	-42	-79
Lochelbank Wind Farm Limited, Swindon/United Kingdom		100	0	0
Mahanoy Mountain, LLC, Chicago/USA		100	0	0
Major Wind Farm, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
March Road Solar, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV 2 , LLC, Wilmington/USA		100	0	0
Maricopa Land Holding, LLC, Wilmington/USA		100	0	0
Maricopa West Solar PV 2, LLC, Wilmington/USA		100	0	0
Maryland Sunlight 1 LLC, Wilmington/USA		100		3
Mason Dixon Wind LLC, Chicago/USA		100	0	0
Mud Springs Wind Project LLC, Chicago/USA		100	0	0
Nadácia VSE Holding , Košice/Slovakia		100		3
Northern Orchard Solar PV, LLC, Wilmington/USA		100	0	0
Northern Orchard Solar PV 2, LLC, Wilmington/USA		100	0	0
Northern Orchard Solar PV 3, LLC, Wilmington/USA		100	0	0
Novar Two Wind Farm Limited, Swindon/United Kingdom		100	0	0
Offshore-Windpark Delta Nordsee GmbH, Hamburg		100	246	0
Ohio Sunlight 1 LLC, Wilmington/USA		100		3
Oranje Wind Power B.V., 's-Hertogenbosch/Netherlands		100	0	0
Oranje Wind Power C.V., 's-Hertogenbosch/Netherlands		100	0	0
Owen Prairie Wind Farm, LLC, Wilmington/USA		100	0	0
Painter Energy Storage, LLC, Wilmington/USA		100	0	0
Panther Creek Solar, LLC, Wilmington/USA		100	0	0
Paradise Cut Battery, LLC, Wilmington/USA		100	0	0
Parc Ynni Cymunedol Alwen Cyfyngedig, Swindon/United Kingdom		100		3
Park Wiatrowy Dolice Sp. z o.o., Warsaw/Poland		100	-2,662	-227
Park Wiatrowy Gaworzyce Sp. z o.o., Warsaw/Poland		100	-143	124
Pawnee Spirit Wind Farm, LLC, Wilmington/USA		100	0	0
Pe Ell North LLC, Chicago/USA		100	0	0
Peg Project #1 Pty Ltd, Melbourne/Australia		100		3
Peg Project #2 Pty Ltd, Melbourne/Australia		100		3
Photovoltaikkraftwerk Götz Verwaltungs-GmbH, Kolitzheim		100	28	-1
Photovoltaikkraftwerk Groß Dölln Infrastruktur GmbH & Co. KG, Templin		100	-16	-2
Photovoltaikkraftwerk Groß Dölln Infrastruktur Verwaltungs-GmbH, Templin		100	29	0
Photovoltaikkraftwerk Reinsdorf GmbH & Co. KG, Kolitzheim		100	-26	1
Photovoltaikkraftwerk Reinsdorf Verwaltungs-GmbH, Kolitzheim		100	30	0
Photovoltaikkraftwerk Tramm GmbH & Co. KG, Kolitzheim		100	-29	-2
Photovoltaikkraftwerk Tramm Netzanschluss GmbH & Co. KG, Kolitzheim		100	-27	-2
Photovoltaikkraftwerk Tramm Netzanschluss Verwaltungs-GmbH, Kolitzheim		100	28	0
Photovoltaikkraftwerk Tramm PV-Finanzierung GmbH & Co. KG, Kolitzheim		100	-19	-2

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	Direct	Total	€ '000	€ '000
Photovoltaikkraftwerk Tramm PV-Finanzierung Verwaltungs-GmbH, Kolitzheim		100	27	0
Photovoltaikkraftwerk Tramm Verwaltungs-GmbH, Kolitzheim		100	30	0
PI E&P Holding Limited, George Town/Cayman Islands		100	45,505	-11
PI E&P US Holding LLC, New York City/USA		100	45,377	-78
Pinckard Solar LLC, Wilmington/USA		100	0	0
Pinckard Solar Member LLC, Wilmington/USA		100	0	0
Pipkin Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
Proyecto Rio Putaendo S.p.A., Santiago de Chile/Chile		100		[3]
Proyecto Tabalongo Solar S.p.A., Santiago de Chile/Chile		100	1	0
Proyectos Solares Iberia I, S.L., Barcelona/Spain		100	6	-14
Proyectos Solares Iberia II, S.L., Barcelona/Spain		100	0	-20
Proyectos Solares Iberia III, S.L., Barcelona/Spain		100	19	-1
Proyectos Solares Iberia IV, S.L., Barcelona/Spain		100	19	-1
Proyectos Solares Iberia V, S.L., Barcelona/Spain		100	19	-1
Pryor Caves Wind Project LLC, Chicago/USA		100	0	0
PT Rheincoal Supply & Trading Indonesia, PT, Jakarta/Indonesia		100	277	4
Quintana Fotovoltaica SLU, Barcelona/Spain		100	-5	-5
Rampion Extension Development Limited, Swindon/United Kingdom		100		[3]
RD Hanau GmbH, Hanau		100	0	0
Rose Rock Wind Farm, LLC, Wilmington/USA		100	0	0
Rowantree Wind Farm Ltd., Swindon/United Kingdom		100	0	0
RWE & Turcas Dogalgaz Ithalat ve Ihracat A.S., Istanbul/Turkey		100	855	161
RWE Australia Pty. Ltd., Brisbane/Australia		100	50	-14
RWE Belgium BVBA, Brussels/Belgium		100	1,451	-8[2]
RWE Carbon Sourcing North America, LLC, Wilmington/USA		100	0	0
RWE Energy APAC Co. Ltd., Chengdu/China		100	1,977	-105
RWE Enerji Toptan Satis A.S., Istanbul/Turkey		100	4,294	-244
RWE Generation Hydro GmbH, Essen		100	25	[1]
RWE Ingen!us Limited, Swindon/United Kingdom		100	2,670	82
RWE NSW PTY LTD, Sydney/Australia		100	219	-45,462
RWE Pensionsfonds AG, Essen	100	100	3,694	-145
RWE Power Climate Protection GmbH, Essen		100	23	[1]
RWE Power Climate Protection Southeast Asia Co., Ltd., Bangkok/Thailand		100	3,032	-77
RWE Principal Investments USA, LLC, New York City/USA		100	169	-971
RWE Renewables Australia Holdings Pty Ltd., Brisbane/Australia		100	176	-27
RWE Renewables Chile SpA, Santiago/Chile		100	1,133	-570
RWE Renewables France SAS, Levallois-Perret/France		100	-1,532	-4,337

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RWE Renewables Japan G.K., Tokyo/Japan		100	3,643	-384
RWE Renewables Mexico, S. de R.L. de C.V., Mexico City/Mexico		100	1,166	-179
RWE Renewables Services GmbH, Essen		100	25	0
RWE Renewables Services Mexico, S. de R.L. de C.V., Mexico City/Mexico		100		[3]
RWE Slovensko s.r.o., Bratislava/Slovakia	100	100		[3]
RWEST PI Bras Limited, London/United Kingdom		100	1,360	-23
RWEST PI FRE Holding LLC, New York City/USA		100	-1	-31
RWEST PI Limetree GmbH, Essen		100	25	0
RWE Supply & Trading CZ GmbH, Essen		100	100,990	6
RWE SUPPLY TRADING TURKEY ENERJI ANONIM SIRKETI, Istanbul/Turkey		100	1,054	176
RWE Technology International Energy Environment Engineering GmbH, Essen		100	25	[1]
RWE TECNOLOGIA LTDA, Rio de Janeiro/Brazil		100		[3]
RWE Trading Services Limited, Swindon/United Kingdom		100	1,349	32
RWE Wind Denmark AB, Malmö/Sweden		100	684	0
RWE Wind Norway AB, Malmö/Sweden		100	6,634	788
RWE Windparks Deutschland GmbH, Essen		100	24	-1
RWE Wind Projects AB, Malmö/Sweden		100	4	0
RWE Wind Service Italia S.r.l. , Milan/Italy		100	-399	-444
RWE Wind Services GmbH, Neubukow		100	2,165	0
RWE Wind Services Norway AS, Oslo/Norway		100	1,515	-8
RWE Wind Songkjølen AS, Oslo/Norway		100	3,533	-18
Santa Severa Centrale PV s.a.s. (s.r.l.), Rome/Italy		100	-151	0
SB Retrofit, LLC, Wilmington/USA		100	0	0
Scioto Solar LLC, Wilmington/USA		100		[3]
Snow Shoe Wind Farm, LLC, Wilmington/USA		100	0	0
Songkjølen Wind Farm DA, Oslo/Norway		100	4,943	-25
Sparta North, LLC, Wilmington/USA		100	0	0
Sparta South, LLC, Wilmington/USA		100	0	0
SP Solarprojekte 1 Verwaltungs-GmbH, Kolitzheim		100	25	0
SP Solarprojekte 2 GmbH & Co. KG, Kolitzheim		100	-3	-3
SP Solarprojekte 2 Verwaltungs-GmbH, Kolitzheim		100	26	0
SP Solarprojekte 3 GmbH & Co. KG, Kolitzheim		100	-4	-2
SP Solarprojekte 3 Verwaltungs-GmbH, Kolitzheim		100	26	0
SP Solarprojekte 4 GmbH & Co. KG, Kolitzheim		100	-4	-2
SP Solarprojekte 4 Verwaltungs-GmbH, Kolitzheim		100	26	0
SP Solarprojekte 7 GmbH & Co. KG, Kolitzheim		100	-2	-3
SP Solarprojekte 7 Verwaltungs-GmbH, Kolitzheim		100	25	0

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SP Solarprojekte 8 GmbH & Co. KG, Sömmerda		100		3
SP Solarprojekte 8 Verwaltungs-GmbH, Sömmerda		100		3
SP Solarprojekte 9 GmbH & Co. KG, Sömmerda		100		3
SP Solarprojekte 9 Verwaltungs-GmbH, Sömmerda		100		3
SP Solarprojekte 10 GmbH & Co. KG, Sömmerda		100		3
SP Solarprojekte 10 Verwaltungs-GmbH, Sömmerda		100		3
SP Solarprojekte 11 GmbH & Co. KG, Kolitzheim		100	-28	-2
SP Solarprojekte 11 Verwaltungs-GmbH, Kolitzheim		100	29	0
SP Solarprojekte 12 GmbH & Co. KG , Kolitzheim		100	-29	-2
SP Solarprojekte 12 Verwaltungs-GmbH, Kolitzheim		100	29	0
SP Solarprojekte 13 GmbH & Co. KG, Kolitzheim		100	-29	-2
SP Solarprojekte 13 Verwaltungs-GmbH, Kolitzheim		100	29	0
Stillwater Energy Storage, LLC, Wilmington/USA		100	0	0
Stockton Solar I, LLC, Wilmington/USA		100	0	0
Stockton Solar II, LLC, Wilmington/USA		100	0	0
Storage Facility 1 Ltd., Slough/United Kingdom		100	-20	-20
Sun Data GmbH (i.L.), Kolitzheim		100	74	70
Sunpow 1 Sp. z o.o., Warsaw/Poland		100	0	0
Sunrise Energy Generation Pvt. Ltd., Mumbai/India		100	70	3
Sunrise Wind Holdings, LLC, Chicago/USA		100	0	0
SVFR 12 (SAS), Vendres/France		100	-112	-2
Terrapin Hills LLC, Chicago/USA		100	0	0
Three Rocks Solar, LLC, Wilmington/USA		100	0	0
Tierra Blanca Wind Farm, LLC, Wilmington/USA		100	0	0
Tipton Wind, LLC, Wilmington/USA		100	0	0
Valverde Wind Farm, LLC, Wilmington/USA		100	0	0
VDE Komplementär GmbH, Kassel		100	8	-9
VDE Projects GmbH, Kassel		100	37	-22
Venado Wind Farm, LLC, Wilmington/USA		100	0	0
Versuchsatomkraftwerk Kahl GmbH, Karlstein am Main		80	604	31
Vici Wind Farm, LLC, Wilmington/USA		100	0	0
Vici Wind Farm II, LLC, Wilmington/USA		100	0	0
Vici Wind Farm III, LLC, Wilmington/USA		100	0	0
Vortex Energy Deutschland GmbH, Kassel		100	4,661	986
Vortex Energy Windpark GmbH & Co. KG, Kassel		100	1	-29
VSE Call centrum, s.r.o., Košice/Slovakia		100	56	29
VSE Ekoenergia, s.r.o., Košice/Slovakia		100	65	-119
West of the Pecos Holdco, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Wildcat Wind Farm II, LLC, Wilmington/USA		100	0	0
Wildcat Wind Farm III, LLC, Wilmington/USA		100	0	0
Willowbrook Solar I, LLC, Wilmington/USA		100	0	0
Windpark Hölzerberg GmbH & Co. KG, Kassel		100	1	-12
Windpark Winterlingen-Alb GmbH & Co. KG, Kassel		100	1	-12
Wiregrass, LLC, Wilmington/USA		100	0	0
WIT Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
WR Graceland Solar, LLC, Wilmington/USA		100	0	0
Zielone Glówczyce Sp. z o.o., Glówczyce/Poland		100	472	-519

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

III. Joint operations	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Greater Gabbard Offshore Winds Limited, Reading/United Kingdom		50	1,122,469	101,728
N.V. Elektriciteits-Produktiemaatschappij Zuid-Nederland EPZ, Borssele/Netherlands		30	81,302	5,609

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

IV. Associated companies of joint operations	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
B.V. NEA, Arnhem/Netherlands		28	71,714	216

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

V. Joint ventures accounted for using the equity method	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
AS 3 Beteiligungs GmbH, Essen		51[5]	36,819	5,740
AWE-Arkona-Windpark Entwicklungs-GmbH, Hamburg		50	1,074,954	26,952
C-Power N.V., Oostende/Belgium		27	247,933	22,227
Elevate Wind Holdco, LLC, Wilmington/USA		50	245,884	16,100
Galloper Wind Farm Holding Company Limited, Swindon/United Kingdom		25	-101,690	33,135
Grandview Wind Farm, LLC, Wilmington/USA		50	302,098	-12,364
Gwynt y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		50	-2,103	-992
Innogy Venture Capital GmbH, Dortmund		75[5]	714	119
Rampion Renewables Limited, Coventry/United Kingdom		60[5]		[3]
Société Electrique de l'Our S.A., Luxembourg/Luxembourg		40	11,617	5,686[2]
TCP Petcoke Corporation, Dover/USA		50	35,437	25,425[2]
URANIT GmbH, Jülich		50	72,127	98,094

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VI. Associates accounted for using the equity method	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Amprion GmbH, Dortmund	25	25	1,823,000	203,400
ATBERG – Eólicas do Alto Tâmega e Barroso, Lda., Ribeira de Pena/Portugal		40	4,862	532
Belectric Gulf Limited, Abu Dhabi/UAE		49	4,758	4,173
Bray Offshore Wind Limited, Kilkenny/Ireland		50	-83	-12
DOTI Deutsche Offshore-Testfeld- und Infrastruktur-GmbH & Co. KG, Oldenburg		26	84,844	-46,276
GNS Gesellschaft für Nuklear-Service mbH, Essen		28	36,339	15,690[2]
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim		40	127,435	6,647
HIDROERG – Projectos Energéticos, Lda., Lisbon/Portugal		32	12,588	1,964
Innogy Renewables Technology Fund I GmbH & Co. KG (i.L.), Dortmund		78[5]	16,637	-1,833
Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Austria		49	912,286	96,638[2]
KELAG-Kärntner Elektrizitäts-AG, Klagenfurt/Austria		13[6]	893,675	93,316
Kish Offshore Wind Limited, Kilkenny/Ireland		50	-103	-12
Magicat Holdco, LLC, Wilmington/USA		20	278,448	1,552
Mingas-Power GmbH, Essen		40	5,114	4,445
Nysäter Wind AB, Malmö/Sweden		20	20,419	-5,869
PEARL PETROLEUM COMPANY LIMITED, Road Town/British Virgin Islands		10[7]	1,951,247	242,061
Rødsand 2 Offshore Wind Farm AB, Malmö/Sweden		20	143,174	14,320

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VI. Associates accounted for using the equity method	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Schluchseewerk Aktiengesellschaft, Laufenburg Baden		50	64,957	2,809
Vliegasunie B.V., De Bilt/Netherlands		60[5]	10,679	3,070

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Abwasser-Gesellschaft Knapsack, Gesellschaft mit beschränkter Haftung, Hürth		33	415	185
Alfred Thiel-Gedächtnis-Unterstützungskasse GmbH, Essen		50	5,113	0
Ascent Energy LLC, Wilmington/USA		50	83,664	-3,349
CARBON Climate Protection GmbH, Langenlois/Austria		50	3,052	1,422
CARBON Egypt Ltd. (Under Liquidation), Cairo/Egypt		49	-2,274	-245
DBO Energia S.A., Rio de Janeiro /Brazil		90	604	-988
Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, Essen		31	2,159	1,647
DOTI Management GmbH, Oldenburg		26	119	0
EMDO S.A.S., Paris/France		30	-10,890	-5,906
Energotel, a.s., Bratislava/Slovakia		20	6,922	1,410
Eoliennes en mer de Dunkerque (EMD) S.A.S., Paris/France		30		[3]
Fassi Coal Pty. Ltd., Rutherford/Australia		47	-9,954	-2,975
First River Energy LLC, Denver/USA		40	-1,410	-7,597
Focal Energy Photovoltaic Holdings Limited, Nicosia/Cyprus		50	1,476	-4
Gemeinschaftswerk Hattingen Gesellschaft mit beschränkter Haftung, Essen		52	2,045	-685
GfS Gesellschaft für Simulatorschulung mbH, Essen		33	62	3
Kraftwerk Buer GbR, Gelsenkirchen		50	5,113	0
KSG Kraftwerks-Simulator-Gesellschaft mbH, Essen		33	615	26
KÜCKHOVENER Deponiebetrieb GmbH & Co. Kommanditgesellschaft, Bergheim		50	32	-1
KÜCKHOVENER Deponiebetrieb Verwaltungs-GmbH, Bergheim		50	39	0
LDO Coal Pty. Ltd., Rutherford/Australia		47	-101	77
Limetree Bay Preferred Holdings LLC, Boston/USA		28		[3]
London Array Limited, Tunbridge Wells/United Kingdom		30	0	0
Moravske Hidroelektrane d.o.o., Belgrade/Serbia		51	3,538	-18
Netzanbindung Tewel OHG, Cuxhaven		25	627	-41
PV Projects GmbH & Co. KG (i.L.), Kolitzheim		50	236	-33

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
PV Projects Komplementär GmbH (i.L.), Kolitzheim		50	26	1
RWE Dhabi Union Energy LLC, Abu Dhabi/UAE		24	36	0
Scarweather Sands Limited, Coventry/United Kingdom		50	0	0
SPX, s.r.o., Zilina/Slovakia		33	163	9
TetraSpar Demonstrator ApS, Copenhagen/Denmark		33	-1,037	-1,985
Toledo PV A.E.I.E., Madrid/Spain		33	1,607	681
TPG Wind Limited, Coventry/United Kingdom		50	516	904
TRANSELEKTRO, s.r.o., Košice/Slovakia		26	-36	-69
Umspannwerk Putlitz GmbH & Co. KG, Oldenburg		25	0	-137
WALDEN GREEN ENERGY LLC, New York City/USA		74	13,697	18,618
Walden Renewables Development LLC, New York City/USA		76		3
Windesco Inc, Boston/USA		22	-1,029	-1,120
Windpark Fresenhede GmbH & Co. KG, Kassel		50	1	-38
Windpark Herßum-Vinnen Projekt GmbH & Co. KG, Kassel		50	1	-7
Windpark Rotenburg GmbH & Co. KG, Kassel		50	1	-119
Windpark Schapen GmbH & Co. KG, Kassel		50	1	-9
WINDTEST Grevenbroich GmbH, Grevenbroich		38	2,276	118
Yorkshire Windpower Limited, Coventry/United Kingdom		50	26,121	4,176

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VIII. Other investments	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
APEP Dachfonds GmbH & Co. KG, Munich	36	36	159,315	67,583
Chrysalix Energy II U.S. Limited Partnership, Vancouver/Canada		6	9,155	-51
Chrysalix Energy III U.S. Limited Partnership, Vancouver/Canada		11	115,776	-6,846
Dry Bulk Partners 2013 LP, Grand Cayman/Cayman Islands		23	6,578	85
Energías Renovables de Ávila, S.A., Madrid/Spain		17	595	0
E.ON SE, Essen		15	9,431,700	1,053,000
Focal Energy Solar Three Ltd., Nicosia/Cyprus		8	5,430	-4
Glenrothes Paper Limited, Glenrothes/United Kingdom		0	715	0
Globus Steel & Power Pvt. Limited, New Delhi/India		18	-1,337	-937
High-Tech Gründerfonds II GmbH & Co. KG, Bonn		1	111,181	0
HOCHTEMPERATUR-KERNKRAFTWERK Gesellschaft mit beschränkter Haftung (HKG) Gemeinsames Europäisches Unternehmen, Hamm		31	0	0

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VIII. Other investments	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Nordsee One GmbH, Oststeinbek		15	121,250	49,274
Nordsee Three GmbH, Oststeinbek		15	226	-7
Nordsee Two GmbH, Oststeinbek		15	73	-7
OPPENHEIM PRIVATE EQUITY Institutionelle Anleger GmbH & Co. KG, Cologne	29	29	385	-20
Parque Eólico Cassiopea, S.L., Oviedo/Spain		10	50	0
Parque Eólico Escorpio, S.A., Oviedo/Spain		10	522	4
Parque Eólico Leo, S.L., Oviedo/Spain		10	126	0
PEAG Holding GmbH, Dortmund	12	12	18,858	2,425
People2People, s.r.o., Bratislava /Slovakia		9	177	-43
Promocion y Gestion Cáncer, S.L., Oviedo/Spain		10	63	1
REV LNG LLC, Ulysses/USA		5	3,163	325
SET Fund II C.V., Amsterdam/Netherlands		13	49,078	10,271
Stem Inc., Milbrae/USA		6	2,211	-45,187
Sustainable Energy Technology Fund C.V., Amsterdam/Netherlands		50	15,030	-1,949
Technologiezentrum Jülich GmbH, Jülich		5	1,791	198
Transport- und Frischbeton-Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Aachen, Aachen		17	390	164
Trinkaus Secondary GmbH & Co. KGaA, Düsseldorf	43	43	1,058	-144
UMBO GmbH, Hamburg		10	1,487	1,387
Umspannwerk Lübz GbR, Lübz		18	19	-39
Versorgungskasse Energie (VVaG) i.L., Hanover		0	51,729	0

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Additions to affiliated companies included in the consolidated financial statements			
Amrum-Offshore West GmbH, Düsseldorf	100		100
Anacacho Holdco, LLC, Wilmington/USA	100		100
Anacacho Wind Farm, LLC, Wilmington/USA	100		100
Belectric Canada Solar Inc. , Vancouver/Canada	100		100
Boiling Springs Wind Farm, LLC, Wilmington/USA	100		100
Bruenning's Breeze Holdco, LLC, Wilmington/USA	100		100
Bruenning's Breeze Wind Farm, LLC, Wilmington/USA	100		100
Champion WF Holdco, LLC, Wilmington/USA	100		100
Champion Wind Farm, LLC, Wilmington/USA	100		100
Colbeck's Corner Holdco, LLC, Wilmington/USA	100		100
Colbeck's Corner, LLC, Wilmington/USA	100		100
Cranell Holdco, LLC, Wilmington/USA	100		100
Cranell Wind Farm, LLC, Wilmington/USA	100		100
DOTTO MORCONE S.r.l., Rome/Italy	100		100
E.ON Energie Odnawialne Sp. z o.o., Szczecin/Poland	100		100
Energiewerken B.V., Almere/Netherlands	100		100
Farma Wiatrowa Barzowice Sp. z o.o., Warsaw/Poland	100		100
Forest Creek Investco, Inc., Wilmington/USA	100		100
Forest Creek WF Holdco, LLC, Wilmington/USA	100		100
Forest Creek Wind Farm, LLC, Wilmington/USA	100		100
Get Energy Solutions Szolgáltató Kft., Budapest/Hungary	91		91
Glen Kyllachy Wind Farm Limited, Swindon/United Kingdom	100		100
Grandview Holdco, LLC, Wilmington/USA	100		100
Hardin Class B Holdings LLC, Wilmington/USA	100		100
Hardin Wind Holdings LLC, Wilmington/USA	100		100
Inadale Wind Farm, LLC, Wilmington/USA	100		100
IRUS Solar NC Lessee LLC, Wilmington/USA	100		100
IRUS Solar NC Pledgor LLC, Wilmington/USA	100		100
IRUS Solar Operations LLC, Wilmington/USA	100		100
IRUS Wind Operations LLC, Wilmington/USA	100		100
Klima és Hutéstechnológia Tervezo, Szerelo és Kereskedelmi Kft., Budapest/Hungary	100		100
Munnsville Investco, LLC, Wilmington/USA	100		100
Munnsville WF Holdco, LLC, Wilmington/USA	100		100
Munnsville Wind Farm, LLC, Wilmington/USA	100		100
Panther Creek Holdco, LLC, Wilmington/USA	100		100
Panther Creek Wind Farm I&II, LLC, Wilmington/USA	100		100
Panther Creek Wind Farm Three, LLC, Wilmington/USA	100		100
Peyton Creek Holdco, LLC, Wilmington/USA	100		100
Peyton Creek Wind Farm, LLC, Wilmington/USA	100		100
Pioneer Trail Wind Farm, LLC, Wilmington/USA	100		100

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Additions to affiliated companies included in the consolidated financial statements			
Pyron Wind Farm, LLC, Wilmington/USA	100		100
Radford's Run Holdco, LLC, Wilmington/USA	100		100
Radford's Run Wind Farm, LLC, Wilmington/USA	100		100
Raymond Holdco, LLC, Wilmington/USA	100		100
Raymond Wind Farm, LLC, Wilmington/USA	100		100
Roscoe WF Holdco, LLC, Wilmington/USA	100		100
Roscoe Wind Farm, LLC, Wilmington/USA	100		100
RWE Canada Ltd., Saint John/Canada	100		100
RWE Czech Gas Grid Holding B.V., Geertruidenberg/Netherlands	100		100
RWE Energy Services, LLC, Wilmington/USA	100		100
RWE Investco EPC Mgmt, LLC, Wilmington/USA	100		100
RWE Investco Mgmt, LLC, Wilmington/USA	100		100
RWE Investco Mgmt II, LLC, Wilmington/USA	100		100
RWE Magicat Holdco, LLC, Wilmington/USA	100		100
RWE Renewables Americas, LLC, Wilmington/USA	100		100
RWE Renewables Asset Management, LLC, Wilmington/USA	100		100
RWE Renewables Canada Ltd., Saint John/Canada	100		100
RWE Renewables Development, LLC, Wilmington/USA	100		100
RWE Renewables Energy Marketing, LLC, Wilmington/USA	100		100
RWE Renewables International GmbH, Essen	100		100
RWE Renewables International Participations B.V., Geertruidenberg/Netherlands	100		100
RWE Renewables Italia S.r.l., Rome/Italy	100		100
RWE Renewables O&M, LLC, Wilmington/USA	100		100
RWE Renewables QSE, LLC, Wilmington/USA	100		100
RWE Renewables Services, LLC, Wilmington/USA	100		100
RWE Renewables Sweden AB, Malmö/Sweden	100		100
RWE Renewables UK Blyth Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Developments Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Humber Wind Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Limited, Coventry/United Kingdom	100		100
RWE Renewables UK London Array Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Offshore Wind Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Operations Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Robin Rigg East Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Robin Rigg West Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Wind Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Zone Six Limited, Coventry/United Kingdom	100		100
RWE Slovak Holding B.V., Geertruidenberg/Netherlands	100		100
RWE Solar Development, LLC, Wilmington/USA	100		100
RWE Solar PV, LLC, Wilmington/USA	100		100
RWE Wind Karehamn AB, Malmö/Sweden	100		100

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Additions to affiliated companies included in the consolidated financial statements			
RWE Wind Services Denmark A/S, Rødby/Denmark	100		100
Sand Bluff WF Holdco, LLC, Wilmington/USA	100		100
Sand Bluff Wind Farm, LLC, Wilmington/USA	100		100
Settlers Trail Wind Farm, LLC, Wilmington/USA	100		100
Stella Holdco, LLC, Wilmington/USA	100		100
Stella Wind Farm, LLC, Wilmington/USA	100		100
Tamworth Holdings, LLC, Charlotte/USA	100		100
Tanager Holdings, LLC, Charlotte/USA	100		100
Tech Park Solar, LLC, Wilmington/USA	100		100
Valencia Solar, LLC, Tucson/USA	100		100
West of the Pecos Solar, LLC, Wilmington/USA	100		100
West Raymond Holdco, LLC, Wilmington/USA	100		100
West Raymond Wind Farm, LLC, Wilmington/USA	100		100
Additions to joint ventures accounted for using the equity method			
AWE-Arkona-Windpark Entwicklungs-GmbH, Hamburg	50		50
Elevate Wind Holdco, LLC, Wilmington/USA	50		50
Grandview Wind Farm, LLC, Wilmington/USA	50		50
Rampion Renewables Limited, Coventry/United Kingdom	60[3]		60
Additions to associates accounted for using the equity method			
DOTI Deutsche Offshore-Testfeld- und Infrastruktur-GmbH & Co. KG, Oldenburg	26		26
Magicat Holdco, LLC, Wilmington/USA	20		20
Nysäter Wind AB, Malmö/Sweden	20		20
Rødsand 2 Offshore Wind Farm AB, Malmö/Sweden	20		20
Disposal of affiliated companies included in the consolidated financial statements			
2. CR-Immobilien-Vermietungsgesellschaft mbH & Co. KG Cottbus, Düsseldorf		[1]	
2. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt MEAG Halle KG, Düsseldorf		[1]	
Artelis S.A., Luxembourg/Luxembourg		90	-90
A/V/E GmbH, Halle (Saale)		76	-76
Bayerische Bergbahnen-Beteiligungs-Gesellschaft mbH, Gundremmingen		100	-100
Bayerische Elektrizitätswerke Gesellschaft mit beschränkter Haftung, Augsburg		100	-100
Bayerische-Schwäbische Wasserkraftwerke Beteiligungsgesellschaft mbH, Gundremmingen		62	-62
Bristol Channel Zone Limited, Bristol/United Kingdom		100	-100
Broadband TelCom Power, Inc., Santa Ana/USA		100	-100
BTB-Blockheizkraftwerks, Träger- und Betreibergesellschaft mbH Berlin, Berlin		100	-100
Budapesti Elektromos Muvek Nyrt., Budapest/Hungary		55	-55

1 Structured entity pursuant to IFRS 10 and 12.
2 Control by virtue of company contract.
3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of affiliated companies included in the consolidated financial statements			
Cegecom S.A., Luxembourg/Luxembourg		100	–100
Certified B.V., Amsterdam/Netherlands		100	–100
Channel Energy Limited, Bristol/United Kingdom		100	–100
EGD-Energiewacht Facilities B.V., Assen/Netherlands		100	–100
Elektrizitätswerk Landsberg GmbH, Landsberg am Lech		100	–100
ELE Verteilnetz GmbH, Gelsenkirchen		100	–100
ELMU DSO Holding Korlátolt Felelosségu Társaság, Budapest/Hungary		100	–100
ELMU-ÉMÁSZ Energiakereskedo Kft., Budapest/Hungary		100	–100
ELMU-ÉMÁSZ Energiaszolgáltató Zrt., Budapest/Hungary		100	–100
ELMU-ÉMÁSZ Energiatároló Kft., Budapest/Hungary		100	–100
ELMU-ÉMÁSZ Solutions Kft., Budapest/Hungary		100	–100
ELMU-ÉMÁSZ Telco Kft., Budapest/Hungary		100	–100
ELMU-ÉMÁSZ Ügyfélszolgálati Kft., Budapest/Hungary		100	–100
ELMU Halozati Eloszto Kft., Budapest/Hungary		100	–100
ÉMÁSZ Halozati Kft., Miskolc/Hungary		100	–100
Emscher Lippe Energie GmbH, Gelsenkirchen		50	–50
Energiedirect B.V., Waalre/Netherlands		100	–100
Energienetze Berlin GmbH, Berlin		100	–100
Energiewacht Facilities B.V., Zwolle/Netherlands		100	–100
Energiewacht Groep B.V., Meppel/Netherlands		100	–100
Energiewacht N.V., Veendam/Netherlands		100	–100
Energiewacht West Nederland B.V., Assen/Netherlands		100	–100
Energiewerken B.V., Almere/Netherlands			[5]
energis GmbH, Saarbrücken		72	–72
energis-Netzgesellschaft mbH, Saarbrücken		100	–100
enviaM Beteiligungsgesellschaft Chemnitz GmbH, Chemnitz		100	–100
enviaM Beteiligungsgesellschaft mbH, Essen		100	–100
envia Mitteldeutsche Energie AG, Chemnitz		59	–59
envia SERVICE GmbH, Cottbus		100	–100
envia TEL GmbH, Markkleeberg		100	–100
envia THERM GmbH, Bitterfeld-Wolfen		100	–100
eprimo GmbH, Neu-Isenburg		100	–100
Essent Belgium N.V., Antwerp/Belgium		100	–100
Essent EnergieBewust Holding B.V., 's-Hertogenbosch/Netherlands		100	–100
Essent Energie Verkoop Nederland B.V., 's-Hertogenbosch/Netherlands		100	–100
Essent Energy Group B.V., Arnhem/Netherlands		100	–100
Essent IT B.V., Arnhem/Netherlands		100	–100
Essent Nederland B.V., Arnhem/Netherlands		100	–100
Essent N.V., 's-Hertogenbosch/Netherlands		100	–100

1 Structured entity pursuant to IFRS 10 and 12.
2 Control by virtue of company contract.
3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of affiliated companies included in the consolidated financial statements			
Essent Retail Energie B.V., 's-Hertogenbosch/Netherlands		100	-100
Essent Rights B.V., 's-Hertogenbosch/Netherlands		100	-100
Essent Sales Portfolio Management B.V., 's-Hertogenbosch/Netherlands		100	-100
Eszak-magyarorszagi Aramszolgáltató Nyrt., Miskolc/Hungary		54	-54
EuroSkyPark GmbH, Saarbrücken		51	-51
EVIP GmbH, Bitterfeld-Wolfen		100	-100
EWIS BV, Ede/Netherlands		100	-100
EWV Energie- und Wasser-Versorgung GmbH, Stolberg		54	-54
FAMIS Gesellschaft für Facility Management und Industrieservice mbH, Saarbrücken		100	-100
GasNet, s.r.o., Ústí nad Labem/Czech Republic		100	-100
GasWacht Friesland Facilities B.V., Leeuwarden/Netherlands		100	-100
Geas Energiewacht B.V., Enschede/Netherlands		100	-100
Gemeinschaftskraftwerk Bergkamen A beschränkt haftende OHG, Bergkamen		51	-51
Get Energy Solutions Szolgáltató Kft., Budapest/Hungary			5
GridServices, s.r.o., Brno/Czech Republic		100	-100
GWG Grevenbroich GmbH, Grevenbroich		60	-60
Hof Promotion B.V., Eindhoven/Netherlands		100	-100
Improvers B.V., 's-Hertogenbosch/Netherlands		100	-100
Improvers Community B.V., Amsterdam/Netherlands		100	-100
innogy Aqua GmbH, Mülheim an der Ruhr		100	-100
innogy Benelux Holding B.V., 's-Hertogenbosch/Netherlands		100	-100
innogy Beteiligungsholding GmbH, Essen		100	-100
innogy Business Services Benelux B.V., Arnhem/Netherlands		100	-100
innogy Business Services Polska Sp. z o.o., Cracow/Poland		100	-100
Innogy Business Services UK Limited, Swindon/United Kingdom		100	-100
innogy Ceská republika a.s., Prague/Czech Republic		100	-100
innogy eMobility Solutions GmbH, Dortmund		100	-100
innogy e-mobility US LLC, Delaware/USA		100	-100
innogy Energie, s.r.o., Prague/Czech Republic		100	-100
innogy Energo, s.r.o., Prague/Czech Republic		100	-100
innogy Finance B.V., 's-Hertogenbosch/Netherlands		100	-100
innogy Gastronomie GmbH, Essen		100	-100
innogy Grid Holding, a.s., Prague/Czech Republic		50	-50
innogy Hungária Tanácsadó Kft., Budapest/Hungary		100	-100
innogy Innovation Berlin GmbH, Berlin		100	-100
INNOGY INNOVATION CENTER LTD, Tel Aviv/Israel		100	-100
innogy Innovation GmbH, Essen		100	-100
innogy Innovation UK Ltd., London/United Kingdom		100	-100
innogy International Participations N.V., 's-Hertogenbosch/Netherlands		100	-100

1 Structured entity pursuant to IFRS 10 and 12.
2 Control by virtue of company contract.
3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of affiliated companies included in the consolidated financial statements			
innogy IT Magyarország Kft. „v.a.", Budapest/Hungary		100	-100
innogy Metering GmbH, Mülheim an der Ruhr		100	-100
innogy Netze Deutschland GmbH, Essen		100	-100
innogy New Ventures LLC, Palo Alto/USA		100	-100
innogy Polska IT Support Sp. z o.o., Warsaw/Poland		100	-100
innogy Polska S.A., Warsaw/Poland		100	-100
innogy Polska Solutions Sp. z o.o., Warsaw/Poland		100	-100
innogy Rheinhessen Beteiligungs GmbH, Essen		100	-100
innogy SE, Essen		77	-77
Innogy Solutions Ireland Limited, Dublin/Ireland		100	-100
innogy solutions Kft., Budapest/Hungary		100	-100
innogy Solutions s.r.o., Banská Bystrica/Slovakia		100	-100
innogy South East Europe s.r.o., Bratislava/Slovakia		100	-100
innogy Stoen Operator Sp. z o.o., Warsaw/Poland		100	-100
innogy TelNet GmbH, Essen		100	-100
innogy Ventures GmbH, Essen		100	-100
innogy Zákaznické služby, s.r.o., Ostrava/Czech Republic		100	-100
innogy Zweite Vermögensverwaltungs GmbH, Essen		100	-100
Installatietechniek Totaal B.V., Leeuwarden/Netherlands		100	-100
IsoFitters BVBA, Herentals/Belgium		100	-100
Isoprofs België BVBA, Hasselt/Belgium		100	-100
Isoprofs B.V., Meijel/Netherlands		100	-100
iSWITCH GmbH, Essen		100	-100
It's a beautiful world B.V., Amersfoort/Netherlands		100	-100
Klima és Hutéstechnológia Tervezo, Szerelo és Kereskedelmi Kft., Budapest/Hungary			5
Konnektor B.V., Amsterdam/Netherlands		100	-100
Koprivnica Opskrba d.o.o., Koprivnica/Croatia		75	-75
Koprivnica Plin d.o.o., Koprivnica/Croatia		75	-75
Lechwerke AG, Augsburg		90	-90
Leitungspartner GmbH, Düren		100	-100
LEW Anlagenverwaltung Gesellschaft mit beschränkter Haftung, Gundremmingen		100	-100
LEW Beteiligungsgesellschaft mbH, Gundremmingen		100	-100
LEW Netzservice GmbH, Augsburg		100	-100
LEW Service & Consulting GmbH, Augsburg		100	-100
LEW TelNet GmbH, Neusäß		100	-100
LEW Verteilnetz GmbH, Augsburg		100	-100
Licht Groen B.V., Amsterdam/Netherlands		100	-100
Livisi GmbH, Essen		100	-100

1 Structured entity pursuant to IFRS 10 and 12.
2 Control by virtue of company contract.
3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of affiliated companies included in the consolidated financial statements			
MI-FONDS 178, Frankfurt am Main		100	-100
MI-FONDS F55, Frankfurt am Main		100	-100
MI-FONDS G55, Frankfurt am Main		100	-100
MI-FONDS J55, Frankfurt am Main		100	-100
MI-FONDS K55, Frankfurt am Main		100	-100
MITGAS Mitteldeutsche Gasversorgung GmbH, Halle (Saale)		75	-75
Mitteldeutsche Netzgesellschaft Gas mbH, Halle (Saale)		100	-100
Mitteldeutsche Netzgesellschaft Strom mbH, Halle (Saale)		100	-100
Mittlere Donau Kraftwerke AG, Munich		40[1]	-40
Montcogim – Plinara d.o.o., Sveta Nedelja/Croatia		100	-100
Nederland Isoleert B.V., Amersfoort/Netherlands		100	-100
Nederland Schildert B.V., Amersfoort/Netherlands		100	-100
Nederland Schildert Rijnmond B.V., Amersfoort/Netherlands		100	-100
Nederland Verkoopt B.V., Amersfoort/Netherlands		100	-100
NEW AG, Mönchengladbach		40[2]	-40
NEW Netz GmbH, Geilenkirchen		100	-100
NEW Niederrhein Energie und Wasser GmbH, Mönchengladbach		100	-100
NEW NiederrheinWasser GmbH, Viersen		100	-100
NEW Tönisvorst GmbH, Tönisvorst		98	-98
NEW Viersen GmbH, Viersen		100	-100
Npower Business and Social Housing Limited, Swindon/United Kingdom		100	-100
Npower Commercial Gas Limited, Swindon/United Kingdom		100	-100
Npower Direct Limited, Swindon/United Kingdom		100	-100
Npower Financial Services Limited, Swindon/United Kingdom		100	-100
Npower Gas Limited, Swindon/United Kingdom		100	-100
Npower Group Limited, Swindon/United Kingdom		100	-100
Npower Limited, Swindon/United Kingdom		100	-100
Npower Northern Limited, Swindon/United Kingdom		100	-100
Npower Yorkshire Limited, Swindon/United Kingdom		100	-100
Npower Yorkshire Supply Limited, Swindon/United Kingdom		100	-100
Octopus Electrical Limited, Swindon/United Kingdom		100	-100
OIE Aktiengesellschaft, Idar-Oberstein		100	-100
Plus Shipping Services Limited, Swindon/United Kingdom		100	-100
Powerhouse B.V., Almere/Netherlands		100	-100
PS Energy UK Limited, Swindon/United Kingdom		100	-100
Recargo Inc., El Segundo/USA		100	-100
Regionetz GmbH, Aachen		49[2]	-49
Rhein-Sieg Netz GmbH, Siegburg		100	-100
rhenag Rheinische Energie Aktiengesellschaft, Cologne		67	-67

1 Structured entity pursuant to IFRS 10 and 12.
2 Control by virtue of company contract.
3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of affiliated companies included in the consolidated financial statements			
RL Besitzgesellschaft mbH, Gundremmingen		100	-100
RL Beteiligungsverwaltung beschr. haft. OHG, Gundremmingen		100	-100
RUMM Limited, Ystrad Mynach/United Kingdom		100	-100
RWE Cogen UK (Hythe) Limited, Swindon/United Kingdom		100	-100
RWE Cogen UK Limited, Swindon/United Kingdom		100	-100
RWE Energija d.o.o., Zagreb/Croatia		100	-100
RWE Generation Belgium N.V., Antwerp/Belgium		100	-100
RWE Hrvatska d.o.o., Zagreb/Croatia		100	-100
RWE Ljubljana d.o.o., Ljubljana/Slovenia		100	-100
RWE Plin d.o.o., Zagreb/Croatia		100	-100
RWE Supply & Trading Switzerland S.A., Geneva/Switzerland		100	-100
RWW Rheinisch-Westfälische Wasserwerksgesellschaft mbH, Mülheim an der Ruhr		80	-80
SARIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Würzburg KG, Düsseldorf		[1]	
Stadtwerke Düren GmbH, Düren		50[2]	-50
Südwestsächsische Netz GmbH, Crimmitschau		100	-100
Süwag Energie AG, Frankfurt am Main		78	-78
Süwag Grüne Energien und Wasser GmbH, Frankfurt am Main		100	-100
Süwag Vertrieb AG & Co. KG, Frankfurt am Main		100	-100
Syna GmbH, Frankfurt am Main		100	-100
Überlandwerk Krumbach GmbH, Krumbach		75	-75
Verteilnetz Plauen GmbH, Plauen		100	-100
VKB-GmbH, Neunkirchen		50	-50
Volta Energycare N.V., Houthalen-Helchteren/Belgium		100	-100
Volta Limburg B.V., Schinnen/Netherlands		100	-100
Volta Service B.V., Schinnen/Netherlands		100	-100
Volta Solar B.V., Heerlen/Netherlands		95	-95
Volta Solar VOF, Heerlen/Netherlands		60	-60
VSE Aktiengesellschaft, Saarbrücken		51	-51
VSE NET GmbH, Saarbrücken		100	-100
VSE Verteilnetz GmbH, Saarbrücken		100	-100
VWS Verbundwerke Südwestsachsen GmbH, Lichtenstein/Sa.		98	-98
Wendelsteinbahn Gesellschaft mit beschränkter Haftung, Brannenburg		100	-100
Wendelsteinbahn Verteilnetz GmbH, Brannenburg		100	-100
Westerwald-Netz GmbH, Betzdorf-Alsdorf		100	-100
Westnetz GmbH, Dortmund		100	-100
WTTP B.V., Arnhem/Netherlands		100	-100
ZonnigBeheer B.V., Lelystad/Netherlands		100	-100

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4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of joint ventures not accounted for using the equity method due to application of IFRS 5			
AVU Aktiengesellschaft für Versorgungs-Unternehmen, Gevelsberg		50	-50
BEW Netze GmbH, Wipperfürth		61[3]	-61
Budapesti Disz- es Közvilagitasi Korlatolt Felelösségü Tarsasag, Budapest/Hungary		50	-50
Energie Nordeifel GmbH & Co. KG, Kall		33	-33
FSO GmbH & Co. KG, Oberhausen		50	-50
Konsortium Energieversorgung Opel beschränkt haftende oHG, Karlstein		67[3]	-67
PRENU Projektgesellschaft für Rationelle Energienutzung in Neuss mit beschränkter Haftung, Neuss		50	-50
Rain Biomasse Wärmegesellschaft mbH, Rain		70[3]	-70
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., Zagreb/Croatia		50	-50
Stadtwerke Dülmen Dienstleistungs- und Beteiligungs-GmbH & Co. KG, Dülmen		50	-50
Stadtwerke Lingen GmbH, Lingen (Ems)		40	-40
Stromnetz Friedberg GmbH & Co. KG, Friedberg		49	-49
Stromnetz Gersthofen GmbH & Co. KG, Gersthofen		49	-49
Stromnetz Günzburg GmbH & Co. KG, Günzburg		49	-49
SVS-Versorgungsbetriebe GmbH, Stadtlohn		30	-30
Zagrebacke otpadne vode d.o.o., Zagreb/Croatia		49	-49
Disposal of associates not accounted for using the equity method due to application of IFRS 5			
Dortmunder Energie- und Wasserversorgung Gesellschaft mit beschränkter Haftung, Dortmund		40	-40
EnergieServicePlus GmbH, Düsseldorf		49	-49
Energieversorgung Guben GmbH, Guben		45	-45
Energieversorgung Hürth GmbH, Hürth		25	-25
Energieversorgung Oberhausen Aktiengesellschaft, Oberhausen		10[4]	-10
ENNI Energie & Umwelt Niederrhein GmbH, Moers		20	-20
e-regio GmbH & Co. KG, Euskirchen		43	-43
EWR Aktiengesellschaft, Worms		1[4]	-1
EWR Dienstleistungen GmbH & Co. KG, Worms		25	-25
EWR GmbH, Remscheid		20	-20
Freiberger Stromversorgung GmbH (FSG), Freiberg		30	-30
Gas- und Wasserwerke Bous – Schwalbach GmbH, Bous		49	-49
Kemkens B.V., Oss/Netherlands		49	-49
KEW Kommunale Energie- und Wasserversorgung Aktiengesellschaft, Neunkirchen		29	-29
MAINGAU Energie GmbH, Obertshausen		47	-47
medl GmbH, Mülheim an der Ruhr		39	-39
Nebelhornbahn-Aktiengesellschaft, Oberstdorf		20	-20
PFALZWERKE AKTIENGESELLSCHAFT, Ludwigshafen am Rhein		27	-27
Projecta 14 GmbH, Saarbrücken		50	-50

1 Structured entity pursuant to IFRS 10 and 12.
2 Control by virtue of company contract.
3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of associates not accounted for using the equity method due to application of IFRS 5			
Propan Rheingas GmbH & Co Kommanditgesellschaft, Brühl		30	-30
Recklinghausen Netzgesellschaft mbH & Co. KG, Recklinghausen		50	-50
RheinEnergie AG, Cologne		20	-20
Rhein-Main-Donau GmbH, Munich		23	-23
Siegener Versorgungsbetriebe GmbH, Siegen		25	-25
SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus		33	-33
SSW – Stadtwerke St. Wendel GmbH & Co KG., St. Wendel		50	-50
Stadtwerke Aschersleben GmbH, Aschersleben		35	-35
Stadtwerke Bernburg GmbH, Bernburg (Saale)		45	-45
Stadtwerke Bitterfeld-Wolfen GmbH, Bitterfeld-Wolfen		40	-40
Stadtwerke Duisburg Aktiengesellschaft, Duisburg		20	-20
Stadtwerke Emmerich GmbH, Emmerich am Rhein		25	-25
Stadtwerke Essen Aktiengesellschaft, Essen		29	-29
Stadtwerke Geldern GmbH, Geldern		49	-49
Stadtwerke GmbH Bad Kreuznach, Bad Kreuznach		25	-25
Stadtwerke Kamp-Lintfort GmbH, Kamp-Lintfort		49	-49
Stadtwerke Kirn GmbH, Kirn/Nahe		49	-49
Stadtwerke Meerane GmbH, Meerane		25	-25
Stadtwerke Meerbusch GmbH, Meerbusch		40	-40
Stadtwerke Merseburg GmbH, Merseburg		40	-40
Stadtwerke Merzig Gesellschaft mit beschränkter Haftung, Merzig		50	-50
Stadtwerke Neuss Energie und Wasser GmbH, Neuss		25	-25
Stadtwerke Radevormwald GmbH, Radevormwald		50	-50
Stadtwerke Ratingen GmbH, Ratingen		25	-25
Stadtwerke Reichenbach/Vogtland GmbH, Reichenbach im Vogtland		25	-25
Stadtwerke Saarlouis GmbH, Saarlouis		49	-49
Stadtwerke Velbert GmbH, Velbert		30	-30
Stadtwerke Weißenfels Gesellschaft mit beschränkter Haftung, Weißenfels		25	-25
Stadtwerke Willich Gesellschaft mit beschränkter Haftung, Willich		25	-25
Stadtwerke Zeitz GmbH, Zeitz		25	-25
SWTE Netz GmbH & Co. KG, Ibbenbüren		33	-33
Tankey B.V., 's-Hertogenbosch/Netherlands		43	-43
WVW Wasser- und Energieversorgung Kreis St. Wendel Gesellschaft mit beschränkter Haftung, St. Wendel		28	-28
Xelan SAS, Saint-Denis La Plaine/France		34	-34
Zagrebacke otpadne vode-upravljanje i pogon d.o.o., Zagreb/Croatia		31	-31
Zwickauer Energieversorgung GmbH, Zwickau		27	-27

Changes in shareholding without change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Affiliated companies which are included in the consolidated financial statements			
Fri-El Guardionara s.r.l., Bolzano/Italy	51	100	-49
innogy indeland Windpark Eschweiler GmbH & Co. KG, Eschweiler	51	100	-49
Kernkraftwerk Gundremmingen GmbH, Gundremmingen	100	75	25
Kernkraftwerke Lippe-Ems Gesellschaft mit beschränkter Haftung, Lingen (Ems)	100	99	1
Kernkraftwerksbeteiligung Lippe-Ems beschränkt haftende OHG, Lingen/Ems	100	88	12
RWE & Turcas Güney Elektrik Üretim A.S., Ankara/Turkey	70	70	0

3.8 Boards (part of the notes)

As of: 28 February 2020

Supervisory Board

(End of term: 2021 Annual General Meeting)

Dr. Werner Brandt
Bad Homburg
Chairman
Chairman of the Supervisory Board of ProSiebenSat.1 Media SE
Year of birth: 1954
Member since 18 April 2013

Other appointments:
- ProSiebenSat.1 Media SE (Chairman)[1]
- Siemens AG[1]

Frank Bsirske[2]
Berlin
Deputy Chairman
Former Chairman of ver.di Vereinte Dienstleistungsgewerkschaft
Year of birth: 1952
Member since 9 January 2001

Other appointments:
- DB Privat- und Firmenkundenbank AG
- Deutsche Bank AG[1]
- innogy SE[1,3]

Michael Bochinsky[2]
Grevenbroich
Deputy Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 1 August 2018

Reiner Böhle[2,4]
Witten
Consultant for Special Tasks and Project Work at Westnetz GmbH
Year of birth: 1960
Member from 1 January 2013 to 18 September 2019

Sandra Bossemeyer[2]
Duisburg
Chairwoman of the Works Council of RWE AG
Representative of the disabled
Year of birth: 1965
Member since 20 April 2016

Martin Bröker[2]
Bochum
Head of HR & Business Functions IT at RWE Generation SE
Year of birth: 1966
Member since 1 September 2018

Anja Dubbert[2]
Essen
Business Development Manager / Member of the Works Council of RWE Supply & Trading GmbH
Year of birth 1979
Member since 27 September 2019

Matthias Dürbaum[2]
Heimbach
Chairman of the Works Council of the Hambach Opencast Mine
Year of birth: 1987
Member since 27 September 2019

Ute Gerbaulet
Düsseldorf
General Partner of Bankhaus Lampe KG
Year of birth: 1968
Member since 27 April 2017

Other appointments:
- NRW.Bank AöR

Prof. Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel
Essen
Former Chairman of the Executive Board of HOCHTIEF AG
Year of birth: 1947
Member since 18 April 2013

Other appointments:
- National-Bank AG
- Consolidated Contractors Group S.A.L.

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group until 18 September 2019.
4 Information valid as of the date of retirement.

Mag. Dr. h.c. Monika Kircher
Krumpendorf, Austria
Consultant
Year of birth: 1957
Member since 15 October 2016

Other appointments:
- Andritz AG[1]
- Kärntner Energieholding Beteiligungs GmbH (Chairwoman)[3]
- KELAG-Kärntner Elektrizitäts AG[1,3]
- Siemens AG Österreich

Monika Krebber[2,4]
Mülheim an der Ruhr
Deputy Chairwoman of the General Works Council of innogy SE
Year of birth: 1962
Member from 20 April 2016 to 18 September 2019

Other appointments:
• innogy SE[1,3]

Harald Louis[2]
Jülich
Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 20 April 2016

Other appointments:
• RWE Power AG[5]

Dagmar Mühlenfeld
Mülheim an der Ruhr
Former Mayor of the City of Mülheim an der Ruhr/
Managing Director of JUNI gGmbH (Junior-Uni Ruhr)
Year of birth: 1951
Member since 4 January 2005

Peter Ottmann
Nettetal
Managing Director of Verband der kommunalen RWE-Aktionäre GmbH
Attorney, Former Chief Administrative Officer of Viersen County
Year of birth: 1951
Member since 20 April 2016

Günther Schartz
Wincheringen
Chief Administrative Officer of the District of Trier-Saarburg
Year of birth: 1962
Member since 20 April 2016

Other appointments:
- A.R.T. Abfallberatungs- und Verwertungsgesellschaft mbH (Chairman)
- Kreiskrankenhaus St. Franziskus Saarburg GmbH (Chairman)
- Sparkassenverband Rheinland-Pfalz
- Sparkasse Trier (Chairman)
- Trierer Hafengesellschaft mbH
- Zweckverband Abfallwirtschaft Region Trier

Dr. Erhard Schipporeit
Hanover
Independent Corporate Consultant
Year of birth: 1949
Member since 20 April 2016

Other appointments:
• BDO AG
• Fuchs Petrolub SE[1]
• Hannover Rück SE[1]
• HDI V.a.G.
• Talanx AG[1]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group until 18 September 2019.
4 Information valid as of the date of retirement.
5 Office within the Group.

Dr. Wolfgang Schüssel
Vienna, Austria
Former Federal Chancellor of the Republic of Austria
Year of birth: 1945
Member since 1 March 2010

Other appointments:
- Adenauer Stiftung (Chairman of the Board of Trustees)
- PJSC LUKOIL[1]

Ullrich Sierau
Dortmund
Mayor of the City of Dortmund
Year of birth: 1956
Member since 20 April 2011

Other appointments:
• Dortmunder Energie- und Wasserversorgung GmbH (Chairman)
• Dortmunder Stadtwerke AG (Chairman)
• Dortmunder Stadtwerke Holding GmbH (Chairman)
• KEB Holding AG (Chairman)
- KSBG Kommunale Verwaltungsgesellschaft GmbH
- Schüchtermann-Schiller'sche Kliniken Bad Rothenfelde GmbH & Co. KG
- Sparkasse Dortmund (Chairman)

Ralf Sikorski[2]
Hanover
Deputy Chairman of IG Bergbau, Chemie, Energie
Year of birth: 1961
Member since 1 July 2014

Other appointments:
• CHEMIE Pensionsfonds AG (Chairman)
• Lanxess AG[1]
• Lanxess Deutschland GmbH
• RAG AG
• RWE Generation SE[5]
• RWE Power AG[5]
- KSBG Kommunale Verwaltungsgesellschaft GmbH

Marion Weckes[2]
Dormagen
Head of Unit
Institut für Mitbestimmung und Unternehmensführung der Hans-Böckler-Stiftung
Year of birth: 1975
Member since 20 April 2016

Leonhard Zubrowski[2]
Lippetal
Chairman of the Group Works Council of RWE AG
Year of birth: 1961
Member since 1 July 2014

Other appointments:
• RWE Generation SE[5]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group until 18 September 2019.
4 Information valid as of the date of retirement.
5 Office within the Group.

Supervisory Board Committees

Executive Committee of the Supervisory Board
Dr. Werner Brandt (Chairman)
Frank Bsirske
Sandra Bossemeyer
Anja Dubbert
Matthias Dürbaum
Prof. Dr. Hans-Peter Keitel
Dagmar Mühlenfeld
Dr. Wolfgang Schüssel

Mediation Committee in accordance with Section 27, Paragraph 3 of the German Co-Determination Act
Dr. Werner Brandt (Chairman)
Frank Bsirske
Dr. Wolfgang Schüssel
Ralf Sikorski

Personnel Affairs Committee
Dr. Werner Brandt (Chairman)
Frank Bsirske
Harald Louis
Peter Ottmann
Dr. Wolfgang Schüssel
Leonhard Zubrowski

Audit Committee
Dr. Erhard Schipporeit (Chairman)
Michael Bochinsky
Mag. Dr. h.c. Monika Kircher
Ullrich Sierau
Ralf Sikorski
Marion Weckes

Nomination Committee
Dr. Werner Brandt (Chairman)
Prof. Dr. Hans-Peter Keitel
Peter Ottmann

Strategy Committee
Dr. Werner Brandt (Chairman)
Frank Bsirske
Prof. Dr. Hans-Peter Keitel
Günther Schartz
Ralf Sikorski
Leonhard Zubrowski

The Executive Board

Dr. Rolf Martin Schmitz (Chief Executive Officer)
Chairman of the Executive Board of RWE AG since 15 October 2016
Member of the Executive Board of RWE AG since 1 May 2009,
appointed until 30 June 2021
Labour Director of RWE AG since 1 May 2017

Other appointments:
- • Amprion GmbH
- • E.ON SE[1]
- • RWE Generation SE[5] (Chairman)
- • RWE Power AG[5] (Chairman)
- • RWE Supply & Trading GmbH[5]
- • TÜV Rheinland AG
- - Jaeger Grund GmbH & Co. KG (Jaeger Gruppe, Chairman)
- - Kärntner Energieholding Beteiligungs GmbH[3]
- - KELAG-Kärntner Elektrizitäts-AG[1,3]

Dr. Markus Krebber (Chief Financial Officer)
Member of the Executive Board of RWE AG since 1 October 2016,
appointed until 30 September 2024

Other appointments:
- • RWE Generation SE[5]
- • RWE Pensionsfonds AG[5] (Chairman)
- • RWE Power AG[5]
- • RWE Supply & Trading GmbH[5] (Chairman)

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group until 18 September 2019.
4 Information valid as of the date of retirement.
5 Office within the Group.

3.9 Independent auditor's report

To RWE Aktiengesellschaft, Essen

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of RWE Aktiengesellschaft, Essen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of RWE Aktiengesellschaft, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2019. We have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2019, and of its financial performance for the financial year from January 1 to December 31, 2019 and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year January 1 to December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Deconsolidation of the discontinued operations
❷ Business combinations
❸ Accounting effects from the coal phaseout
❹ Recoverability of goodwill

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ Deconsolidation of the discontinued operations

① On March 12, 2018, RWE Aktiengesellschaft and E.ON SE (hereinafter E.ON SE and its subsidiaries are abbreviated as "E.ON") agreed to divestments and acquisitions of business operations. It stipulates the following, among other items: RWE AG will transfer its entire stake in innogy SE (innogy) (76.8 %) to E.ON. In return, the renewable energy business and the gas storage activities of innogy as well as the investment in KELAG-Kärntner Elektrizitäts-AG/Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Austria, will be returned to the Group. The renewable energy business of E.ON will also be transferred to RWE. Since June 30, 2018, RWE Aktiengesellschaft has accounted for the operations of innogy to be transferred on a long-term basis to E.ON – essentially the grid and retail business – as discontinued operations in accordance with IFRS 5.

Following regulatory approval by the antitrust authorities, the first partial transaction took place on September 18, 2019 with the sale of the innogy shares. The discontinued operations were therefore– with the retention of the relatively insignificant share in the Slovakian electricity and gas supplier Východoslovenská energetika Holding a.s. (VSEH), which will probably be transferred to E.ON in 2020 – deconsolidated.

The equity value of the assets given in the amount of about €3.5 billion was offset by a fair value of the consideration received of approximately €12.8 billion. Taking into account further technical deconsolidation effects (primarily: reclassification of the other earnings attributable to the deconsolidated subsidiaries (so-called "Recycling") to the income statement and restoring the transactions that were previously considered intercompany to a new external outside-the-group basis with respect to innogy), a deconsolidation profit was generated in the total amount of €8.1 billion. The profit is reported in the result from discontinued operations.

At the same time of the deconsolidation of the grid and retail business, RWE acquired the sole control over the renewable energy business of innogy. The carrying value (€607 million) of the previous minority interests of the renewable energy business, that existed at the level of innogy SE, was accordingly derecognized against the retained earnings (reduction to retained earnings: €347 million) as of September 18, 2019 with no effect on profit or loss.

The deconsolidation was of particular significance in the context of our audit due to the complexity of the contractual agreements and accounting provisions as well as the overall material effects of the transaction on the assets, liabilities, financial position and financial performance of the RWE Group.

② As part of our audit, we first assessed whether the conditions for the accounting treatment of the transaction were generally fulfilled, e.g. that the approval of the antitrust authorities for the execution of the transaction was obtained, and whether the conditions for deconsolidation in compliance with IFRS 10 were met. We then assessed which assets should be included in the deconsolidation. For this purpose, we reviewed the contractual agreements with E.ON and assessed the underlying IT concept for executing the deconsolidation and its implementation in the consolidation system. On this basis, we also assessed whether the separation of the assets of VSEH to be deconsolidated and the assets not to be deconsolidated was performed appropriately.

We also assessed the appropriateness of the methods and calculations used in the deconsolidation in accordance with IFRS 10 and the amount of the equity value of the assets given up for the discontinued operations as of September 18, 2019. Furthermore, we reviewed the amount of the consideration received on the basis of agreements and other correspondence with E.ON as well as calculations of the Company and in particular considered the allocation between the deconsolidation calculation and the calculation for derecognition of minority interests for the renewable energy business. In addition, we assessed the determination of the assets and liabilities (especially derivatives) for transactions now restored to an external outside-the-group basis and assessed their recognition and measurement in the consolidated balance sheet.

In addition and in connection with the assumption of the sole control of RWE over the renewable energy business of innogy, we assessed whether the carrying value of the former minority interests, which existed at the innogy SE level, was appropriately derecognized against retained earnings with no effect on profit or loss.

In our view, the estimates applied and assumptions made by the executive directors regarding the deconsolidation of the discontinued operations are sufficiently documented and justified and result in a fair presentation in the consolidated financial statements overall.

③ The disclosures required under IFRS 5 up until deconsolidation are contained in the notes to the consolidated financial statements in the section "Disposals and discontinued operations". Explanations about the divestment are also given in this section. In addition, information from the Group concerning the transaction in general can be found in the section "Strategy and Structure" of the Group Management Report.

❷ Business combinations

① On March 12, 2018, RWE Aktiengesellschaft and E.ON SE (hereinafter E.ON SE and its subsidiaries are abbreviated as "E.ON") agreed to divestments and acquisitions of business operations. It stipulates the following, among other items: RWE AG will transfer its entire stake in innogy SE (innogy) (76.8 %) to E.ON. In return, the renewable energy business and the gas storage activities of innogy as well as the investment in KELAG-Kärntner Elektrizitäts-AG/Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Austria, will remain in the RWE Group. The renewable energy business of E.ON will also be transferred to RWE.

The economic and legal transfer of the renewable energy business from E.ON to RWE, which is accounted for as a business combination under IFRS 3, took place in September 2019. The first-time consolidation occurred on September 18, 2019. The preliminary purchase price (taking into account purchase price adjustments) amounted to €3,593 million. The identified assets acquired and the liabilities assumed of the renewable energy business from E.ON were recognized at their fair values at the date of acquisition. Including acquired net assets of €2,940 million, goodwill arose in the amount of €653 million. The fair values and the goodwill are preliminary because the purchase price allocation has not yet been fully completed as of December 31, 2019.

The purchase price allocation was of particular significance in the context of our audit due to the complexity of the contractual agreements and accounting provisions.

② As part of our audit of the presentation of the acquisition of the renewable energy business from E.ON, we first gained an understanding of the underlying contractual stipulations and, among other items, the determination of the closing date for the acquisition of control and the preliminary purchase price. On this basis, we assessed the opening balance sheet of the underlying business combination. To this end, we assessed the recognition and measurement of the assets and liabilities. This included their identification, the application of uniform accounting policies and the recognition of the preliminary fair values at the date of first-time consolidation. In this context, we assessed in particular the preliminary fair values calculated with the support of an external expert from RWE. Among other items, we assessed the models underlying the valuations and the valuation parameters and assumptions applied. The assessment covered in particular the examination of the methodology and mathematical accuracy of the valuation models. In addition, we assessed the costs of capital applied. We also reviewed the technical implementation of the first-time consolidation and the derivation of the preliminary goodwill.

Overall, we were able to satisfy ourselves that the accounting presentation of the acquisition of the renewable energy business is appropriately made on the basis of the preliminary results of the purchase price allocation and is sufficiently documented.

③ The disclosures required under IFRS 3 concerning business combinations are contained in the notes to the consolidated financial statements in the section "Acquisitions". In addition, information from the Group concerning the transaction in general can be found in the section "Strategy and Structure" of the Group Management Report.

❸ Accounting effects from the coal phaseout

① In 2019, political developments in Germany and the Netherlands progressed further, which further specified the termination of coal-fired power generation in both countries. This applies to the use of black coal and, in Germany, also to brown coal (lignite) for electricity generation and the decommissioning of the corresponding surface lignite mines (hereinafter collectively referred to as "coal phaseout").

Due to the shorter operating lives of black coal and lignite-fired power plants, impairment charges were recognized on property, plant and equipment in the total amount of €1,540 million. The recoverability of the power plant assets was reviewed on the basis of their fair values less costs of disposal. The fair values of the respective power plants assets were determined by the Company as the present values of future cash flows using discounted cash flow models. This was based on the planning projections prepared by the executive directors, which include long-term assumptions regarding electricity, coal and CO_2 certificate prices and planned power plant operating times. The results from these valuations depends to a large extent on the planning assumptions and the estimates of the future cash inflows made by the executive directors as well as on the discount rates used in the valuation models. The amount of the impairment charges was also impacted by the fact that the definition of cash-generating units for power plants changed.

The coal phaseout was also a major reason for the increase in the provisions for loss-making power purchase agreements. The consideration of the shorter terms of the coal-fired power plants associated with the individual contracts resulted in the fact that the expected positive value contributions in later years of the contract terms no longer applied. The provisions for loss-making power purchase agreements increased in 2019 by €225 million year-on-year.

Due to the coal phaseout, additional provisions had to be increased or recognized for the first time by a total of €2,262 million. This mainly relates to the increase in provisions for recultivation. In order to determine the settlement amount, the expected future disbursements are first escalated at the closing date prices using the expected rates of price increase and then discounted using an appropriate discount rate. This was based on the recultivation plans drawn up by the executive directors with the assistance of reports prepared by external expert appraisers. The escalation rate and discount rate were adjusted in the financial year to reflect the earlier incurrence of expenditure due to the coal phaseout and the market interest rate level in that period.

The result from the measurement of the provisions depends to a large extent on the planning assumptions and the estimates of the executive directors regarding the amount and the timing of future cash outflows as well as the escalation rates and discount rates used in the valuation models.

Due to the connection between the lignite phaseout and the related compensation, RWE recognized the compensation amount of €2,600 million provided by the German government as a reimbursement or indemnification claim for increased or newly arising obligations and for impairment charges and reported it under other assets.

The accounting presentation of the fixed or expected effects of the coal phaseout on the basis of measures taken in 2019 and on the basis of its accountability to be ascertained has a significant impact on the assets, liabilities and financial performance of the RWE group. In addition, the assessment of the impact is subject to considerable uncertainty and is complex. In this context, this matter was of particular significance for our audit.

② As part of our audit, we first assessed whether the conditions for accounting of the coal phaseout were basically met. We then assessed which assets could be impaired or which obligations could be increased in value and which obligations and claims should be recognized for the first time.

In our audit of the measurement of the power plant assets as well as the provisions for existing or newly incurred obligations, we have, among other items, assessed the methodology for carrying out the measurements and assessed the calculations of the discount rates and escalation rates. We also assessed whether the future cash inflows and outflows of the underlying measurements in connection with the discount rates and escalation rates used, form an appropriate basis for the measurement overall. We assessed the appropriateness of the future cash flows used in the calculations by comparing these figures with the planning projections or recultivation plans prepared by the executive directors and by reconciling them with general and sector-specific market expectations. In the knowledge that even relatively small changes in the discount rates applied and the escalation rates used in the measurement of the provisions for recultivation can in some cases have a material impact on the amount of the fair value less costs of disposal or settlement amount calculated using this method, we also evaluated the parameters used to determine the discount rates and escalation rates and assessed the respective measurement model. We reviewed the appraisals prepared by external experts and assessed their usability by, among other items, assessing and checking the plausibility of the premises contained in the appraisals. We also assessed that the capitalization of the compensation claim is appropriate in terms of reason and amount.

In our view, the estimates and assumptions of the executive directors of the underlying accounting treatment of the coal phaseout are sufficiently justified and documented. Overall, the measurement parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The information provided by the Company on the impact of the coal phaseout in Germany and the Netherlands is contained in the notes to the consolidated financial statements under section "Notes to the income statement" in note "(5) Depreciation, amortization and impairment losses" and in section "Notes to the balance sheet" in note "(15) Other receivables and other assets" and in note "(22) Provisions". Supplementary information can also be found in section "Political environment" of the Group Management Report.

❹ Recoverability of goodwill

① In the consolidated financial statements of RWE Aktiengesellschaft, goodwill amounting to €2.4 billion (3.7 % of consolidated total assets) (prior year: €1.7 billion or 2 % of consolidated total assets) is reported under the balance sheet item "Intangible assets". In addition to the goodwill of the cash-generating units "innogy – continuing operations" and "supply & trading", this item includes the newly acquired business value of "operations acquired from E.ON" for the first time as of December 31, 2019.

Goodwill is tested for impairment ("impairment test") annually or when there are indications of impairment, to determine any possible need for write-downs. The carrying amounts of the relevant cash-generating units, including goodwill, are compared with the corresponding recoverable amounts in the context of the impairment tests. The recoverable amount is generally calculated on the basis of fair value less costs of disposal. The impairment tests are performed at the level of the cash-generating units or groups of cash-generating units to which the respective goodwill is allocated. The measurements to calculate the fair value less costs of disposal carried out for the purposes of the impairment tests are based on the present values of the future cash flows derived from the planning projections for the next three years (medium-term plan) prepared by the executive directors and acknowledged by the supervisory board. In doing so, expectations relating to future market developments and country-specific assumptions about the performance of macroeconomic indicators are also taken into account. Present values are calculated using discounted cash flow models. The discount rate applied is the weighted average cost of capital for the relevant cash-generating unit. The impairment test did not result in the recognition of a write-down. The outcome of these valuations is dependent to a large extent on the estimates made by the executive directors of the future cash inflows of the cash-generating units, and on the respective discount rates and rates of growth employed as well as on further assumptions. The valuation is therefore subject to considerable uncertainty. Against this background and due to the underlying complexity of the valuation, this matter was of particular significance in the context of our audit.

② As part of our audit, we evaluated the methodology used for the purpose of performing the impairment tests and assessed the calculation of the weighted average cost of capital, among other items. In addition, we assessed whether the future cash inflows underlying the measurements together with the weighted cost of capital used represent an appropriate basis for the impairment tests overall. We evaluated the appropriateness of the future cash inflows used in the calculations, among other items, by comparing this data with the Group's medium-term plan and by reconciling it against general and sector-specific market expectations. In this context, we also assessed whether the costs of Group functions were properly included in the respective cash-generating unit. In the knowledge that even relatively small changes in the discount rate applied can in some cases have a material impact on the fair value less costs of disposal calculated using this method, we also evaluated the parameters used to determine the discount rate applied and assessed the measurement model. Furthermore, we evaluated the sensitivity analyses performed by the Company in order to evaluate any impairment risk (carrying amount higher than recoverable amount) in the event of a reasonably possible change in a material assumption underlying the measurement. Overall, the measurement parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures relating to goodwill are contained in the notes to the consolidated financial statements in section "Notes to the Balance Sheet" in note "(10) Intangible assets".

Other information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section 1.8 of the group management report

- the separate non-financial group report pursuant to § 315b Abs. 3 HGB

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor by the annual general meeting on May 3, 2019. We were engaged by the supervisory board on May 6, 2019. We have been the group auditor of RWE Aktiengesellschaft, Essen, without interruption since the financial year 2001.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Ralph Welter.

Essen, 28 February 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Reuther	Ralph Welter
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

3.10 Information on the auditor

The consolidated financial statements of RWE AG and its subsidiaries for the 2018 fiscal year – consisting of the Group balance sheet, Group income statement and statement of comprehensive income, Group statement of changes in equity, Group cash flow statement and Group notes to the financial statements – were audited by the auditing company PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

The auditor at PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft responsible for RWE is Mr Ralph Welter. Mr Welter has performed this function in six previous audits of RWE.

Five-year overview

Key figures of the RWE Group[1]		2019	2018	2017	2016	2015
External revenue (excluding natural gas tax/electricity tax)	€ million	13,125	13,406	13,822	43,590	45,848
Income						
Adjusted EBITDA	€ million	2,489	1,538	2,149	5,403	7,017
Adjusted EBIT	€ million	1,267	619	1,170	3,082	3,837
Income before tax	€ million	-752	49	2,056	-5,807	-637
Net income/RWE AG shareholders' share in income	€ million	8,498	335	1,900	-5,710	-170
Earnings per share	€	13.82	0.54	3.09	-9.29	-0.28
Cash flow						
Cash flows from operating activities	€ million	-977	4,611	-3,771	2,352	3,339
Free cash flow	€ million	-2,053	3,439	-4,439	809	441
Asset/capital structure						
Non-current assets	€ million	35,951	18,595	45,694	45,911	51,453
Current assets	€ million	28,241	61,513	23,365	30,491	27,881
Balance sheet equity	€ million	17,448	14,257	11,991	7,990	8,894
Non-current liabilities	€ million	27,018	20,007	36,774	39,646	45,315
Current liabilities	€ million	19,726	45,844	20,294	28,766	25,125
Balance sheet total	€ million	64,192	80,108	69,059	76,402	79,334
Equity ratio	%	27.2	17.8	17.4	10.5	11.2
Net debt	€ million	9,298	19,339	20,227	22,709	25,463
Net debt of continuing operations	€ million	9,066	4,389	–	–	–
Workforce						
Workforce at year-end[2]		19,792	17,748	59,547	58,652	59,762
Research & development						
Operating R&D costs	€ million	21	18	182	165	101
Emissions balance						
CO_2 emissions	million metric tons	88.1	118.0	131.8	148.3	150.8
Free allocation of CO_2 certificates	million metric tons	1.1	1.3	1.3	4.5	5.6
Shortage of CO_2 certificates[3]	million metric tons	86.0	115.6	129.1	142.6	143.9
Specific CO_2 emissions	metric tons/ MWh	0.575	0.670	0.658	0.686	0.708

1 The comparability of some of the figures for various fiscal years is limited due to changes in reporting.
2 Converted to full-time positions.
3 As Turkey does not participate in the European Union Emissions Trading System, we do not need emission allowances for our CO_2 emissions in that country.

Imprint

RWE Aktiengesellschaft
Altenessener Strasse 35
45141 Essen
Germany

Phone +49 201 5179-0
Fax +49 201 5179-5005
E-mail contact@rwe.com

Investor Relations
Phone +49 201 5179-3112
Fax +49 201 12-15033
Internet www.rwe.com/ir
E-mail invest@rwe.com

Corporate Communications
Phone +49 201 12-23986
Fax +49 201 12-22115

For annual reports, interim reports, interim statements and further information on RWE, please visit us on the internet at www.rwe.com.

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Financial Calendar 2020/2021

12 March 2020	Capital Market Day
28 April 2020	Annual General Meeting
29 April 2020	Ex-dividend date
4 May 2020	Dividend payment
14 May 2020	Interim statement on the first quarter of 2020
13 August 2020	Interim report on the first half of 2020
12 November 2020	Interim statement on the first three quarters of 2020
16 March 2021	Annual report for fiscal 2020
28 April 2021	Annual General Meeting
29 April 2021	Ex-dividend date
3 May 2021	Dividend payment
12 May 2021	Interim statement on the first quarter of 2021
12 August 2021	Interim report on the first half of 2021
11 November 2021	Interim statement on the first three quarters of 2021

The Annual General Meeting (until the beginning of the Q&A session) and all events concerning the publication of our financial reports are broadcast live on the internet and recorded. We will keep the recordings on our website for at least twelve months.

RWE Aktiengesellschaft
Altenessener Strasse 35
45141 Essen
Germany
www.rwe.com

RWE

Powering ahead.

Annual Report 2020

Our energy for a sustainable life.

For more than 120 years, our product has always been the same: electricity. What has changed is how we produce it. We generated our very first megawatt hour in 1900 – from hard coal. Later, lignite and nuclear fuel rods were our major energy sources. Today, they have been replaced in this role with natural gas, wind, sun and water. Tomorrow, we will make a full transition to zero-carbon energy sources. Because our objective is carbon-neutral power generation. And we aim to accomplish this by 2040. Therefore, every year we are investing billions in the expansion of renewable energy.

Green energy is the lifeblood of a carbon-neutral economy. And it is in rising demand also outside of the energy sector. Be it in industry, transport or buildings, fossil fuels such as oil and natural gas must be replaced by zero-carbon energy sources everywhere. And where it is not possible to switch to green electricity directly, for example in steel production, hydrogen is a suitable alternative – that is hydrogen produced using electricity from renewables. Which we believe also presents us with an opportunity. Together with renowned partners from industry and science, we have set our sights on a hydrogen economy. We have already launched more than 30 projects. Our long-term goal is to supply both green electricity and green hydrogen, a second product with huge potential demand.

Opening a new chapter also means closing an old one. Last year, we shut down our last two German hard coal-fired power stations. In doing so, we ended what started our business in 1900. In 2020, we also closed our last hard coal power plant in the United Kingdom. Now we are also exiting the German lignite business – in a socially acceptable manner and without jeopardising security of supply.

Why are we doing all of this? Because as a world leading power provider, we shoulder a unique responsibility for implementing the Paris Climate Agreement. Our purpose "Our energy for a sustainable life" expresses that this responsibility is what drives us and shapes our entrepreneurial actions. We want to play our part in the joint effort to limit the global rise in temperature to far below two degrees Celsius compared to the pre-industrial era. Our accomplishments demonstrate how seriously we are taking this: since 2012, we have reduced our annual carbon dioxide emissions by 62 percent. Based on a review by the independent Science Based Targets Initiative, our emission reduction strategy is in line with the Paris climate target. This is scientific proof that we are on the right path.

Our path leads to a sustainable, carbon-neutral energy world.

Come join us!

At a glance

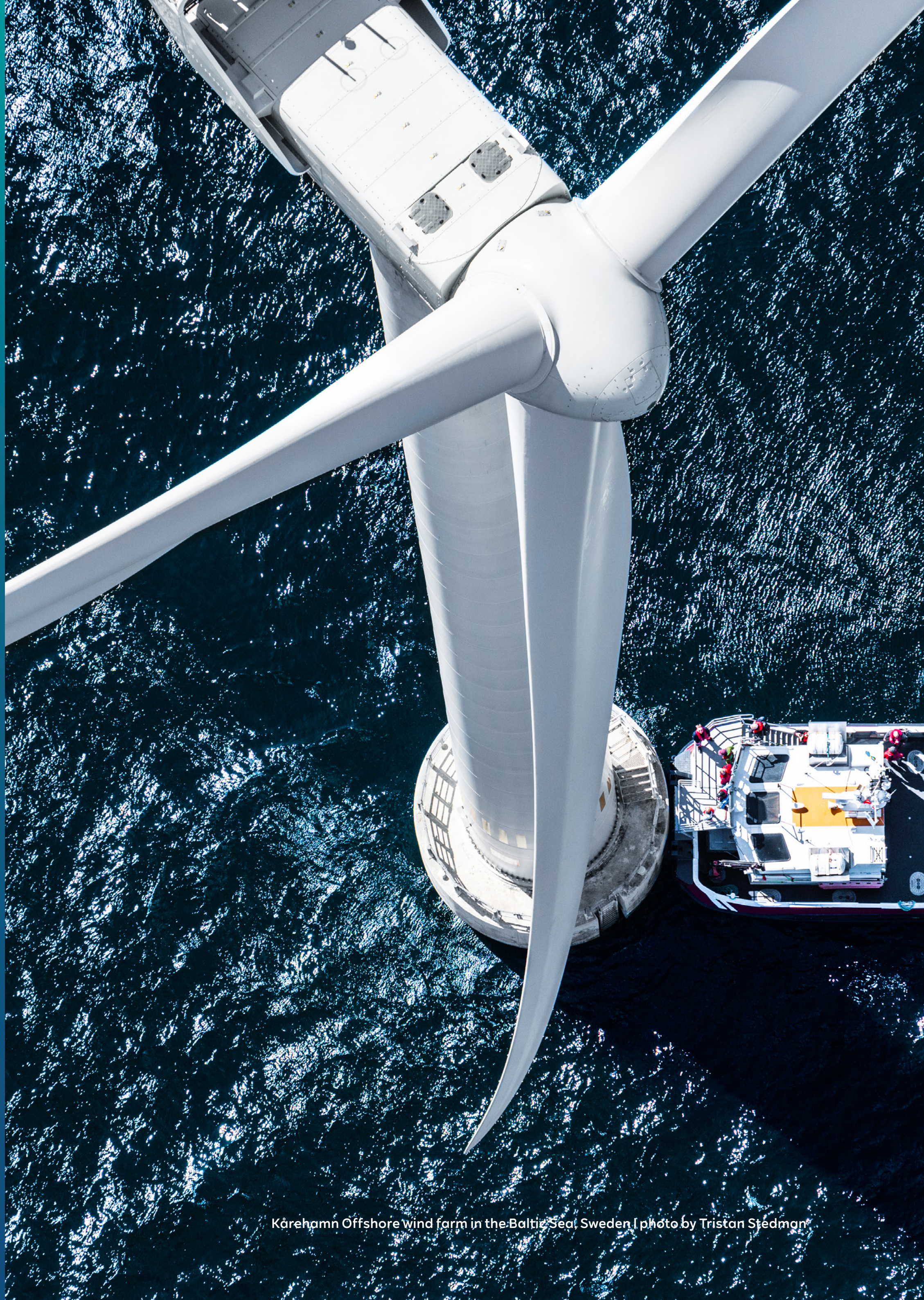
RWE Group – key figures		2020	2019	+/–
Power generation	GWh	146,775	153,165	-6,390
External revenue (excluding natural gas tax / electricity tax)	€ million	13,688	13,125	563
Adjusted EBITDA	€ million	3,235	2,489	746
Adjusted EBIT	€ million	1,771	1,267	504
Income from continuing operations before tax	€ million	1,196	-752	1,948
Net income	€ million	995	8,498	-7,503
Adjusted net income	€ million	1,213	–	–
Cash flows from operating activities of continuing operations	€ million	4,125	-977	5,102
Capital expenditure[1]	€ million	3,358	1,771	1,587
Property, plant and equipment and intangible assets	€ million	2,285	1,767	518
Financial assets	€ million	1,073	4	1,069
Free cash flow	€ million	1,132	-2,053	3,185
Number of shares outstanding (annual average)	thousands	637,286	614,745	22,541
Earnings per share	€	1.56	13.82	-12.26
Adjusted net income per share	€	1.90	–	–
Dividend per share	€	0.85[2]	0.80	0.05
		31 Dec 2020	31 Dec 2019	
Net debt of continuing operations[3]	€ million	4,432	6,927	-2,495
Workforce[4]		19,498	19,792	-294

1 Only cash investments; prior-year figures restated accordingly.
2 Dividend proposal for fiscal 2020, subject to the passing of a resolution by the 28 April 2021 Annual General Meeting.
3 New definition and restated prior-year figure; see commentary on page 62.
4 Converted to full-time positions.

Contents

We provide detailed information on our sustainability activities in our Sustainability Report and Non-Financial Report. These publications are available at www.rwe.com/en/responsibility-and-sustainability. The reports on fiscal 2020 will be published in April 2021.

01 To our investors



Kårehamn Offshore wind farm in the Baltic Sea, Sweden | photo by Tristan Stedman

“Drawing on our skills, we can hold our own against anyone.”

Rolf Martin Schmitz on the goals and accomplishments in the past fiscal year, new competitors in the expansion of wind energy, more flexible ways of working since the onset of the pandemic, and the upside to his retirement.

Mr. Schmitz, 2020 was an unusual year in many ways. If you had to put it in nutshell from RWE’s perspective, what would you say?

I think “accomplished more than planned despite corona” sums it up pretty well. We started the year with specific goals in mind. We wanted to complete the asset swap with E.ON, integrate our new colleagues into our organisation, and implement our plan for expanding renewable energy. We succeeded on all counts. In addition, we wanted to wrap up the contractual framework for the German coal phaseout while safeguarding both our interests as a company and those of our employees. We accomplished this too. But some issues were not on our to-do list at the beginning of the year …

… for example, the acquisition of the European development business of wind turbine manufacturer Nordex and the capital increase in August …

… transactions enabling us to substantially accelerate the expansion of renewable energy. Furthermore, at the beginning of the year, I didn't expect us to have made such a fast exit from hard coal-fired generation in Germany. And the list should also include the fact that we surpassed our earnings forecast for 2020. All this was accomplished under the unprecedented circumstances sparked by the global pandemic, which fortunately only had a minor impact on our business.

A newspaper wrote that only a handful of managers have transformed their company as thoroughly as you have done. Do you agree?

That is up to others to decide. Yes, we did initiate an extensive transformation process. But, to me, this isn’t anything but the logical continuation of a company’s evolution. Our main product, electricity, hasn’t changed. By using renewable energy, we have merely opted for a new way of producing it.

Well, the capital market is certainly very supportive of RWE's development, as demonstrated for years by the company's above-average share performance. Recently, renewable energy has almost been hyped up. And the situation with hydrogen is similar. Doesn't this harbour a potential danger?

First and foremost, the development of our share price proves that the capital market endorses our strategy. Almost daily, the media reports on governments setting ambitious climate targets and seeking to expand renewable energy. And of course, sectors such as transport and heating must be electrified at least to some degree and hydrogen is the ideal fuel when it comes to making those parts of the economy that cannnot transition to green electricity. So I don't see why anyone would speak of a hype. To me, this is the logical path to carbon neutrality.

But aren't you wary of more and more competitors entering the market to get in on the action? Some major oil companies have already announced aggressive growth targets in relation to renewable energy?

If politicians are being serious about protecting the climate, which I don't doubt, then we will have an enormous renewable energy market with enough room for both established players and new entrants. Take the United Kingdom for example, which aims to quadruple its offshore wind capacity to 40 gigawatts by 2030. Germany plans to triple its capacity to 20 gigawatts during the same period, and Poland has hit the ground running in the offshore wind business. There may be a danger of newcomers initially placing aggressive bids in wind power auctions, running the risk of projects being unprofitable. However, such irrational strategies are not sustainable. Shareholders of these companies will definitely not look on idly if management repeatedly pours money down the drain.

It became apparent that competition is increasing at the auction for seabed lease agreements in the United Kingdom in early 2021. In addition to RWE, BP and Total also won contracts. Can RWE survive in the long run in the face of competitors with such financial clout?

The auction is a prime example of the fact that we can. We secured the right to develop 3,000 megawatts of generation capacity. Bids for nearly 8,000 megawatts were invited. And we are paying the lowest annual fee per megawatt among all successful bidders. This means that we applied an intelligent bidding strategy. Now we must demonstrate that we can develop the sites quickly and successfully. And that we can build and operate state-of-the-art wind farms cost-effectively. In a nutshell, we have to prove our operational and technological skills. Then we can hold our own against anyone.

You mentioned technological expertise as a competitive advantage. Would you define RWE as a tech company?

When I started my career in Germany's energy industry 35 years ago, utilities like RWE were tech companies. Back then, power plant construction still harboured a lot of potential for new technology. This was followed by a phase during which the focus shifted from new builds to the commercial optimisation of existing stations. Now we are seeing a return to considerable investments in generation capacity. This increases demand for technical solutions. One example of this is the numerous initiatives for developing floating platforms for offshore wind farms. We're also active in this area, as we're involved in several projects. We know that floating foundations will multiply the potential utilisation of offshore wind power and that we have to be on board for such new developments early on.

Let's talk about the integration of the renewables business in the RWE Group. Have the 4,000-plus former employees of E.ON and innogy, who work for RWE now, settled into the 'new world'?

I have the impression that most of them have been well integrated and feel at home. But it goes without saying that an integration of this scale takes more than a year to complete. I know from experience that it takes at least twice as long. Moreover, it isn't only important for our new colleagues to feel comfortable, but also for those who were in the organisation before they arrived. It's very important to me that our coworkers in the lignite and nuclear business of the 'old world' be treated with respect. Having said that, I've only heard good things on this front.

Wasn't the coronavirus pandemic an obstacle to the integration? It must have been difficult for many to get to know their new colleagues while working from home.

In-person encounters are indeed very important, especially if two people don't know each other. So of course, COVID-19 made it more difficult for the teams to become cohesive. However, as strange as this may sound, the restrictions have also been beneficial in some ways. Instead of spending endless hours on business travel, meetings took place online. All of a sudden, physical distance was irrelevant. This often led to more thorough discussions, especially when working across borders. The pandemic has changed the way we work. And we've realised that everything still works despite this. We should maintain this flexibility after COVID-19.

In addition to the coronavirus, the German coal phaseout was one of the issues that shaped the past year. The exit has been given a legal framework, which has been cemented in an agreement between the federal government and the lignite companies. You indicated at the beginning that you are satisfied with the result …

I find the solution that was reached to be acceptable. The decision to exit the coal business by 2038 was made by politicians. We cannot and don't want to challenge this. On the contrary, now we know where we stand and can plan for the future. It was important to me that the coal phaseout did not cause any unreasonable hardship for those affected. This applies to us as a company as well as to our employees. The commitments made by the government and the collective agreement reached in August 2020 ensure that there will be no such hardships and that no one will be left high and dry.

Do you realise that by closing RWE's last two German hard coal-fired power stations, you have effectively eliminated the company's very first core business?

Of course I'm aware of that. After all, I'm familiar with RWE's history. However such issues are secondary when we make decisions about our future. The closure of the state-of-the-art Westfalen E block was a huge surprise to many. But we went over everything with a fine tooth comb and are convinced that it was the right course of action. And reducing emissions wasn't the only objective. By participating in the state shutdown auctions, we were able to secure a modest, but not insignificant, compensation, which we will use to make growth investments.

2020 was a strong fiscal year for RWE. Will 2021 be equally as good?

As far as the operating result is concerned, probably not. Unfortunately, in February there were massive supply shortages in Texas as the state experienced the worst cold snap in a century. Plant outages and regulatory intervention forced us to purchase electricity at absurd prices. This reduced our earnings considerably. Nevertheless, 2021 should also be a satisfying year for RWE. It is important that we continue our course for growth in the renewable energy business with determination and achieve our envisaged returns. If we manage to do so, many good fiscal years will await RWE even beyond 2021.

Mr. Schmitz, soon you will become an onlooker. At the end of April, you are resigning your office, after twelve years on the Executive Board of RWE. Wouldn't you have been keen to continue the RWE journey?

Well, as you said, I can still keep an eye on what's going on, albeit from the outside. But I'm 63 and I have to stop working at some point. Plus, you should always quit while you're ahead. In earnest, I'm grateful to be able to pass the baton at a time when RWE is doing well again after weathering the storms of the past. And I'm convinced the company will be in safe hands with Markus Krebber and his team. Of course, I look forward to being able to spend more time with my family and not having to be available all the time. Waking up in the morning without having to check your e-mails immediately is a luxury. And this is the luxury I am going to enjoy now.

This interview was conducted by Burkhard Pahnke and Jérôme Hördemann.

1.2 The Executive Board of RWE AG

Dr. Rolf Martin Schmitz
Chief Executive Officer

Rolf Martin Schmitz, born in 1957 in Mönchengladbach, holds a doctorate in mechanical engineering. His first career milestones were STEAG AG from 1986 and VEBA AG from 1988, after which he was appointed a Member of the Board of Management of rhenag Rheinische Energie AG in 1998. Mr. Schmitz then held several managing board positions at Thüga AG and Thüga Beteiligungen AG. In addition, Rolf Martin Schmitz was Chairman of the Board of Directors of E.ON-Kraftwerke GmbH and of the Board of Management of RheinEnergie AG. In May 2009, he joined the Executive Board of RWE AG and was appointed Chief Executive Officer in October 2016. From May 2017 to October 2020, he was also the company's Labour Director. Rolf Martin Schmitz will retire from the Executive Board at the end of April 2021.

Dr. Markus Krebber
Chief Financial Officer
Chief Executive Officer from 1 May 2021

Markus Krebber, born in 1973 in Kleve, is a trained banker and holds a doctorate in economics. He started his career in 2000 at McKinsey & Company. Thereafter, he held various managerial positions at Commerzbank AG. In November 2012, Markus Krebber joined the Board of Directors of RWE Supply & Trading GmbH, where he was responsible for finance, assuming chairmanship in March 2015. Markus Krebber has been the Chief Financial Officer of RWE AG since October 2016. In May 2021, he will succeed Rolf Martin Schmitz as Chief Executive Officer.

Dr. Michael Müller
Member of the Executive Board since 1 November 2020
Chief Financial Officer from 1 May 2021

Michael Müller, born in 1971 in Cologne, is an economist and holds a doctorate in mechanical engineering. After five years at McKinsey & Company, in mid-2005 he joined the RWE Group where he held executive positions at RWE Power AG, RWE Generation SE and RWE AG. In September 2016, he became the Managing Director of RWE Supply & Trading GmbH in charge of finance. Since November 2020, Michael Müller has been a Member of the Executive Board of RWE AG where he will succeed Markus Krebber as Chief Financial Officer in May 2021. Until then, he will remain a Managing Director of RWE Supply & Trading GmbH.

Zvezdana Seeger
Member of the Executive Board since 1 November 2020
Chief Human Resources Officer and Labour Director

Zvezdana Seeger, born in 1964 in Jajce, Bosnia and Herzegovina, holds a degree in economics. She started her career in mechanical engineering. From 1995 to 2008, she worked for Deutsche Telekom AG, exiting as Managing Director of T-Systems Enterprise Service GmbH. In 2010, Zvezdana Seeger joined the Board of Directors of DHL Global Forwarding Freight. In 2015, she was responsible for IT and operations on the Board of Management of Postbank AG. After Postbank was folded into DB Privat- und Firmenkundenbank AG, she sat on the Board of Management of the latter company. In addition, she was COO of the Private and Corporate Business Unit of Deutsche Bank AG. As of November 2020, Zvezdana Seeger was appointed to the Executive Board of RWE AG, with responsibility for human resources and IT. She is also the company's Labour Director.

1.3 Supervisory Board report

"In the midst of the coronavirus pandemic, RWE set the stage for an even faster expansion of renewable energy, thus overachieving its goal for the year."

Dear Shareholders,
Ladies and Gentlemen

Who could have imagined at the beginning of 2020 the unusual challenges the year would have in store for us all. The coronavirus pandemic caught modern civilisation off guard and demonstrated how shockingly vulnerable we are despite all the progress we make. I hope, dear reader, that you stay healthy and manage to cope with the negative effects of the lockdown measures. Unfortunately, the latter cannot be said for many companies. We have seen entire sectors fall into an existential crisis. Based on expert estimates, 2020 saw Germany experience its biggest drop in growth since the financial crisis of 2008 / 2009.

RWE definitely bucked the trend! Like a sailboat staying its course in choppy waters, the company continued its transformation that began with the E.ON transaction almost without losing steam. The asset swap, which was completed in legal terms in the middle of 2020, advanced us to the ranks of the world's leading renewable energy companies. Now RWE is rapidly transitioning its electricity generation portfolio to renewable sources and intends to become carbon neutral by 2040 as a result. This course is widely endorsed by the general public and the capital market in particular, as evidenced by our share's strong performance. Despite the coronavirus pandemic, RWE shareholders earned a 30 % return on their investment in 2020. This put our share among the DAX frontrunners for the fourth time in a row.

And there was more good news last year: the company made rapid progress in the expansion of renewable energy despite the coronavirus pandemic. In 2020, RWE completed wind and solar farms with a total capacity of more than 800 MW. Only in isolated cases were there delays due to COVID-19, but none lasted more than a few months. I would also like to highlight the capital increase in August and the acquisition of Nordex's European development business – two transactions that were not foreseeable at the beginning of 2020, which will help drive the company's growth further. This means that, in the midst of the coronavirus pandemic, RWE set the stage for an even faster expansion of renewable energy, thus exceeding its target for the year.

RWE also tackled the second major challenge – the coal phaseout – with determination. Both of the company's German hard coal units placed winning bids in the first shutdown auction conducted by the Federal Network Agency. These blocks were shut down at the end of 2020. But let us not forget that electricity production from hard coal was the driver of RWE's charge to become Germany's leading power utility after it was founded over 120 years ago. This business is now part of Germany's history. At the same time, RWE is implementing the legally mandated lignite phaseout. The first unit was taken off the grid at the end of December although the compensation regulations are still pending EU approval.

I think that this sends an important signal: RWE is moving fast to protect the climate – and is doing much more than is legally required. What other company out there can claim to have reduced its carbon dioxide emissions by 62% in just eight years without selling major parts of its business? I don't know of a single one. Our fast track towards reducing emissions proves that RWE is acting in line with the Paris climate targets. This was recently confirmed by the Transition Pathway Initiative and the Science Based Target Initiative, both of which are proponents of a low-emission economy over the long term.

Looking back at 2020, I must highlight two issues directly relating to the Supervisory Board's work. The first matter is the new composition of the Executive Board. Rolf Martin Schmitz will step down as CEO at the end of April 2021. We made early arrangements for his succession and have found what I believe to be a very good solution: Markus Krebber, our current CFO, will spearhead the company in the future. We expect him to continue the current strategy, keeping RWE on course for success. He will receive assistance from Michael Müller and Zvezdana Seeger, who we appointed to the Executive Board as of 1 November 2020. More on this later. The second matter, which was a premiere for my fellow Supervisory Board members and me, was the first completely virtual Annual General Meeting ever held in RWE AG's history. The corona pandemic didn't give us a choice. Although this involved working under new legal and organisational conditions, the Annual General Meeting went smoothly. The employees in charge at RWE proved extremely professional and flexible. In my capacity as Chairman of the Annual General Meeting, I would like to express my sincere gratitude for this. I would also like to thank our shareholders, who would have loved to visit us at the Grugahalle in Essen, but were understanding of the fact that it was impossible to hold an in-person event. We hope that they will also be understanding of our holding a completely virtual Annual General Meeting in 2021 as well.

Now I would like to tell you about some of the formal aspects of the Supervisory Board's work in 2020. As usual, we fulfilled all of the duties imposed on us by German law and the Articles of Incorporation. We advised the Executive Board on running the company and monitored its actions with great care. Moreover, we were involved in all fundamental decisions. The Executive Board informed us of all material aspects of business developments, the earnings situation as well as the risks and the management thereof both verbally and in writing. This was done regularly, extensively and in a timely fashion.

We took our decisions on the basis of detailed reports and draft resolutions submitted by the Executive Board, which we discussed in depth in our plenary sessions and committees. We were also informed by the Executive Board of projects and transactions of special importance or urgency in extraordinary meetings as well as between meetings. We passed the resolutions required of us by German law or the Articles of Incorporation, occasionally by circular. As Chairman of the Supervisory Board, I was constantly in touch with the Executive Board, allowing us to discuss major developments without delay. The company helped us to acquire the expertise we needed to fulfil our tasks by organising in-house informational events on topics of special relevance. This is noteworthy given that the German Corporate Governance Code (GCGC) requires supervisory board members to ensure that they take their basic and advanced training into their own hands.

Main points of debate of the Supervisory Board meetings. Last year, the Supervisory Board convened for five ordinary and two extraordinary meetings. Due to the COVID-19 social distancing restrictions, we conducted our sessions strictly online from April onwards. However, this was not to the detriment of the quality of our work on the Supervisory Board. In our meetings, we were informed by the Executive Board in great detail of transactions and events of significance to RWE. We discussed certain agenda items without involving the Executive Board. The shareholder and employee representatives always met separately before Supervisory Board meetings, so that they had the opportunity to consult on matters and establish joint positions where necessary in advance of the plenary sessions.

When in session, we concerned ourselves with RWE's transformation into a leading renewable energy company both frequently and in great depth. Further focal points of debate were the effects of the corona crisis, the restaffing of the Executive Board and the German coal phaseout. The following issues were discussed at our meetings:

- Our first session last year took place on 17 January. We convened an extraordinary meeting to debate the shutdown roadmap for our German lignite-fired power plants envisaged by the government as well as the compensation offered. At the time, the talks between the federal and state administrations and businesses regarding the details of the lignite phaseout had nearly come to a conclusion. We encouraged the Executive Board to accept the compromise that was becoming apparent. Soon thereafter, on 29 January, the federal government adopted the draft law on the coal phaseout.

- At our ordinary meeting on 6 March, we discussed and approved the 2019 financial statements of RWE AG, the consolidated financial statements, and the separate consolidated non-financial report. In addition, we approved the agenda for the Annual General Meeting, which was originally scheduled for 28 April. The Executive Board updated us on the legislative process regarding the German coal phaseout and on the acquisition of the King's Lynn power station in the UK, which had just been completed. We thoroughly deliberated RWE's strategy. The goal of becoming carbon neutral by 2040 and the path envisaged to reach it met with our full approval. Effective incentives for implementing the strategy are provided by the new Executive Board remuneration system, the details of which were another topic of debate. Furthermore, we adopted the new skills matrix for the members of our corporate body, which we had refined in 2019. In so doing, we drew on the findings obtained when reviewing the efficiency of our work. The former matrix was supplemented by several skills, to which we accord increasing importance, e. g. know-how in the fields of renewable energy and digitisation. The skills matrix must be taken into account when selecting candidates for appointment to the Supervisory Board. Therefore, it will be accorded great importance in 2021 as the corporate body will be restaffed in April.

- Our ordinary meeting on 28 April was dominated by the coronavirus pandemic and the first lockdown. This was precisely the day on which the 2020 Annual General Meeting would have taken place based on our original planning if we had not been forced to postpone it to the end of June due to COVID-19. The Supervisory Board passed a resolution to hold the Annual General Meeting as a purely virtual event in order to protect both employees and shareholders alike. Another item on the agenda was the succession plan for the CEO Rolf Martin Schmitz.

- The topics addressed in April were also the focal point of the ordinary session on 25 June. One of the tasks was to prepare the virtual Annual General Meeting, which had been scheduled for the following day. Succession planning for the Executive Board was discussed at length yet again. Furthermore, we were kept abreast of how RWE was dealing with the coronavirus pandemic and approved the new Executive Board remuneration system, which is described in more detail in the invitation to the 2021 Annual General Meeting. The invitation is available at www.rwe.com/agm. Another focal topic was the public law contract between RWE and the German government designed to protect the justified interests of the company with regard to the statutory regulations governing the lignite phaseout.

- Just a month later, on 31 July, we held an extraordinary meeting at which we discussed RWE's plan to acquire the European development business of wind turbine manufacturer Nordex. Since we – just as the Executive Board – were of the opinion that the acquisition of the project pipeline focusing on France harboured attractive potential for RWE to grow, we approved the acquisition. In that session, we also deliberated how to finance the Nordex transaction and the associated accelerated expansion of renewable energy. One of the options on the table was to use authorised capital and issue new RWE shares excluding subscription rights. We transferred to the Executive Committee the right to decide on such a measure. This enabled the company to quickly take advantage of a favourable situation on the capital market without having to again involve the entire Supervisory Board. Thanks to this flexibility, RWE managed to increase its capital by €2 billion at very short notice in August 2020.

- At our ordinary meeting on 18 September, we debated the succession planning for the Executive Board once again. Given that Rolf Martin Schmitz would soon retire and Markus Krebber had been appointed the company's future CEO, the positions of CFO, CHRO and Labour Director had to be filled. Against this backdrop, the Supervisory Board appointed Zvezdana Seeger and Michael Müller to the Executive Board. During this session, we also discussed the German Coal Phaseout Act, which had been passed by the Lower and Upper Houses of Parliament on 3 July. Moreover, the Executive Board reported on the significance of hydrogen to RWE as well as on various aspects of the renewable energy business.

- At our ordinary meeting on 11 December, we reviewed and adopted the company's planning for fiscal 2021. In addition, we fulfilled our corporate governance reporting duties. Together with the Executive Board, we adopted an updated statement of compliance pursuant to Section 161 of the German Stock Corporation Act and approved the passages of the corporate governance declaration relating to the Supervisory Board in accordance with Section 289a of the German Commercial Code. These documents can be viewed at www.rwe.com/en/statement-of-compliance-and-reports and www.rwe.com/corporate-governance-declaration. A further point of focus of the meeting was RWE's hydrogen strategy, on which we were informed extensively by the Executive Board. We also discussed the sale of a 49 % stake in the Humber UK offshore wind farm. Following our approval, the transaction was completed on 15 December. We also gave the go-ahead to the partial sale of four Texan onshore wind farms. During the session, we also debated how to handle related party transactions. The German law on the implementation of the Second Shareholders Directive (ARUG II) stipulates that, under certain conditions, these transactions are subject to the approval of a Supervisory Board or one of its committees. We tasked the Audit Committee with performing the review and valuation of such transactions required by law.

Supervisory Board committees. Last year, the Supervisory Board had six standing committees, the members of which are listed on page 230. These committees are charged with preparing topics and resolutions for plenary sessions. In certain cases, they exercise decision-making powers if they have been conferred on them by the Supervisory Board. The Supervisory Board is informed of the work of the committees by their chairs at every ordinary meeting. In the year under review, a total of 18 committee meetings were held, which I would like to touch upon in more detail.

- The **Executive Committee** held four meetings, three of which took place in August to prepare and approve the capital increase. The Committee conducted the usual discussion of the company's planning for fiscal 2021 as well as the outlook for the two subsequent years in its fourth session, which took place in December.

- The **Audit Committee** was in session four times, at which all predetermined focal topics were addressed. The Committee was extremely careful in reviewing the financial statements of RWE AG and the Group, together with the combined review of operations, the report for the first half of the year, the quarterly statements and the consolidated non-financial report. It discussed the financial statements with the Executive Board before they were published and received reports on the outcome of the audits and audit-like reviews from the independent auditors. Furthermore, the Audit Committee submitted a recommendation to the Supervisory Board regarding the election of the independent auditors for fiscal 2020, prepared the grant of the audit award to the independent auditors including the fee agreement, and set the priorities of the audit. The Committee verified the independence of the auditors and the quality of the audit. In addition, as usual, the Committee was informed of the effectiveness of the accounting-related Internal Control System (ICS). The report did not reveal any issues that would call the effectiveness of the ICS into question. Furthermore, the Committee dealt with the planning and findings of internal audits, the RWE Group's exposure to risk pursuant to the German Corporate Control and Transparency Act, the risk management system of RWE Supply & Trading, data security, compliance matters as well as legal and tax issues. The independent auditors attended all of the Audit Committee meetings and also exchanged information with the Committee Chairman between meetings. In-house experts were consulted regularly.

- The **Personnel Affairs Committee** held five meetings during the year being reviewed. Consultations centred on the succession plan for the Executive Board of RWE AG and the new Executive Board remuneration system.

- The **Nomination Committee** convened three times. The focal point was the Supervisory Board elections, scheduled for 2021. In this context, the Committee also discussed procedural matters relating to the planned introduction of staggered tenures for the shareholder representatives. Another point of debate was the remuneration for work done on the committees of the Supervisory Board. We are of the opinion that compensation for these tasks should increase.

- The **Strategy and Sustainability Committee** (formerly the Strategy Committee) held two meetings. In its first session, which was held in February, it dedicated itself to the new Group strategy, which was presented to the public soon thereafter, in mid-March. At its second meeting, the Committee discussed RWE's plans with respect to the hydrogen economy.
- The **Mediation Committee** pursuant to Section 27, Paragraph 3 of the German Co-Determination Act did not have to meet in 2020.

Attendance at meetings in fiscal 2020 by Supervisory Board member	Supervisory Board	Executive Committee	Audit Committee	Personnel Affairs Committee	Nomination Committee	Strategy and Sustainability Committee
Dr. Werner Brandt, Chairman	7/7	4/4	4/4[1]	5/5	3/3	2/2
Frank Bsirske, Deputy Chairman	7/7	4/4		5/5		2/2
Michael Bochinsky	7/7		3/4			
Sandra Bossemeyer	7/7	4/4				
Martin Bröker	7/7					
Anja Dubbert	7/7	4/4				
Matthias Dürbaum	7/7	4/4				
Ute Gerbaulet	6/7					
Prof. Dr. Hans-Peter Keitel	7/7	4/4			3/3	2/2
Dr. h.c. Monika Kircher	6/7		4/4			
Harald Louis	7/7			5/5		
Dagmar Mühlenfeld	7/7	4/4				
Peter Ottmann	7/7			5/5	3/3	
Günther Schartz	7/7					2/2
Dr. Erhard Schipporeit	7/7		4/4			
Dr. Wolfgang Schüssel	7/7	4/4		5/5		
Ullrich Sierau	7/7		4/4			
Ralf Sikorski	7/7		4/4			2/2
Marion Weckes	7/7		4/4			
Leonhard Zubrowski	6/7			5/5		1/2

1 Dr. Werner Brandt attended meetings of the Audit Committee as a guest.

Attendance. The table on the previous page contains an overview of Supervisory Board member attendance at the meetings of this corporate body and its committees. As the Mediation Committee did not convene in 2020, it has been omitted from this table. Here is an example of how to interpret the numbers: '3 / 4' means that the individual attended three out of four meetings. As can be seen from the overview, absences were an exception.

Conflicts of interest. The members of the Supervisory Board are obliged by law and the GCGC to immediately disclose any conflicts of interest they have. We were not notified of any such conflict in fiscal 2020.

Financial statements for fiscal 2020. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PWC) audited and issued an unqualified auditor's opinion on the 2020 financial statements of RWE AG, which were prepared by the Executive Board in compliance with the German Commercial Code, the financial statements of the Group prepared pursuant to Section 315a of the German Commercial Code in compliance with International Financial Reporting Standards (IFRS) as well as the combined review of operations for RWE AG and the Group including the accounts. In addition, PWC subjected the Non-financial Report to a limited assurance audit and found that the Executive Board had established an appropriate early risk detection system. The company had been elected independent auditor by the 2020 Annual General Meeting. Thereafter, the Supervisory Board had commissioned it to audit the aforementioned financial statements and reports.

The 2020 Annual Report and the audit reports as well as documents supporting the annual financial statements were submitted to the members of the Supervisory Board in good time. Furthermore, the Executive Board commented on the documents in the Supervisory Board's balance sheet meeting of 10 March 2021. The independent auditors reported at this meeting on the material results of the audit and were available to provide supplementary information. The Audit Committee had previously concerned itself in depth with the financial statements of RWE AG and the Group, as well as audit reports, during its meeting on 9 March 2021, with the auditors present. It recommended that the Supervisory Board approve the financial statements as well as the appropriation of profits proposed by the Executive Board.

The Supervisory Board reviewed the financial statements of RWE AG and the Group, the combined review of operations, the Executive Board's proposal regarding the appropriation of distributable profit, and the consolidated non-financial report. No objections were raised as a result of this review. As recommended by the Audit Committee, the Supervisory Board approved the results of the audits of the financial statements of RWE AG and the Group and approved both financial statements. The 2020 financial statements are therefore adopted. The Supervisory Board concurs with the Executive Board's proposal regarding the appropriation of profits, which envisages paying a dividend of €0.85 per share.

Personnel matters. The composition of the Supervisory Board and of its committees did not change in the past fiscal year. However, there were some major personnel changes on the Executive Board of RWE AG. I told you earlier that Markus Krebber will take over as CEO from Rolf Martin Schmitz. This resolution was passed by circular on 27 July after the Supervisory Board had paved the way for this at its meeting of 28 April. By mutual consent, we shortened the tenure of Mr. Krebber, which would have expired on 30 September 2024, to 30 June 2021 and appointed him an ordinary member of the Executive Board for the period thereafter running from 1 July 2021 to 30 June 2026. As Rolf Martin Schmitz will resign his office at the end of April 2021 – two months earlier than planned – Markus Krebber will take over as CEO as of 1 May 2021. In addition to the succession arrangements for Mr. Schmitz, we took two further personnel-related decisions: in our session on 18 September, we appointed Michael Müller and Zvezdana Seeger to the Executive Board as of 1 November 2020, for an initial term of three years. Michael Müller will succeed Markus Krebber as CFO. Zvezdana Seeger was entrusted with the human resources and IT offices. She has also been the company's Labour Director since 1 November.

Thanks to our new staffing decisions, which we reached following extensive consultations and with the expert support of the Personnel Affairs Committee, we have the right people in the right positions to ensure that the new RWE can continue to chart its course for success. If there is one person to whom this is particularly important, then it has to be Rolf Martin Schmitz, as it was with him as CEO that RWE set out on this course. When he steps down in 2021, he can do so safe in the knowledge that he is passing on a company that reinvented itself in difficult times and transformed itself into a profitable player in the energy transition.

He deserves the utmost recognition for everything he has done for the company. On behalf of the entire Supervisory Board, I would like to take this opportunity to express my heartfelt gratitude to him for his constructive, respectful and extremely successful co-operation.

A strong performance – thanks to the people who are RWE. RWE's impressive development is naturally not solely attributable to any one single individual, but of all of the employees who dedicate their work and lifeblood to this company. They made sure that the new RWE continued its transformation at an unrelenting pace, despite the coronavirus pandemic. The extremely level-headed way in which they dealt with the crisis, their ability to adapt processes and workflow to the unprecedented circumstances – with the virtual Annual General Meeting I mentioned earlier as a shining example – and the strict discipline they display in abiding by the infection control concepts in their daily work have proven that we can always count on the people at RWE. Speaking for the entire Supervisory Board, I would like to express my sincere gratitude to them.

On behalf of the Supervisory Board

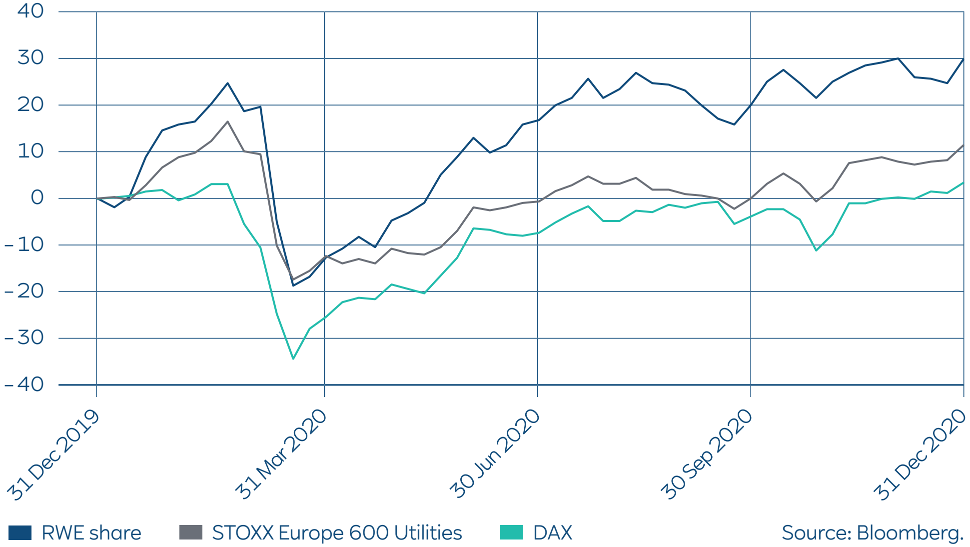
Werner Brandt
Chairman

Essen, 10 March 2021

1.4 RWE on the capital market

There was a lot of volatility on stock markets in 2020, a year that ended on an encouraging note after a collapse in share prices in the spring caused by the corona crisis. The DAX closed up by 4 %, after losing more than one-third of its value on the way. Major stimulus came from the expansionary monetary and fiscal policy in the Eurozone, which allowed for the economic consequences of the pandemic to be mitigated. RWE shareholders looked back on a very pleasing performance: the total return on our share was 30 %, ranking our stock among the best in the DAX for the fourth consecutive year. The main reason for this is our transformation into a leading renewable energy company. This makes us not only more sustainable and financially strong, but also more crisis-proof.

Total return of the RWE share compared with the DAX and STOXX Europe 600 Utilities
% (average weekly figures)



Source: Bloomberg.

DAX records slight gain for the year despite COVID-19. The coronavirus pandemic led to a turbulent year on stock markets. After hitting a record high of 13,789 points in mid-February, the DAX lost over one-third of its value in just a few weeks. This was mainly due to the outbreak of the coronavirus pandemic and the first set of lockdown measures, which temporarily caused parts of the economy to grind to a halt. Germany's blue-chip index gained substantial traction in mid-March, after bottoming out. Loosened COVID-19 restrictions, the announcement of state economic aid packages, and the rapid recovery of the Chinese economy provided major stimulus to this end. The prospects of a vaccine contributed to improving sentiment on stock markets as the year progressed. Despite the significant rise in new infections in Germany after the summer break and the renewed lockdown in late autumn, the DAX maintained its course for recovery, and just before the end of the year actually eclipsed the record achieved in February. Germany's lead index closed the year at 13,719 points, representing a gain of 4 % in 2020.

RWE share registers 30 % total return. The RWE share lost pace only briefly during the corona crisis, continuing the upward trend on which it embarked in 2017. It closed trading at €34.57 at the end of 2020. Including the dividend payment of €0.80, this corresponds to a total return for the year of 30 %. Our share thus outperformed the DAX for the fourth consecutive year. The STOXX Europe 600 Utilities sector index (+ 11 %) also failed to keep up with it. The RWE share's unwavering positive performance is predominantly due to our becoming a leading renewable energy company as a result of the asset swap with E.ON and our rapid strengthening of this position. Our analysts and investors welcome this transformation process, as the renewable energy business is marked by relatively stable income and widespread political acceptance. This has made RWE more financially robust, which has proven to be a great advantage especially during the corona crisis. RWE's share price also benefited from the clear legal framework for Germany's coal phaseout established by policymakers and the resulting substantial decrease of the risks to which affected companies are exposed (see pages 37 et seq.).

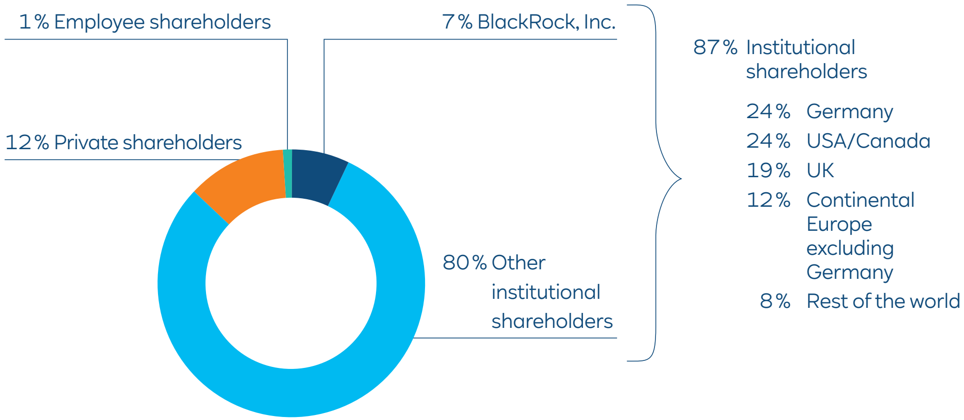
RWE share indicators		2020	2019	2018	2017	2016
Earnings per share	€	1.56	13.82	0.54	3.09	-9.29
Adjusted net income per share	€	1.90	–	–	2.00	1.26
Cash flows from operating activities of continuing operations per share	€	6.47	-1.59	7.50	-6.13	3.83
Dividend per share	€	0.85[1]	0.80	0.70	1.50	–
Dividend payment[2]	€ million	575[1]	492	430	922	5
Share price						
End of fiscal year	€	34.57	27.35	18.97	17.00	11.82
Highest closing price	€	35.02	28.69	22.48	23.14	15.95
Lowest closing price	€	21.00	18.97	15.10	11.80	10.17
Share dividend yield[3]	%	2.5	2.9	3.7	8.8	–
Number of shares outstanding (annual average)	thousands	637,286	614,745	614,745	614,745	614,745
Market capitalisation at the end of the year[2]	€ billion	23.4	16.8	11.7	10.3	7.1

1 Dividend proposal for RWE AG's 2020 fiscal year, subject to the passing of a resolution by the 28 April 2021 Annual General Meeting.
2 Calculated on the basis of the shares outstanding. As of 31 December 2020, this number totals 676,220,048.
3 Ratio of the dividend per share to the share price at the end of the fiscal year.

RWE raises capital by €2 billion. In August 2020, we issued 61.5 million new RWE shares to institutional investors, thereby increasing the company's capital stock by 10%. Based on the issue price of €32.55 per share, we achieved gross proceeds of €2 billion, which we intend to spend on additional projects to expand renewable energy. The capital increase caused the number of RWE shares to rise to 676.2 million. The new and old stock confer the same rights. More detailed information on the capital increase can be found on page 42.

Dividend of €0.85 per share proposed for past fiscal year. Despite the rise in the number of RWE shares due to the capital increase, the Executive Board maintains its dividend target for fiscal 2020. Together with the Supervisory Board, it will propose to the Annual General Meeting on 28 April 2021 a dividend of €0.85 per share. This would be €0.05 more than in the preceding year. The dividend proposal reflects the successful business trend in the past year as well as RWE's bright prospects.

Shareholder structure of RWE AG[1]



1 As of the end of 2020; percentages reflect shares in subscribed capital. Sources: RWE data and notifications from shareholders in accordance with the German Securities Trading Act.

Broad international shareholder base. Based on our latest survey, at the end of 2020, an estimated 87 % of the total of 676.2 million RWE shares were held by institutional investors and 13 % were owned by individuals (including employees). Institutional investors from Germany owned 24 % of RWE. This investor group accounted for 12 % of RWE's subscribed capital in other countries in Continental Europe and 19 % in the United Kingdom. In the USA and Canada, its share was a combined 24 %. At the end of the year, RWE AG's single-largest shareholder was the US asset management company BlackRock, which owned 7 % of our subscribed capital.

The free float of our shares considered by Deutsche Börse in terms of index weighting was 100 % when this report went to print. Normally, shares held by investors accounting for at least a cumulative 5 % of the capital stock are not included in the free float. However, a higher threshold of 25 % applies to asset management companies like BlackRock.

About 1 % of our stock is owned by our current and former staff members. German and British Group companies offer their employees the opportunity to take shares in RWE on preferential terms. Last year, 7,641 people, representing 44 % of all qualifying staff members, made use of these offers. They bought a total of 332,665 shares. The preferential terms and the administration of the employee share ownership programmes led to an expense of €3,108,005.

RWE represented on numerous stock markets. RWE shares are traded on the Frankfurt Stock Exchange and other stock exchanges in Germany, as well as via electronic platforms such as Xetra. They are also available on stock markets in the rest of Europe. In the USA, instead of our shares being traded, RWE is represented via American Depositary Receipts (ADRs) in a Level 1 programme. ADRs are share certificates issued by US depositary banks, representing a certain number of a foreign company's deposited shares. Under RWE's programme, one ADR represents one share.

Ticker symbols and identification numbers of the RWE share	
Reuters: Xetra	RWEG.DE
Reuters: Frankfurt Stock Exchange	RWEG.F
Bloomberg: Xetra	RWE GY
Bloomberg: Frankfurt Stock Exchange	RWE GR
German Securities Identification Number	703712
International Securities Identification Number (ISIN)	DE0007037129
ADR CUSIP Number	74975E303

02
Combined review of operations


Limondale solar farm, Australia

2.1 Strategy

Our asset swap with E.ON has turned us into one of the world's leading renewable energy companies. We are now an all-rounder in electricity generation at the forefront of creating a sustainable energy system. In addition, we will ensure security of supply with our flexible power plants. RWE aims to become carbon neutral by 2040. To this end, we will invest billions in wind energy, photovoltaics and storage technologies, enter the green hydrogen production business, and phase out electricity generation from coal. In doing so, we are playing our part in achieving the Paris climate goals, as officially confirmed by the independent Science Based Targets Initiative at the end of 2020.

Transformation into a specialist in sustainable power generation and energy trading. Our company has changed fundamentally over the last few years. In the past, RWE was an integrated utility, which was active along the entire energy value chain. Now, we are a company specialising in power production and energy trading that wants to drive the transformation of the energy sector, aiming for more sustainability. Our goal is carbon-neutral electricity supply that is both secure and affordable.

The road to the new RWE began in 2016 when we pooled the Renewables, Retail and Grid & Infrastructure divisions in a subsidiary called innogy and took it to the stock market. One-and-a-half years later, in early 2018, we agreed an extensive asset swap with E.ON, which was implemented in two steps. First, we sold our 76.8 % investment in innogy in September 2019 and in return received E.ON's renewable energy business, a 16.67 % stake in E.ON, and the minority interests in our nuclear power stations Gundremmingen (25 %) and Emsland (12.5 %) held by the E.ON subsidiary PreussenElektra. The second step was taken in mid-2020 and involved transferring certain innogy operations back to RWE in legal terms: the renewable energy business, the German and Czech gas storage facilities, and a 37.9 % stake in the Austrian energy utility KELAG. Now we are focusing on the integration of the acquired business with more than 4,000 employees into the RWE organisation.

New segment structure introduced in 2020. In our financial reporting for 2020, we present the RWE Group in a new structure. We no longer state 'innogy – continuing operations' and 'acquired E.ON operations' separately as they have become integral parts of the RWE Group. Our main business, electricity generation, is now broken down by energy source, whereas energy trading is still presented separately. This results in the following five segments: (1) Offshore Wind, (2) Onshore Wind / Solar, (3) Hydro / Biomass / Gas, (4) Supply & Trading and (5) Coal / Nuclear. Segments (1) to (4) represent our core business. This is where we want to grow. In (5), we have pooled our German electricity generation from lignite, hard coal and nuclear fuel, which will lose importance due to exit roadmaps established by the state. Figures for 2019 have been adapted to the new segment structure retroactively to enable comparability.

The segments are made up of the following activities:

- Offshore Wind: Our business involving offshore wind is subsumed here. It is overseen by our Group company RWE Renewables.
- Onshore Wind / Solar: This is the segment in which we pool our onshore wind, solar power and battery storage activities. Here again, operating responsibility lies with RWE Renewables.
- Hydro / Biomass / Gas: This segment encompasses our run-of-river, pumped storage, biomass and gas power stations. It also includes the Dutch Amer 9 and Eemshaven hard coal power plants, which we are increasingly co-firing with biomass, as well as the project management and engineering services specialist RWE Technology International. These activities are overseen by RWE Generation. In addition, this company has been responsible for the design and implementation of RWE's hydrogen strategy since the beginning of 2021. The 37.9 % stake in the Austrian energy utility KELAG previously held by innogy is also assigned to Hydro / Biomass / Gas.

- Supply & Trading: This is where we report proprietary trading of energy commodities. The segment is managed by RWE Supply & Trading, which also acts as an intermediary for gas, supplies key accounts with energy, and undertakes a number of additional trading-related activities. The German and Czech gas storage facilities which we received from innogy also form part of this segment.

- Coal / Nuclear: Our German electricity generation from lignite, hard coal, and nuclear fuel as well as our lignite production in the Rhenish mining region to the west of Cologne are subsumed in this segment. This is also where we report our investments in Dutch nuclear power plant operator EPZ (30 %) and Germany-based URANIT (50 %), which holds a 33 % stake in uranium enrichment specialist Urenco. The aforementioned activities and investments are assigned to our Group companies RWE Power (lignite and nuclear) and RWE Generation (hard coal).

Group companies with cross-segment tasks such as the Group holding company RWE AG are stated as part of the core business under 'other, consolidation'. This also applies to our stakes of 25.1 % in German transmission system operator Amprion and 15 % in E.ON. However, we recognise the dividends we receive from E.ON in the financial result. Furthermore, 'other, consolidation' contains consolidation effects.

Our goal by 2040: RWE will become carbon neutral. As one of the world's leading energy companies, we shoulder special responsibility for the implementation of the emission reduction targets in the energy sector. The European Union aims to be carbon neutral by 2050. Our objective is to achieve the same goal by 2040, and we have already made good progress on this path. We reduced our annual carbon dioxide emissions from electricity production by 62 % from 2012 to 2020. By 2030, we plan to have lowered them by at least 75 %. The phaseout of electricity generation from coal will play a central role. Further elements of our emissions reduction strategy are the rapid expansion of zero-carbon renewable energy, increased utilisation of storage technologies and the use of carbon-neutral fuel to produce electricity. In doing so, we are acting in line with the Paris climate goals, as recently confirmed by the Transition Pathway Initiative and the Science Based Targets initiative. Our brand appearance demonstrates how seriously we take our environmental responsibility. RWE's new purpose, 'Our energy for a sustainable life', is an expression of the determination of the Group and its approximately 20,000 employees to ensure a sustainable energy system.

The new RWE: a world leading renewable energy company. The transaction with E.ON has turned us into a world-leading producer of electricity from renewable sources. We want to expand this business rapidly. By the end of 2020, we already had renewable energy assets with a total capacity of 10.8 GW, with 9.2 GW attributable to wind and 0.2 GW to photovoltaics. These figures reflect the generation capacity allocable to us on a prorated basis, i. e. in accordance with the stakes that we hold. In addition to existing assets, we have a wide portfolio of growth projects in various stages of development. Here again, the focus is on wind, followed by solar PV. On top of being environmentally friendly, renewable energy also enables stable and attractive returns. Electricity production from renewables is clearly already our strongest income generator. In the past fiscal year, it already accounted for about half of our adjusted EBITDA.

Fast growth in wind and solar power. We want to grow our wind and solar capacity to over 13 GW (pro-rata) by the end of 2022. We plan to make over €1.5 billion in net investments to this end every year. Reinvesting proceeds from sales of investments will actually cause the gross expenditure to be much higher. In August 2020, we expanded our financial headroom by increasing our capital by €2 billion.

Whenever we tackle wind or solar projects, we want to cover the entire value chain from development to construction and operation. Geographically, we are focusing on markets in Europe, North America and the Asia-Pacific region. As of the balance-sheet date, our largest construction project was the UK North Sea wind farm Triton Knoll with a total installed capacity of 857 MW, which is scheduled to have taken all its turbines online by 2022. We are also building huge onshore wind farms, e. g. Nysäter in Sweden with a capacity of 475 MW, which is expected to be completed in 2021. Moreover, we want to commission our Limondale solar farm in New South Wales, Australia, this year, too. With an installed capacity of 249 MW, it will be one of the most powerful installations of its kind in the country.

Thanks to our sizeable project pipeline, we firmly believe that we will make good progress in the expansion of renewable energy over the long term. One advantage in this respect in addition to the project experience and technical expertise of our teams is RWE's established position in core markets such as Germany, the United Kingdom and the USA. Existing production sites provide points of entry and synergistic potential for new build projects. For instance, last year we concluded agreements for lease which allow us to utilise areas in the immediate vicinity of four existing UK offshore wind farms to develop expansion projects. However, we also intend to grow in new markets. In 2020, we acquired a large number of onshore wind projects from Nordex in France, a country with attractive subsidy conditions in which we were hardly present before. Furthermore, we are preparing to enter the Japanese, Taiwanese and South Korean markets where we want to implement offshore wind projects together with local partners.

High-capacity storage: prerequisite for 100 % electricity generation from renewables. Electricity generation from wind and solar power greatly depends on the weather, time of day and season. Sometimes, power produced from renewable sources only covers a fraction of demand, and at other times, it exceeds local needs to such an extent that production actually has to be throttled. Consequently, storage technologies are increasingly coming to the fore as renewable energy continues to be expanded. They usually do not yet meet the technical and economic requirements for securing supply in the long term. But we are working on changing the situation. RWE has been involved in the development, construction and operation of battery storage systems for several years now. We operate such a unit in the town of Herdecke in the Ruhr area with a storage capacity of 7 MWh, making it one of the biggest in Germany. We are rolling out our largest battery project to date in Hickory Park, which is located in the south of the US state of Georgia. The site will be home to a 196 MW solar farm coupled to an 80 MWh battery storage system. This combination will enable electricity feeds into the local grid to be optimised, significantly improving the solar array's yield. We want to launch further projects of this type. Concurrently, we are exploring innovative electrochemical storage methods. We have presented two research and development undertakings dedicated to this goal on page 32. Besides electrochemical storage, power-to-gas technologies can also make a substantial contribution to security of supply. They use electricity generated by carbon-neutral methods to produce hydrogen by electrolysis, which can later be used to generate electricity when needed.

Carbon-neutral processes: a target for all sectors. Reducing emissions in the electricity sector – as intended by the EU – is not the end of the road to achieving carbon neutrality. Three quarters of European demand for energy is still being met with oil, coal and gas. But that is set to change. Electrification, in other words switching energy consumption to electricity produced by carbon-neutral methods, e. g. the use of heat pumps instead of oil and gas heating systems, also enables significant emission reductions in the manufacturing, heat and transportation sectors. Further advantages of electrification include boosting efficiency. For example, an electric vehicle is capable of using about 95 % of available energy, compared to the mere 30 % achieved by internal combustion engines. And the higher efficiency of electricity-based applications drives down the energy requirement. By contrast, demand for electricity generated by zero-carbon techniques – our most important product – will increase steadily as electrification progresses.

Hydrogen: integral component of the energy transition. The economy can only be decarbonised completely if solutions are also found for applications where direct electrification is not an option. Examples of this are the production of steel and fertilisers as well as aviation and shipping. In the near future, these areas offer the greatest potential for utilising hydrogen produced by zero-carbon methods. RWE intends to spur the expansion of the hydrogen economy, especially in Germany, the Netherlands, and the United Kingdom. In pursuit of this goal, we will work along the entire value chain, from green electricity generation and hydrogen production by electrolysis to hydrogen trading and storage and the conclusion of commercially optimised supply agreements with major industrial customers. In the last two years, we have forged numerous partnerships with businesses and research institutes seeking to co-operate with us to create nationwide hydrogen infrastructure. Examples of this are the German GET H2 and AquaVentus initiatives and the Dutch Eemshydrogen and NorthH2 ventures, on which we report in detail on pages 31 et seq. Further information on this topic can be found at www.rwe.com/hydrogen.

Conventional electricity generation: growing significance of gas as a source of energy. Building the storage infrastructure required for a nationwide supply of green electricity is a task that will take decades, not years to accomplish. Therefore, power stations capable of offsetting fluctuating wind and solar power production will remain necessary for the foreseeable future. With our conventional generation capacity, we are making an indispensable contribution to the reliable and tailored supply of electricity in our core markets Germany, the Benelux region, and the United Kingdom. Our gas-fired power stations, most of which are state-of-the-art, are especially well suited to partner with renewable energy because they emit little carbon dioxide and can react quickly to load fluctuations in the grid. Another advantage of gas-fired power stations is that they can be retrofitted to run on zero-carbon fuel, e. g. green hydrogen.

In terms of generation capacity, gas is already our main conventional source of energy, and its share of our power plant portfolio is expected to increase further. Currently, however, new builds are usually uneconomical, unless they receive guaranteed payments under the German Combined Heat and Power Act or as a result of invitations to tender from the network operators. Only recently, in November 2020, did we qualify in such an auction for the construction of a 300 MW grid stabilisation unit at the Biblis site. We are also considering buying existing gas-fired power stations. For instance, we acquired the 382 MW King's Lynn station in the east of England in early 2020.

Conversely, coal and nuclear power stations will increasingly lose importance within our generation portfolio. In Germany, nuclear energy is subject to a phaseout roadmap, which stipulates a latest possible shutdown date for every single plant. Two RWE nuclear power stations are still online: Gundremmingen C and Emsland. We have permission to operate these assets until the end of 2021 and the end of 2022, respectively, after which we will shut them down. Thereafter, our nuclear operations will focus on dismantling our stations safely and efficiently. In addition, we are doing everything we can to ensure the continued use of the nuclear power plant sites, as demonstrated by the aforementioned grid stabilisation system in Biblis.

The option of using coal as a source of energy will also vanish in the foreseeable future. All relevant RWE core markets have firm legal exit dates. The United Kingdom has set its sights on the earliest exit year, which is 2024. Aberthaw B, the last RWE hard coal-fired power plant in operation there, was shut down early in March 2020.

In the Netherlands it will be forbidden to generate electricity from coal from 2029 onwards. For older assets, the ban comes into effect five years earlier. This has grave consequences for our Amer 9 (631 MW) and Eemshaven (1,580 MW) power plants, which were initially designed to run on hard coal only. Thanks to the state's support, we co-fire biomass in both these stations now. By the end of last year, this fuel accounted for 80 % of generated capacity in Amer 9 and 15 % in Eemshaven. To continue operating the stations, we would have to increase these shares to 100 % by the end of 2024 at Amer 9 and 2029 at Eemshaven. This is possible technically, but so far state subsidies have only covered the additional cost of achieved levels of biomass co-firing, amounting to 80 % and 15 % for the two stations, respectively. To date, there have been no prospects of an increase in these funds.

In Germany, in mid-2020 the Lower and Upper Houses of Parliament passed the Coal Phaseout Act, on which we report in detail on pages 37 et seq. The new law envisages gradually switching off all of the country's coal power plants by 2038. The Act contains a detailed exit roadmap for Germany's lignite-fired power stations, whereas shutdowns of hard coal power plants will be decided via auctions. In the first few years, all the lignite capacity reductions will be implemented by RWE. At the end of 2020, we shut down the first 300 MW unit in the Rhenish lignite mining region. We will take a further 2.5 GW of generation capacity offline in 2021 / 2022, and just operate our three state-of-the-art 1,000 MW blocks from 2030 onwards. Subject to approval from the European Commission, the German government will pay us €2.6 billion in compensation for our early exit from lignite. However, the financial burden we will actually incur is much higher than this. We nevertheless believe the Coal Phaseout Act is acceptable, as it provides planning certainty for our lignite business.

To further limit our exposure to economic risks in coal-fired power generation and make faster progress en route to becoming carbon neutral, we entered the Ibbenbüren B and Westfalen E power stations in the first hard coal shutdown auction held by the German Network Agency (see page 44). Both stations won a remuneration contract and stopped operating at the end of 2020. On condition that the German Network Agency approves the closure of the two power plants, we will not produce electricity from hard coal in Germany any longer.

The coal phaseout poses major social and operational challenges, mainly relating to our lignite business. For example, we have to end our opencast mining activities in Hambach early, while maintaining Hambach Forest, which will be extremely expensive. Furthermore, we are forced to implement major layoffs. The state will provide subsidies for the affected employees, including an adjustment allowance. However, we will also pay for some of the redundancy measures ourselves. The Rhenish lignite mining area will be subjected to fundamental structural change. We intend to play our part in shaping this change and help to ensure that the energy industry continues to have a major role in the region. Some recultivation land is very well suited for the expansion of renewable energy. Three RWE wind farms are already located there. We also intend to continue developing our power plant sites. For example, there are plans to build an innovation, technology and commercial park in Frimmersdorf and the surrounding area. At the Weisweiler site, within the scope of an EU project, we are looking into the possibility of capturing geothermal heat, which could be fed into the district heating network of the greater Aachen area. In addition, we will thoroughly explore Power-to-Gas technology at the Niederaussem Innovation Centre. Since 2013, our research and development activities at the Centre have involved producing fuel and feedstock for the chemical industry from hydrogen and carbon dioxide obtained by electrolysis.

Supply & Trading: commercial hub for the generation business. Energy trading is part of RWE's core business. It forms the economic link between the elements of our value chain, the regional markets and the various energy commodities. It is overseen by the Group company RWE Supply & Trading, which focuses on trading electricity, gas, coal, oil, biomass, and CO_2 certificates. RWE Supply & Trading mainly conducts these activities from Europe as well as via subsidiaries in New York, Singapore, Beijing and Tokyo. Another of the Group company's activities consists of marketing the electricity from RWE power stations and procuring the fuel and emission allowances required to produce it. The objective here is to limit price risks. On top of that, RWE Supply & Trading is in charge of the commercial optimisation of our power plant dispatch, the earnings of which go to our generation companies. Companies outside of the RWE Group can also benefit from the expertise of our trading business. They are offered a wide range of products and services, running the gamut from traditional energy supply contracts and comprehensive energy management solutions to sophisticated risk management concepts.

Intermediary trading and storage of gas harbour additional earnings potential. Another string to RWE Supply & Trading's bow is the gas business. This is an area in which the company aims to establish itself as a leading European intermediary. The company already supplies gas to numerous companies inside and outside of the RWE Group. To this end, it enters into long-term supply agreements with producers, organises gas transportation by booking pipelines and optimises the timing of deliveries using leased gas storage facilities. The greater the size and diversification of the procurement and supply portfolios, the greater the chances to commercially optimise them. RWE Supply & Trading also concludes transactions involving liquefied natural gas (LNG). The main objective is to take advantage of differences in price between regional gas markets which are not connected via pipelines.

As part of the asset swap with E.ON, we received the gas storage facilities of our former subsidiary innogy: five in Germany with a total capacity of 1.6 billion cubic metres and six in the Czech Republic with a volume of 2.7 billion cubic metres. We report income from the management of these assets in the Supply & Trading segment. For regulatory reasons, we have to keep the storage business legally independent of our gas trading and gas sales activities. The owners and operators of these storage facilities are the Group companies RWE Gas Storage West and RWE Gas Storage CZ, which offer their market participants storage services at reasonable non-discriminatory conditions. Their customers use the storage to profit from sudden and seasonal changes in gas prices. However, only small margins can currently be achieved in the storage business. This holds true especially for the German market, which is characterised by excess capacity. However, we are confident that the need for storage and achievable margins will rise over the medium term, in part due to increasing demand for power plant gas. The use of our facilities to store hydrogen offers additional earnings potential in the long run.

Attractive investment portfolio increases financial strength. RWE's business operations are supplemented by a portfolio of investments in energy companies, which we believe will be a reliable source of substantial income. These are primarily the stakes in Amprion (25.1 %), KELAG (37.9 %) and E.ON (15 %). Our interest in E.ON is solely of financial importance to us. We are currently using this investment and our claim for compensation for the early exit from lignite against the federal government to fund the mining provisions. Conversely, we have strategic goals in respect of our stake in KELAG. RWE and KELAG's co-shareholder, the Austrian state of Carinthia, have a partnership aiming, among other things, to strengthen the company's role as a centre of excellence for run-of-river power stations.

RWE AG's management system. Ensuring sustainable growth in shareholder value is at the heart of our business policy. To manage the Group's activities, RWE AG deploys a groupwide planning and controlling system, which ensures that resources are used efficiently, and provides timely, detailed insight into the current and prospective development of the company's assets, financial position and net earnings. Based on the targets set by the Executive Board and management's expectations regarding the development of the business, once a year we formulate our medium-term plan, in which we forecast the development of key financial indicators. This plan contains the budget figures for the following fiscal year and planned figures for the years thereafter. The Executive Board submits the plan to the Supervisory Board, which reviews and approves it. During the fiscal year, we produce internal forecasts based on the budget. The Executive Boards of RWE AG and the main operating companies meet regularly to analyse the interim and annual financial statements and update the forecasts. In the event that the forecast figures deviate significantly from the budget figures, the underlying reasons are analysed and countermeasures are taken if necessary. We also immediately notify the capital market if published forecasts need to be modified.

Major key performance indicators used in managing our business are adjusted EBITDA, adjusted EBIT, adjusted net income, capital expenditure, and net debt. EBITDA is defined as earnings before interest, taxes, depreciation and amortisation. In order to improve its explanatory power in relation to the development of ordinary activities, we remove non-operating or aperiodic effects: capital gains or losses, temporary effects from the fair valuation of derivatives, impairments and other material special items that are shown in the non-operating result. Subtracting operating depreciation and amortisation from adjusted EBITDA yields adjusted EBIT. Adjusted net income is another key operating indicator for us. We arrive at this figure by correcting net income to exclude the non-operating result, income from discontinued operations as well as material special items in the financial result and in the income attributable to non-controlling interests. In addition, instead of the actual tax rate, which reflects one-off effects, we apply a rate of 15 %, which is oriented towards the expected average tax burden of the coming years.

We primarily use the internal rate of return for evaluating the attractiveness of investment projects. The Group's financial position is analysed using cash flows from operating activities, amongst other things. We also attach special importance to the development of free cash flow. It is the result of deducting capital expenditure from cash flows from operating activities and adding proceeds from divestments and asset disposals to them. Net debt is another indicator of RWE's financial strength. It is calculated by adding provisions for pensions and similar obligations, for nuclear waste management, and for the dismantling of wind farms to RWE's net financial position. Conversely, provisions for mining damage and the financial assets used to cover them are disregarded. In managing our indebtedness, we orientate ourselves towards the leverage factor, the ratio of net debt to adjusted EBITDA in our core business.

Sustainability management – more than just reducing emissions. We can only succeed over the long term if we ensure society's acceptance by embracing our corporate responsibility (CR). General consensus equates this with matters relating to the environment, society and governance (ESG), meaning that CR goes far beyond the reduction of greenhouse gas emissions. To optimise our assessment of the expectations which society has of us, we constantly seek to engage in dialogue with stakeholder groups. These are primarily shareholders, financial partners, employees, politicians, associations, non-government organisations and civic initiatives. The stimulus we receive by interacting with our stakeholders helps us to determine the focal points of our ESG activities. Matters of great importance to us in addition to reducing our emissions include the health of our staff, biodiversity at our sites, the diversity of our workforce and the attractiveness of RWE as an employer. We set ourselves specific goals in respect of numerous such issues, measure the degree to which we achieve them using KPIs, and make the results transparent to the public. The degree to which ESG targets are achieved also has a major effect on the remuneration of the Executive Board of RWE AG.

Further information on our ESG goals and accomplishments can be found in our Sustainability Report and in the Group's separate Non-financial Report in accordance with Section 315b, Paragraph 3 of the German Commercial Code. For fiscal 2020, these reports will be available in April 2021 and accessible at www.rwe.com/en/responsibility-and-sustainability. We also report on the assessment by independent rating agencies of our sustainability strategy and its implementation on our website. For further details, go to www.rwe.com/en/ratings-and-rankings.

2.2 Innovation

How can wind farms be built in deep waters? What can we do to ensure a carbon-neutral supply of electricity during lulls in the wind and periods of darkness? What options are there to make environmentally sensible use of carbon dioxide? We at RWE want to provide convincing answers to such questions. Last year, we worked with numerous partners in industry and science to launch or forge ahead with more than 200 innovation projects. Most of our ventures were primarily dedicated to achieving one goal: master the challenges of the energy transition with innovative solutions.

Research and development at RWE: solutions for a sustainable energy system. RWE is innovative in many ways. We are motivated both by a desire to remain competitive in an ever-changing environment as well as a passion to be a driving force of this change. With the help of our innovation projects, we are looking to develop solutions that help us advance the utilisation of renewable energy, expand electricity storage, become involved in large-scale hydrogen production, and help build a circular economy in which sensible use is made of carbon dioxide.

Our more than 900 patents and patent applications, based on about 250 inventions, are testimony to the importance we ascribe to research and development (R & D). Last year, we worked on 205 R & D projects. Around 390 of our staff were solely dedicated to these activities or contributed to them in addition to performing their normal tasks. In such ventures, we often work with other companies or research institutions, meaning we generally only bear a portion of the project costs. This is reflected in the RWE Group's operating R & D spending which in 2020 amounted to €20 million (previous year: €21 million).

On the following pages we present a small selection of our current innovation projects. They illustrate the range of challenges we are facing in light of the energy transition and demonstrate the creativity with which we are tackling these issues.

How we are using new technologies for offshore wind expansion. We rank among the world's leading companies in offshore wind power and are looking for ways to expand our reach. The aim of some of our current R & D projects is to identify the most competitive floating foundation technologies. This would enable us to venture into entirely new wind power territories.

The foundations of offshore wind farms are typically built on the seabed. True to the principle: the deeper the water, the more robust the structure needs to be in order to withstand the elements. This necessitates more building materials, which, in turn, causes project costs to rise. Therefore, wind turbines are generally only profitable in waters with a maximum depth of 60 metres. However, in order to harness the potential of wind energy more effectively, companies are working on concepts for floating wind turbines. They are mounted on a float made of steel or concrete, which is secured to the seabed using mooring lines and anchors. This opens up the possibility of deploying wind turbines in deeper waters, e.g. off the coasts of Asia, the Americas or the Mediterranean region as well as in parts of the North Sea. According to WindEurope, the European wind industry association, in about 80 % of all sea areas where wind speeds are suitable for electricity generation, the ocean is simply too deep for conventional foundation designs. We are currently involved in demonstration projects for three different types of floating foundations with the objective of identifying the most viable of these technologies.

One of the three demonstration projects we are working on is **TetraSpar**. It consists of a tubular steel support structure which is kept stable in the water by a keel. As the support structure has a modular design, its individual parts can be prefabricated at different locations, which is cost-effective. We are working on this project with Shell, Stiesdal Offshore Technologies from Denmark, and Japanese power utility TEPCO. We finished assembling the first TetraSpar base in the Danish port of Grenaa in October 2020. It was placed in storage for the winter and is scheduled to be launched in the spring of 2021. We will then mount a 3.6 MW wind turbine on the float at the quayside, after which tugboats will take the entire structure to the test site ten kilometres off the Norwegian coast near Stavanger, where it will be attached to the seabed 200 metres below by means of three anchor chains and then connected to the grid via a cable. Power generation is scheduled to start in the summer of 2021. The floating turbine will be equipped with a large number of sensors to measure whether its behaviour in real-life conditions is in line with our predictions based on calculations and tests.

The second project is **DemoSATH**, in which we are working with the Spanish company Saitec Offshore Technologies on the development and construction of a floating platform for a 2 MW wind turbine in the sea near Bilbao, in northern Spain. The project is based on Saitec's SATH (swinging around twin hull) technology using a catamaran-like float made of pre-cast, post-tensioned concrete elements. The floating platform can freely rotate around a single point of mooring, depending on wind and wave directions. The DemoSATH prototype including its turbine will be assembled on a quayside in the port of Bilbao, before being towed to its mooring point at a test site in the Atlantic, two kilometres from the Basque coast, where the water is around 85 metres deep. The floating platform will be held in place using hybrid mooring lines consisting of chains and synthetic fibre ropes. In the project schedule, three-and-a-half years are allocated for planning, construction and test operation. After some delays due to COVID-19, the wind turbine is expected to go into service in summer 2022.

In the third project, **New England Aqua Ventus**, we are collaborating with the University of Maine and Diamond Offshore Wind, a subsidiary of Mitsubishi Corporation. The aim is to deploy a 10 MW floating wind unit in the Gulf of Maine along the eastern coastline of the U.S. by the end of 2023. The unit will feature the University of Maine's patented floating hull technology consisting of modular concrete components with glued joints – a technique that is also used in bridge building. The floating platform weighs approximately 10,000 metric tons with its base approximately 20 metres below sea level. The project focuses on evaluating the floating technology in regard to environmental factors and analysing how offshore wind can coexist with ocean shipping. The project is in the development stage. This year, we plan to select a turbine and start negotiations with construction companies.

How we intend to harvest high-altitude winds. For several years, RWE has been exploring how to harness the fairly strong and steady high-altitude winds to produce electricity. Airborne wind energy (AWE) systems offer huge potential for applications in this area. AWE systems consist of a flying device, a tether and a ground station. The flying device is usually a version of a power kite, such as that used for kite surfing, or a fixed-wing construct similar to that of a small aircraft. They can both operate at heights of up to 500 metres. Power is generated as the device manoeuvres crosswind. This is done either in the sky using onboard turbines or on the ground as the tether unwinds a winch which drives a generator.

As part of a collaborative venture with SkySails Power, we acquired an AWE system rated at up to 200 kW from the Hamburg-based company and want to operate it during a three-year research and development period. Concurrently, we are developing a test site for AWE systems in Ireland with a view to testing further prototypes and concepts, including a 150 kW unit from our Dutch partner Ampyx Power. The EU has committed to fund this project. We are confident that the new technology will establish itself as a useful supplement to traditional wind energy generation methods as AWE systems have advantages over conventional wind turbines in terms of material usage, maintenance requirements, capacity utilisation, noise emissions and casting shadows. Furthermore, they can be used flexibly at various locations. Based on our assessment, commercial operation of MW-class airborne wind energy systems will be possible in the coming decade.

How we are forging ahead with green hydrogen production. The more electricity generation switches to the wind and sun as energy sources, the more important energy storage becomes in order to ensure the availability of electricity when needed, independent of the weather. Two alternatives exist to provide power storage to the necessary scale: high-capacity batteries and hydrogen produced from green energy, which can be converted back to electricity on demand. The added advantage of hydrogen from zero-carbon techniques lies in its versatility: it can be used not only to store electricity but also to decarbonise industrial processes and modes of transport which cannot be electrified. We are involved in current initiatives for the expansion of hydrogen infrastructure focusing on these hydrogen applications. RWE is working on a large number of hydrogen projects in Germany, the Netherlands and the United Kingdom. The following passages present four projects that could contribute to the northwestern German / Dutch region turning into a hydrogen hub. We also report on this and further major hydrogen undertakings at www.rwe.com/hydrogen.

One of the first hydrogen initiatives spanning several industries in Germany is **GET H2**. In addition to RWE, BASF, BP, Evonik, Nowega, OGE, ThyssenGas and Uniper, a host of additional companies and scientific institutions are participating in the project. GET H2 covers the entire hydrogen value chain, from production and transport to usage. The long-term objective is to build a nationwide hydrogen infrastructure in Germany. Under the initiative, we have joined forces with several partners to launch the GET H2 Nukleus project. RWE's role is to install and operate an electrolyser at our Lingen power plant site, with which we can use electricity from wind farms to split water into hydrogen and oxygen. The planned capacity is 100 MW. This would make the unit much bigger than any other in operation in Germany. It is envisaged that the green hydrogen will be transported via repurposed gas pipelines to the northern Ruhr area where it can be used by refineries and chemical parks. Production and transport of this hydrogen could begin as early as the end of 2023. This would lay the cornerstone for gradually expanding public hydrogen infrastructure. In addition, the project partners aim to make electrolysis technology ready for mass production by using it in large-scale plants, thereby reducing the future cost of green hydrogen production.

Another initiative harbouring substantial potential is **AquaVentus**. The idea behind it is to produce hydrogen offshore using electricity from offshore wind farms and transport it via pipelines to onshore demand hotspots. The island of Heligoland, which is situated in the German North Sea, acts as a hub to which the hydrogen produced by offshore wind turbines is transported through pipelines. The Port of Heligoland is already a logistical centre for the operation of offshore wind farms. Initially, the hydrogen will only be used to meet the island's needs. Once production volume increases, the hydrogen will be forwarded to the mainland, first via tanker and then via a pipeline. Our partners in AquaVentus include Gascade, Gasunie, Shell and Siemens. A pilot project is being conducted to build two 14 MW wind turbines in the coastal waters of Heligoland and integrate an electrolyser in each of their bases. If the project stays on schedule, the turbines could start operation in 2026. In the long run, electrolysers with a total capacity of 10 GW could be installed in the North Sea through to 2035. This would be enough to produce up to 1 million metric tons of green hydrogen every year.

One of our most important hydrogen projects outside Germany is **Eemshydrogen**, based at our Eemshaven power plant site in the Netherlands. This is the projected home of an electrolyser powered by electricity from our neighbouring Westereems onshore wind farm. The plant's initial capacity has been set at 50 MW, although future increases in local wind power capacity and hydrogen demand could enable capacity to be ramped up gradually. We intend to transport the hydrogen via repurposed gas pipelines, store it in a salt cavern if necessary, and then deliver it to major customers. Talks with companies participating in the development of hydrogen infrastructure and with potential off-takers in the nearby Delfzijl industrial cluster are already underway. Current plans envisage the electrolyser being commissioned in 2024.

NorthH2 is another project planned in the north of the Netherlands. The objective is to turn the region into a hub for supplying northwestern Europe with green hydrogen. A system consisting of offshore wind farms, electrolysers, gas storage facilities and pipelines is expected to be set up for this purpose. NorthH2 was launched in early 2020 by Gasunie, Groningen Seaports and Shell. Equinor and RWE started contributing their expertise to the undertaking in December. The partners plan to build 4 GW of electricity generation and electrolysis capacity by 2030, pushing up this figure to over 10 GW by 2040. The end game is therefore of a similar order of magnitude as the German neighbour project AquaVentus. A feasibility study will clarify whether the NorthH2 project can be carried out as planned. If the study has a positive outcome, the partners intend to start developing the project in the second half of 2021.

How we plan to use batteries to ensure grid stability. Alongside hydrogen technology, electrochemical storage is an indispensable building block of climate-friendly energy supply. We have operated a 7 MWh battery storage facility next to the Herdecke pumped-storage power plant on the Ruhr river since the beginning of 2018. Three freight containers, equipped with a total of 552 battery modules, serve as the beating heart of the unit. Drawing on experience gained, we have initiated further battery storage projects, two of which we will present below.

Panta.rhei is the first such project: at the new RWE campus in Essen, we have been developing a redox flow battery since May 2020. What is unique to this technology is that it stores electric energy in chemical compounds that are dissolved in a liquid. This explains why it is also referred to as a 'liquid battery'. Our pilot plant has a storage capacity of 390 kWh. When fully charged, it can deliver 120 kW for more than three hours. We plan to harness its full potential this year. We expect to gain valuable experience from the Panta.rhei project that will help us operate redox flow batteries reliably. Our test facility will initially be used in the balancing power market to stabilise the grid. This is because batteries can react to changes in grid frequency within a matter of seconds. If the test facility proves itself, we will investigate further applications. For instance, we could use liquid batteries in the electricity wholesale market and take advantage of differences in price resulting from fluctuations in feed-ins of wind and solar power, for example.

In our second battery project – **Lazarus** – we are seeking to leverage an especially affordable and sustainable storage solution with pre-used lithium-ion batteries from electric vehicles. The advantage in this respect is that these 'second-life batteries' can be sourced affordably and often still have more than 70 % of their original storage capacity. Extending their life also makes sense from an ecological standpoint, given the greenhouse gasses emitted during their production. Our long-term plan is to combine a number of these batteries to form a large-scale storage system. Since August 2020, we have been working with a partner from the automotive sector on a pilot plant which we intend to use in the balancing power market. This presents us with the technical challenge of managing the variety of degradation levels in second-life batteries. In Project Lazarus, we will explore how to operate our system reliably despite this.

How we are turning carbon dioxide into fuel. A complete decarbonisation of industrial processes will be all but impossible in the coming decades. So whether Europe meets its target of carbon neutrality by the middle of the century will essentially depend on how we deal with the carbon dioxide that is unavoidably emitted during manufacturing processes. One option is to store the carbon dioxide below ground, preventing it from entering the atmosphere. However, the more sensible alternative is capturing the carbon dioxide, e. g., by combining it with green hydrogen and turning it into chemical products such as plastics. We have been working on eco-friendly ways to use carbon dioxide for over ten years now. Our research is based on the carbon dioxide from our pilot plant at the Niederaussem Innovation Centre in the Rhenish coal mining region. Together with BASF and Linde, we have been developing one of the world's leading technologies for what is known as CO_2 scrubbing. This technique is used to separate carbon dioxide from the flue gas of a power station or chemical plant, before liquefying it and making it available for recycling. Our CO_2 scrubbing demonstration unit has already proven its capabilities during years of extensive testing. Since 2009, it has completed more than 85,000 operating hours, achieving carbon capture rates of up to 98 %. We use the carbon dioxide to produce synthetic fuels and raw materials that can be used by the chemical industry, replacing fossil fuels such as oil or natural gas. The resulting fuels and materials therefore hold great potential for industry and transport. Together with partners, we have already launched half a dozen projects to convert carbon dioxide. All have been approved for funding by either the EU or the German Ministry of Economic Affairs and Energy (BMWi), among others. Two of these projects, MefCO_2 and ALIGN-CCUS, have already successfully run their course, providing us with the foundation for a series of new R&D initiatives due to start in 2021.

In the **MefCO_2** project (methanol fuel from carbon dioxide) we have produced methanol using carbon dioxide and hydrogen. The hydrogen, in turn, was produced by electrolysis using water and electricity. A wide variety of chemical products are based on methanol, one of the most commonly manufactured chemicals in the world. The clear liquid can also act as a long-term storage medium for hydrogen. We are leveraging this discovery to power a factory vehicle, for example. We equipped the electric car with an additional fuel cell in order to increase its range and be able to charge while driving. Here, methanol is used as a hydrogen source. The fuel cell charges the vehicle battery with the energy released when the hydrogen reacts with oxygen and pure water is produced. In the future, we want to explore additional ways of using methanol as a fuel.

A total of 30 industrial enterprises and research institutions from five European countries were involved in **ALIGN-CCUS**. The German Ministry of Economic Affairs and Energy (BMWi) and the European Union committed funds to the project. With ALIGN-CCUS, we have demonstrated how an entire value chain, from capturing and using carbon dioxide to storing it, can be designed. For this purpose, we converted carbon dioxide and hydrogen into dimethyl ether (DME). DME is a liquefied gas, similar to propane or LPG (autogas) and is used as a hairspray propellant, for example. DME, just like LPG, can be used to power cars. It burns like diesel but is low in both soot and nitrogen oxide, making it a cleaner option. The deciding factor here is that we also produce the necessary hydrogen ourselves – from water and green electricity. In Niederaussem, we commissioned a pilot plant in early 2020, allowing us to produce 50 kilogrammes of DME a day using carbon dioxide and hydrogen. We initially used the DME as fuel for a suitably converted diesel generator to produce peak-load electricity.

After completion of ALIGN-CCUS in November 2020, the pilot plant remained in operation. We now use it for the **TAKE-OFF** project, which was launched in early 2021 and is also backed by the EU. We are working with nine partners from six countries on TAKE-OFF. The aim is to keep developing the available technology to produce aviation fuel based on DME and methanol. In our **NRW-Revier-Power-to-BioJetFuel** project, we are also researching whether we can use existing methods on an industrial scale to produce eco-friendly aviation fuel from hydrogen and carbon dioxide. We assume that politicians are more likely to promote the use of green kerosene for aviation before green diesel for trucks and ships. This should make the results of this project interesting from an economic point of view.

Detailed information on these projects and our other R&D ventures can be found at www.rwe.com/innovations.

2.3 Business environment

Energy policy continues to centre on climate protection. The EU intends to enshrine an ambitious emission reduction goal for 2030 in law. At the end of 2020, the European Council announced that it was in favour of scaling back greenhouse gas emissions by at least 55 % compared to 1990. The EU aims to spur the creation of a more environmentally compatible economy. One goal is to better couple the electricity, heat, transportation and manufacturing sectors while also creating a European hydrogen economy. The European Commission has specified in strategy papers how this can be accomplished. A foundation has also been laid for increased climate protection in our home market, Germany. In mid-2020, policymakers established the legal framework for phasing out coal-fired electricity generation. This has given us increased planning certainty for our lignite business. We also welcome the state's assistance in cushioning the social impact of necessary redundancies.

Political environment

Europe seeks to become carbon neutral by 2050. In March 2020, the European Commission presented a draft for a European climate law. It was the first legislative proposal for the implementation of the EU's Green Deal, which the President of the European Commission Ursula von der Leyen had declared to be of the utmost priority during her five-year term in office (see page 42 of the 2019 Annual Report). The objective is to make the EU goal of carbon neutrality by 2050 legally binding. EU institutions and member states would then be obliged to establish a framework for reducing net greenhouse gas emissions to zero by the middle of the century. By 2023, the Commission will conduct an initial assessment and announce whether EU and national measures are mutually compatible and fit for purpose. A similar evaluation of the EU's progress is planned for every five years thereafter.

The legislative initiative also paves the way for raising the 2030 target for reducing greenhouse gas emissions. The previous goal was to reduce greenhouse gas emissions by 40 % compared to 1990. The March 2020 draft law proposed a decline of 50 % to 55 %, subject to a comprehensive impact assessment. Once the results of the assessment were published in September, the Commission set the target at no lower than 55 %. However, the European Parliament did not feel that the measures went far enough. In early October, a majority of delegates voted for a 60 % decrease of greenhouse gas emissions. Also in October, the European Council also gave the go-ahead for the climate law, although it initially omitted the interim goal for 2030. At the EU Summit in December, the heads of state and government agreed on a reduction of at least 55 %. Representatives of the Council and Parliament must now decide which target is ultimately adopted during formal trilogue meetings, in which the Commission is also involved. The negotiations had not been concluded when this review of operations was prepared (early March 2021).

The climate law will serve as the foundation for the Green Deal, which envisages far-reaching reforms to industry, energy supply, transport and agriculture. To this end, the European Commission is planning comprehensive legislative changes and a number of different programmes in order to provide for the accelerated expansion of renewable energy, a new strategy for the industrial sector, import barriers for goods produced using processes that are harmful to the climate, and a strategy for clean transportation, among other things. Regions which are most affected by these policy measures will be supported by way of a Just Transition Fund. The EU is also planning to reform the European Emissions Trading System and, in doing so, will probably considerably reduce the number of certificates placed on the market. The extent of the reduction is likely to depend on the emissions reduction target agreed upon by the Council and the Parliament

EU creates sustainability classification system for economic activity. In June 2020, the European Parliament and the Council of Ministers introduced the Taxonomy Regulation as a tool to help determine when to classify economic activity as sustainable. Players on the financial market, e. g. investment funds, labelling a financial product environmentally sustainable, will have to report the share of green investments in their portfolio as defined by the Regulation. Businesses will also be faced with stricter disclosure requirements. Companies obliged to prepare non-financial reports will have to provide more detailed information on the sustainability of their business activities. The EU hopes that the increased transparency will provide stimulus for investments that make a contribution to the Green Deal. The Taxonomy Regulation entered into force on 12 July 2020. As it is a central piece of legislation, there is no need to translate it into national law. The publication duties apply from 2022 onwards. However, the European Commission is yet to specify the criteria for determining the economic activities meeting the sustainability principles set out in the Regulation.

EU seeks to integrate energy system and drive expansion of hydrogen economy. In July 2020, the European Commission published strategy papers on coupling the electricity, heat, transport and manufacturing sectors (integration of the energy system) and on hydrogen. They contained a variety of goals and measures aimed at enabling the EU to achieve its target of carbon neutrality by 2050, as set out under the Green Deal. The European Commission's strategy to integrate the energy system aims to harness potential emission reductions and increase efficiency. An integrated system envisages a world in which vehicles are powered by solar panels, homes are heated by district heating from factories, and manufacturing plants are operated with hydrogen produced with offshore wind energy, to list a few examples. The European Commission sees increasing the share of electricity in final energy consumption as being key to sector coupling, i. e. increasing utilisation of heat pumps and electric vehicles, for example. Sectors which are likely to struggle with electrification will see a push for clean fuels, such as green hydrogen. To this end, the Commission intends to develop a new classification and certification system for zero and low-carbon fuels. In addition, it is planning support programmes and comprehensive adjustments to the European regulatory framework.

In an integrated energy system, hydrogen can be used to support the decarbonisation of industry, transport, power generation and buildings in Europe. The EU's hydrogen strategy addresses how to unlock this potential by way of investment, regulation, market creation, and innovation. The primary goal is to develop a green hydrogen economy, which largely sources its hydrogen electrolytically using renewable energy. By 2024, 6 GW of electrolysis capacity is envisaged, which would enable up to 1 million metric tons of green hydrogen to be produced per year. The Commission's roadmap seeks to make green hydrogen a core component of the integrated energy system by as early as 2030. Then the EU should have electrolysers with a total capacity of at least 40 GW, with annual production reaching up to 10 million metric tons of hydrogen. The EU expects green hydrogen production technologies to have matured by this point, allowing for large-scale rollout over the following two decades. In order to give this additional momentum, the Commission founded the European Clean Hydrogen Alliance, a body comprised of representatives from industry, national and local public authorities, civil society and the European Investment Bank. RWE is a member of the alliance, which has been tasked with driving investments to expand hydrogen infrastructure, among other things.

German government adopts national hydrogen strategy. The German government published its hydrogen plans in June 2020 – one month ahead of the EU. Germany's national hydrogen strategy affirms the country's intent to establish hydrogen technologies as core elements of the energy transition and to create the necessary regulatory framework to ensure large-scale rollout. The plan is to build a strong home market in Germany and to focus on green hydrogen, produced using renewable electricity, with the strategy paper stating that only this option is truly sustainable in the long term. The German government envisages electrolysers with a total capacity of 5 GW being built for the production of green hydrogen by 2030, in addition to the required generation assets, with offshore wind playing a major role. The objective is to have 10 GW of electrolysis capacity by 2040 at the latest. The large-scale rollout of hydrogen technology in Germany will be supported with €7 billion in subsidies. It is envisaged that an additional €2 billion will be set aside for international partnerships. The federal government also intends to give electricity used to produce green hydrogen preferential treatment in terms of taxes, levies and surcharges. This electricity has already been exempted from the surcharges under the Renewable Energy Act and the Combined Heat and Power Act as well as the offshore grid apportionment as part of the reform of the Renewable Energy Act, on which we report below.

German government establishes more favourable subsidy conditions for renewables. In December 2020, the German Upper House and Lower House passed a reform of the German Renewable Energy Act, which entered into force on 1 January 2021. According to the law, all electricity generation in Germany must become carbon-neutral by 2050. The target for 2030 is for renewables to account for 65 % of electricity consumption. To facilitate this, legislators have set new expansion targets: they envisage photovoltaic and onshore wind capacities growing to 100 GW and 71 GW by 2030, corresponding to a rise of around 85 % and 30 %. The law provides for a number of regulations, many with a focus on making the operation of solar panels more attractive. The amendment also brings improvements for wind farms. For example, operators of new wind farms will be able to give local communities a share of the electricity revenue in order to increase local value added and thus raise acceptance. Old wind turbines, which have come to the end of their 20-year subsidy period, will receive a follow-up subsidy until 2022, subject to certain conditions. However, this measure still needs to be approved by the European Commission under state aid law. In order to reduce the strain on electricity consumers, the legislator is limiting the renewable energy surcharge to 6.5 cents / kWh for 2021 and 6.0 cents / kWh for 2022. The government will fund the shortfall from its budget. As mentioned above, electricity used to produce green hydrogen will be exempt from the renewable energy levy and further surcharges in the future.

In November 2020, the Lower and Upper Houses of Parliament passed two further laws to drive the expansion of renewable energy: the Offshore Wind Energy Act and the Investment Acceleration Act. The first of the two laws envisages the 2030 expansion target for offshore wind power increasing from 15 GW to 20 GW, with this figure rising to 40 GW by 2040. The tendering model will remain largely unchanged. In Germany, wind farms are subsidised via premiums. If the market price realised by the operators for their electricity is below a reference figure, the premium offsets the difference. The reference price is determined on the basis of a competitive tender process, in which participants with the lowest bids are selected. One important change is that permissible bids are now subject to higher ceilings. The upper limit will be set at €73 / MWh in 2021 and at €64 / MWh and €62 / MWh in the two following years, respectively. If the cap had not been raised, the maximum allowable bid in the next call for tenders would have been limited to the lowest successful bid in the previous auction of 2018, which was €0. In addition, moving forward, developers of wind energy projects will pay a higher penalty if they fail to make a final investment decision 24 months before the grid connection completion date. This lowers the likelihood of speculative zero-subsidy bids, fuelled by positive market forecasts.

The Investment Acceleration Act, passed in tandem with the Offshore Wind Energy Act, aims to decrease administrative and legal barriers to infrastructure expansion. It includes changes to court proceedings as well as environmental and general administrative procedures, including regional planning procedures. In accordance with the law, objections and actions for annulment by third parties disputing the approval of an onshore wind turbine with a total height of more than 50 metres no longer have a suspensive effect – allowing projects to progress. Furthermore, legal disputes concerning onshore wind farms of this size can now be fast-tracked through an expedited appeals process. The law provides for higher administrative courts to have jurisdiction in the first instance.

UK government publishes energy white paper for climate protection. In December 2020, the UK government published its energy white paper, setting out how it envisages the country's future climate protection trajectory. The UK is intent on achieving net zero emissions by 2050. The paper contains a variety of measures to pave the way for this vision. Particular focus has been given to offshore wind expansion: the UK government aims to quadruple capacity to a total of 40 GW by 2030. It further envisages a rise of climate-friendly hydrogen production capacity to 5 GW by the same year. A national scheme focused on achieving the climate targets for 2050 will replace the EU Emissions Trading System. Projects for capturing and storing or using carbon dioxide are to receive £1 billion in funding over the course of the decade.

Poland establishes support scheme for offshore wind. The Polish government has created the legal framework for subsidies for wind farms in the Baltic Sea, with the Parliament passing an appropriate law in January 2021. Poland intends to increase the share of renewables in electricity generation from 14 % in 2019 to 32 % in 2030. At the moment, there are no wind farms off the coast of Poland. However, turbines with a total capacity of 10.9 GW are due to be in development or in operation by as early as 2027. The law envisages a start phase, which will initially subsidise wind farms with a total capacity of 5.9 GW. Plant operators will be awarded contracts for difference which guarantee a fixed payment for 100,000 full load hours in generation, with a maximum subsidy period of 25 years. If the market price falls below the guaranteed remuneration, the state pays the difference. If it exceeds the specified sum, the operators are obliged to make a payment. In the first phase, the subsidies are set administratively. Companies have until the end of March 2021 to apply for them. After the start phase, the wind farms subsidised through contracts for difference will be determined in auctions. Tenders for up to 2.5 GW are planned for both 2025 and 2027. RWE is currently developing the FEW Baltic II offshore wind project in Poland. This project involves building a wind farm with an installed capacity of 350 MW on Słupsk Bank. FEW Baltic II satisfies the requirements for participating in the first phase of the offshore wind subsidy scheme.

US government improves funding conditions for renewables. In the USA, policymakers have increased the tax incentives for investments in renewable energy assets. Additionally, deadlines for incentive claims have been extended to protect investors from financial losses from construction delays due to the coronavirus. In the United States, renewable energy projects are subsidised using a two-pronged approach: production tax credits (PTCs) or investment tax credits (ITCs). PTCs grant a tax benefit per unit of electricity for a period of ten years. ITCs are based on the value of the investment. RWE's onshore wind turbines are typically subsidised with PTCs. Projects launched in 2016 / 2017 would have needed to be completed in 2020 / 2021 – i. e. four years later – in order to be eligible for the full subsidy. In light of the coronavirus pandemic, the US government extended this deadline by a year. RWE also benefits from this as there were delays in the completion of a number of wind farms due to COVID-19. In addition, the US government also decided to extend ITC subsidies for solar investments. New plants, which go into construction in 2021 or 2022, will be granted an investment tax credit of 26 % of the total investment. For plants going into construction in 2023, this figure drops to 22 %. More favourable funding conditions have now also been introduced for offshore wind: projects set to begin construction before 2026 qualify for an ITC of 30 % of the total investment.

German Upper and Lower House adopt regulatory framework for German coal phaseout. On 3 July 2020, the German Upper House and Lower House passed the law on the reduction and termination of coal-fired power generation and on the amendment of other legislation (Coal Phaseout Act). The law is based on recommendations published by the government's Growth, Structural Change and Employment Commission in January 2019. It provides for a gradual exit from electricity generation from coal by 2038. The Act also contains provisions for the continuous monitoring of security of supply and the introduction of adjustment allowances for older employees working in the coal sector as well as an authorisation clause, which enables the federal government to provide electricity consumers with financial relief if the coal phaseout leads to an increase in electricity prices. In addition, the legislator extended and refined the subsidisation of combined heat and power plants. The objective is to encourage retrofits of coal-fired power stations for more climate-friendly electricity generation.

Legislators have now also established a phaseout roadmap for lignite power plants. RWE will bear the brunt of initial capacity reductions. We decommissioned the first 300 MW block in the Rhenish lignite mining region, Niederaussem D, at the end of 2020. This year, we will take three further 300 MW assets off the grid, with one 300 MW block and two 600 MW units scheduled for 2022. The Neurath and Niederaussem sites will be most heavily affected by these plans, along with Weisweiler, albeit to a small extent. Furthermore, in 2022, we will discontinue briquette production in Frechen and, in turn, the operation of 120 MW in electricity generation capacity. Thereafter, we will shut down the remaining capacities at our Weisweiler power station: one 300 MW unit (2025) and two 600 MW blocks (2028 and 2029). The Inden opencast mine, which exclusively supplies Weisweiler with lignite, will then also be decommissioned. We will shut down our last two 600 MW stations in late 2029, one of which will remain on standby for four years to ensure security of supply. From 2030 onwards, this leaves only our three state-of-the-art lignite blocks at 1,000 MW apiece on the market.

The closures will have considerable consequences for the opencast mines. More than half the approved volume of lignite reserves will remain in the ground and Hambach Forest will be preserved. Of our three opencast mines in the Rhenish lignite mining region – Inden, Hambach and Garzweiler – we will only operate the last in the list from 2030 onwards to supply the remaining assets with fuel. Accordingly, the energy industry's need for the Garzweiler II opencast mine to remain operational has been enshrined in law via a clause added to the Coal Phaseout Act.

The lignite phaseout will place a huge financial burden on our company. In accordance with the law, we will therefore receive compensation in the amount of €2.6 billion, to be paid out in equal instalments over a 15-year period. However, the damage we will actually incur will clearly exceed this figure. Our claim for compensation from the state and the majority of our expected losses have already been accounted for in our 2019 consolidated financial statements (see page 43 of the 2019 Annual Report). Intended recipients of state compensation in addition to RWE include the employees affected by the layoffs. Among other things, the Coal Phaseout Act provides for adjustment allowances and compensation for any disadvantages in relation to statutory pensions. These will be covered by the state. Furthermore, a coal phaseout collective agreement we signed with the German Unified Services Trade Union (ver.di) and the German Mining, Chemicals and Energy Trade Union (IG BCE) in August 2020 contains provisions that determine what RWE has to do above and beyond the state measures.

The lignite phaseout is flanked by a public law contract between the state and the lignite producers. The contract contains a large number of regulations, which relate in particular to the implementation of the closures and compensation. This contract will serve to protect the companies' interests, which, in return, will not assert any further claims in relation to the lignite phaseout. Once approved by the Upper House, the contract was signed in early 2021. However, the compensations still require approval by the EU under state aid law. Irrespective of this, RWE has begun to implement the statutory phaseout plan.

The hard coal phaseout is also set out in detail in the new law. At which point each individual power plant will be taken off the grid and how much their operators will be compensated is determined in an auction process. The law envisages annual tenders from 2020 to 2027. Operator bids will be subject to specific caps which are set to be lowered from €165,000 to €89,000 / MW during the aforementioned period. From 2027 onwards, the law provides for closures without compensation. If the tenders do not result in enough capacity being decommissioned, starting in 2024, power plant operators will be ordered to shut down stations without compensation. RWE participated in the first auction, which was held in the second half of 2020. Our last two German hard coal power plants – Ibbenbüren B (794 MW) and Westfalen E (764 MW) – placed winning bids. The stations stopped operating in late 2020 (see page 44).

German government seeks to provide coal regions with up to €40 billion in subsidies. On 3 July, the Upper and Lower Houses of Parliament passed the Structural Development Act, which applies to coal mining regions. The law envisages the federal government providing up to €14 billion in financial support to the lignite mining regions for investments of particular importance through to 2038. Of these funds, 37 % will go to the Rhenish coal mining region, in which we are active, with 43 % and 20 % going to the Lausitzer and Central German coal mining areas, respectively. The funds can be used by the states, e. g. to invest in industrial infrastructure and public transport. The government intends to flank this by supporting the regions through its own measures. A total of €26 billion has been budgeted for this and earmarked for measures such as the expansion of the rail and road networks as well as the creation of research hubs.

German government to overhaul compensation for nuclear phaseout. In September 2020, the German Constitutional Court found that the compensation regulations in the German nuclear phaseout plan introduced in 2018 had not entered into force. The Court thus ruled in favour of an appeal submitted by Vattenfall. The proceedings dealt with the 16th amendment to the German Nuclear Energy Act, which specified the approach to compensating RWE, Vattenfall, E.ON and EnBW for certain financial losses due to the expedited nuclear phaseout. The phaseout had been enshrined in law in 2011 following the Fukushima nuclear disaster. This was the second exit law after 2000. In 2010, the government had extended the lifetimes of nuclear power stations. After the reactor incident, it reversed the extension and imposed stricter conditions on the exit. In December 2016, the Constitutional Court ruled that the power station operators have to be compensated for certain losses due to the second nuclear phaseout and tasked the state with making the necessary legislative arrangements by mid-2018. Compensation claims were thus ruled admissible for generation contingents that had been approved in the first nuclear phaseout in 2000, but which could no longer be used due to the decommissioning deadlines introduced in 2011, and for investments that were now worthless and that the power plant operators had undertaken based on the lifetime extension introduced in 2010. The state intended to implement these instructions by way of the 16th amendment to the German Nuclear Energy Act. However, according to the most recent Constitutional Court ruling, the amendment never entered into force due to formal errors. Additionally, the Court also found that individual provisions, which were dedicated to compensation for unusable generation contingents and which could prove detrimental to the affected companies, were unconstitutional. In accordance with the ruling of the highest court, the legislator is obliged to rewrite the compensation regulations. The German government began talks with the nuclear power plant operators on this subject at the beginning of 2021 (also see page 46).

Market environment

Economic output drops in all of RWE’s core markets. According to preliminary estimates, global economic output dropped by 4 % in 2020 compared to the previous year. The coronavirus pandemic and the associated lockdown measures caused many countries’ gross domestic product (GDP) to slump drastically. Economic experts estimate a GDP decline of about 7 % for the Eurozone. Economic output was not as adversely affected in Germany and the Netherlands, our most important markets within the currency union. Estimates here vary between – 5 % and – 4 %. The USA is likely to have experienced a similar decline. However, the United Kingdom has been hit much harder by the pandemic: based on available data, UK GDP probably shrank by about 10 %.

German electricity consumption down by an estimated 4 %. Decreased economic output has also meant lower demand for energy. According to the German Association of Energy and Water Industries (BDEW), German electricity consumption in the past fiscal year was down 4 % on 2019. Other RWE core markets have also been on the decline. Experts put the downturn at 2 % for the Netherlands, 6 % for the UK and 3 % for the USA. This development was largely attributable to restrictions to industrial output due to COVID-19. The mild weather also had a minor impact, as less electricity was needed for heating.

Better wind conditions in northern and central Europe. Utilisation and profitability of renewable assets are largely weather-dependent. This is why wind speeds are extremely important to us. In 2020, these were generally higher than the long-term average and often up on 2019 at our production sites in northern Europe, the United Kingdom, and the Netherlands. An opposite trend was witnessed in the south of Europe and of the southern states of the USA. By and large, wind conditions in Germany, Poland and large parts of the USA were normal, with notable changes over 2019 being an exception to the rule.

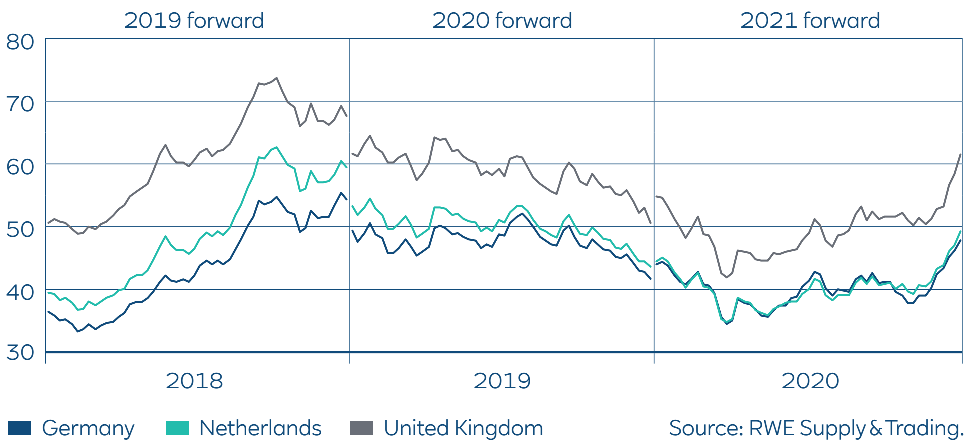
Average RWE wind farm utilisation in 2020 %	Onshore	Offshore
Germany	20	40
United Kingdom	34	42
Netherlands	30	–
Poland	29	–
Spain	23	–
Italy	21	–
Sweden	33	56
USA	33	–

Weather-driven collapse of natural gas spot prices. The utilisation and earnings of our conventional power plants are heavily dependent on how fuel and emission allowance prices develop. Natural gas, our most important tradable energy source, was characterised by an extremely low price level in the year under review. Quotations at the Dutch Title Transfer Facility (TTF), Continental Europe's lead market, dropped as low as €3 / MWh in the first half of the year, but were able to regain considerable ground during the rest of the year. However, the 2020 average of €9 / MWh was notably lower overall than the previous year's (€14 / MWh). The decrease in demand for heating gas due to the mild winter of 2019 / 2020 and the commensurately high storage levels at the beginning of the year played a significant role. Later on, the corona-induced decline in industrial and commercial gas consumption affected the price trend. Forward trading prices also dropped. In the year under review, the 2021 TTF forward cost €13 / MWh on average. By way of comparison, in 2019, the 2020 forward traded at €18 / MWh.

Declining demand curbs hard coal prices. Hard coal used in power plants (steam coal) also became notably cheaper: deliveries to ARA ports (ARA = Amsterdam, Rotterdam, Antwerp) including freight and insurance were settled for an average of US$50 / metric ton (€45) in 2020, as opposed to US$61 / metric ton the year prior. The decline is mainly due to a drop in demand: coal-fired power stations have most recently been underutilised in Europe. The unusually low gas prices, which made gas much more competitive as an energy source than coal, came to bear. Decreased energy demand due to the coronavirus pandemic also caused hard coal usage to contract. Many market participants assume that the market environment for coal-fired power plants will remain challenging, not least due to the relatively high carbon emissions associated with these stations and the correlated cost disadvantages. This assessment was reflected in the development of hard coal forward prices: in the year under review, the 2021 forward (API 2 Index) was quoted at an average of US$58 / metric ton (€51). This is US$12 less than was paid for the 2020 forward in 2019.

Despite COVID-19, CO_2 emission allowance prices hit record high. An important price factor for fossil fuel-fired power plants is the procurement of CO_2 emission allowances. A European Union Allowance (EUA), entitling the holder to emit one metric ton of carbon dioxide, was traded at an average of €25 in 2020. The reference figure for 2019 was also €25. These prices relate to contracts for delivery that mature in December of the following year. At times, certificate prices dropped substantially due to the coronavirus pandemic. In March 2020, they fell to below €16. Decreased industrial output weighed on prices as it resulted in reduced carbon dioxide emissions, driving down demand for emission allowances. Over the rest of the year, prices rose to a record €33 in December. The materialising economic recovery came to bear here. The EU initiative to raise the climate target for 2030 also played a role, as it stipulates that the EU significantly reduce the number of emission allowances put on the market. Many participants in emissions trading therefore expect a further shortage of available EUAs, despite the economy's continued carbon dioxide reductions.

One-year forward prices of base-load electricity on the wholesale market
€ / MWh (average weekly figures)



Source: RWE Supply & Trading.

Significant decline in wholesale electricity prices. The drop in hard coal and natural gas prices shaped the trajectory of the wholesale electricity markets last year. The decrease in demand for energy triggered by the coronavirus pandemic was another influential factor. In 2020, base-load electricity traded for an average of €30 / MWh on the German spot market as opposed to €38 / MWh in the prior year. In the UK and the Netherlands, spot prices declined from £43 to £35 / MWh (€40) and from €41 to €32 / MWh, respectively. Electricity prices on the forward markets were higher than spot prices. Compared to 2019, however, they were also marked by a significant decline. The 2021 base-load forward cost €40 / MWh on average. The comparable figure for the previous year was €48. One-year forward prices declined from £52 to £44 / MWh (€49) in the UK and from €50 to €40 / MWh in the Netherlands.

2020 electricity forward sales: margins slightly higher year on year. In order to mitigate the risk of short-term sales and price fluctuations, we sell most of our generation forward and hedge the prices for the necessary fuel and emission allowances. Electricity revenue for the period under review was thus greatly defined by the conditions of the forward contracts for 2020, which were concluded in previous years. As we had begun conducting such forward sales quite early for electricity production in our lignite and nuclear plants, which are mainly used to cover base load needs, we were able to achieve higher prices and margins on average for 2020 than for 2019. Sales of electricity from our hard coal and gas-fired stations were subject to a shorter lead time. Here realised prices also rose, but opposing effects were more notable due to the pre-2020 hike in CO_2 emission allowance prices. Whereas margins realised for our gas-fired power plants on the forward market were higher overall than in 2019, margins for our hard coal-fired power stations stagnated at a low level.

2.4 Major events

We passed further milestones last year. In mid-2020, we completed the asset swap with E.ON, which has transformed us into a leading renewable energy company. We also made major inroads in the expansion of our wind and solar capacity. To gain even more traction in this area, we conducted a capital increase and acquired the European development business of Nordex. Furthermore, we discontinued our electricity generation from hard coal in Germany and the UK. In doing so, we have proven that our climate protection measures go far beyond what is required by law. In the following, we present the material events that occurred in 2020 and the beginning of 2021. We have focused on transactions that have not been commented on in detail elsewhere in the review of operations.

Events in the fiscal year

Asset swap with E.ON finalised: RWE takes ownership of innogy's renewable energy business. At the end of June, we successfully completed our asset swap with E.ON, marking one of the biggest transactions in German industrial history. The swap was agreed in early 2018 and implemented in two steps once the legal requirements had been met. First, we sold our 76.8 % stake in innogy, in exchange for which we received E.ON's renewable energy business, a 16.67 % shareholding in E.ON and the non-controlling interests in our Gundremmingen (25 %) and Emsland (12.5 %) nuclear power plants from E.ON subsidiary PreussenElektra. These transfers took place shortly after the asset swap was approved by the European Commission in September 2019. The second step, which took effect at the end of the day on 30 June 2020, involved E.ON returning parts of the innogy portfolio to us, i. e. the renewable energy business, the German and Czech gas storage facilities and a 37.9 % stake in Austrian power utility KELAG. We had recorded these activities in our Group figures before they were transferred back to us, as they were already assigned to us commercially. Now they belong to RWE also in legal terms.

As part of the asset swap, we transferred our 49 % interest in Slovak power utility VSE to E.ON. We had taken over the VSE shareholding from innogy in 2019 in order to sell it to E.ON later on at the same conditions. However, this was subject to the approval of the Slovak government. We received state clearance in mid-2020, enabling the transaction to be completed in August. The price of the stake in VSE had been considered in 2019 when settling the payment claims arising from the asset swap with E.ON.

In December 2020, it was contractually agreed that we would receive from E.ON a 20 % stake in the UK offshore wind farm Rampion, which had not initially been considered in implementing the asset swap. This will increase our stake in the 400 MW wind farm to 50.1 %, making us the majority owner. We had already received a 30.1 % interest from E.ON in September 2019. We expect to complete the acquisition in 2021. The Rampion wind farm is located off the coast of Sussex and has been operating commercially since 2018.

RWE increases financial headroom for renewable energy projects by increasing equity by €2 billion. On 18 / 19 August, we issued 61.5 million new RWE shares to institutional investors, thereby increasing RWE AG's capital stock by 10 %. The shares were placed by way of accelerated book building under exclusion of subscription rights. Based on the issue price of €32.55 per share, we achieved gross proceeds of approximately €2 billion. We intend to use these funds to speed up the expansion of renewable energy. The capital increase caused the number of RWE shares to rise to 676.2 million. The new and old stock confer the same rights. Despite the increase in the number of shares, the Executive Board of RWE AG maintains its dividend target. Together with the Supervisory Board, it plans to propose a dividend of €0.85 per share for the past fiscal year to the Annual General Meeting on 28 April 2021.

RWE acquires European wind and solar projects from Nordex. In November, RWE purchased the European project development business of wind turbine manufacturer Nordex for €396 million. We received a project pipeline of new onshore wind and solar farms with a total installed capacity of 2.7 GW. A total of 1.9 GW is located in France, with further ventures in Spain, Sweden and Poland. At the end of 2020, a final investment decision was reached for four projects in the pipeline, which will result in 76 MW of generation capacity. Thanks to the Nordex transaction, we have added over 70 employees to our headcount, mostly in France, who will develop further projects for RWE in the future.

RWE concludes agreements for lease to expand four UK offshore wind farms. Together with project partners, we set the stage for an expansion of four wind farms off the coast of the UK. We concluded agreements for lease with The Crown Estate, the authority in charge of managing the assets of the British monarch. These contracts allow us to use further areas neighbouring the Gwynt y Môr (576 MW), Greater Gabbard (504 MW), Galloper (353 MW) and Rampion (400 MW) wind farms. This enables existing capacity to be doubled. Including capacity from the remaining seabed option at Rampion, this could lead to 2.6 GW in additional generation capacity. Based on the shareholding ratios, half of this is allocable to RWE. Now our goal is to develop these projects rapidly. We expect the approval procedure to take between three and five years. Thereafter, we will participate in auctions for state subsidy contracts and – should we submit a winning bid – we will make the final investment decisions. The new wind farms could then be commissioned towards the end of the decade.

Go-ahead for construction of Kaskasi wind farm in the North Sea. In March 2020, RWE made the final investment decision to build the Kaskasi wind farm in the German North Sea. It will be located 35 kilometres north of the island of Heligoland. Altogether, its 38 turbines will have an installed capacity of 342 MW, enough to power approximately 400,000 homes. Offshore construction work is scheduled to start in 2021. Based on our current planning, Kaskasi should be fully online by as early as 2022. A novel vibration technique will be used to install the foundations 18 to 25 metres under water. This new method reduces noise emissions that can affect marine fauna and shortens construction time. Another advantage is that Kaskasi will be located between our Nordsee Ost and Amrumbank wind farms, enabling operation and maintenance synergies to be leveraged.

US wind farms with a net capacity of over 700 MW begin commercial operation. In the fiscal year that just ended, we commissioned four large-scale onshore wind farms with a total installed capacity of 719 MW in the USA. Peyton Creek (151 MW) was the first to go online. The Texan wind farm was commissioned in March. Although construction work was delayed by Tropical Storm Imelda, the wind farm managed to go online on schedule. Half a year later, in September 2020, Cranell (220 MW), also located in Texas, went into commercial operation. Cranell experienced slight delays due to the corona crisis. Despite the pandemic, Boiling Springs (Oklahoma, 148 MW) and Raymond East (Texas, 200 MW) were completed before year-end. However, project completion for Scioto Ridge (Ohio, 250 MW), Cassadaga (New York State, 126 MW) and Raymond West (Texas, 240 MW) was delayed to 2021.

RWE sells stake in Humber Gateway wind farm in the North Sea and four wind farms in Texas. To increase our financial strength and improve the balance of our generation portfolio, we sold shares in wind farms in the United Kingdom and the USA. In December, UK investor Greencoat took a 49 % interest in our Humber Gateway (219 MW) wind farm located off the coast of East Yorkshire in the North Sea. Humber Gateway has officially been online since 2015, and we remain the majority owner (51 %) and operator of the wind farm. Also in December, we agreed to divest stakes in our Texan onshore wind farms Stella (201 MW), Cranell (220 MW), Raymond East (200 MW) and Raymond West (240 MW). The buyers are a subsidiary of Canadian energy utility Algonquin Power & Utilities and Greencoat. These two companies will take interests of 51 % and 24 % in the wind farms, respectively. With the exception of the Raymond West transaction, these sales were completed in early 2021. As we will only retain 25 % ownership of the US wind farms, we will stop consolidating them fully and instead account for them using the equity method. RWE will remain the operator.

RWE sells small hydro stations to KELAG. Austrian energy utility KELAG will purchase a generation portfolio comprising 19 small hydroelectric power plants in France and Portugal from us. A corresponding agreement was signed in December 2020. The portfolio has an installed capacity of 65 MW, including several wind turbines with a combined capacity of 3 MW. The capacity figures are prorated, meaning that they reflect capacity in line with the shareholding ratios. The sale is scheduled to be completed this year. KELAG is a leading hydroelectric power producer and RWE holds a 37.9 % stake in the company.

State-of-the-art gas-fired power plant acquired in the east of England. Early in 2020, we cemented our position as a leading generator of electricity from gas in the UK. In February 2020, we bought the King's Lynn gas-fired power station in Norfolk (eastern England) from British energy utility Centrica for the equivalent of €113 million. The station has a net installed capacity of 382 MW and boasts a high efficiency of 57 %. Its operating mode can be adapted flexibly in response to demand. A capacity market contract secures fixed payments for King's Lynn from October 2020 to September 2035. Recently, the power plant was modernised extensively, which included equipping it with a new gas turbine.

Go-ahead to build a grid stabilisation plant at the Biblis site. Germany will be home to a new RWE gas power station. We won the invitation to tender by transmission system operator (TSO) Amprion for the construction and operation of a grid stabilisation plant at the Biblis site. The station will have a capacity of 300 MW and is scheduled to be commissioned no later than October 2022. It will not be available to the open market, instead operating only on request from the TSO. Its sole purpose will be to help stabilise power grid frequency, making a contribution to security of supply.

RWE stops producing electricity from hard coal in Germany. With our early exit from hard coal-fired electricity generation in Germany, we have taken a major step towards improving our carbon footprint. The stage for this was set in the second half of 2020 when we won remuneration contracts for Unit B (794 MW) in Ibbenbüren and Unit E (764 MW) at the Westfalen site in Hamm in the first nationwide shutdown auction for hard coal power plants. Therefore, since 1 January 2021 we may no longer market electricity from our last two German hard coal power stations. We secured compensation of €216 million in the auction. We will shut down the units as soon as the relevant transmission system operators confirm that they are not needed to maintain grid stability. Including Niederaussem Block D (297 MW), which was decommissioned at the end of 2020, we are thus taking a total of 1.9 GW offline right at the beginning of the German coal phaseout. A collective agreement ensures that the shutdowns will be conducted in a socially acceptable manner.

The hard coal auction called for bids to win state subsidies to decommission 4 GW of power plant capacity. The deadline for submitting bids was 1 September 2020. Those requesting the lowest compensatory payment per metric ton of carbon dioxide avoided won contracts. The auction was significantly oversubscribed, and eleven assets with a combined capacity of as much as 4.8 GW submitted winning bids. The invitation to tender was the first of a series of hard coal auctions through which the German Network Agency is implementing the legally mandated coal phaseout. As we were successful with both our German hard coal-fired power stations in the first round, there is no need for us to participate in further auctions.

Welsh Aberthaw B hard coal power plant shut down. We have also stopped generating electricity from hard coal in the United Kingdom. The last station in which we used this fuel, Aberthaw B in Wales, was officially decommissioned at the end of March 2020. The station consisted of three units with a total net capacity of 1,560 MW. Its British capacity market obligations through to the end of September 2021 were transferred to third-party stations or other units within RWE's power plant fleet. Aberthaw B went into operation in 1971 and has thus contributed to security of supply in the United Kingdom for nearly half a century.

RWE successful in British capacity market auctions. In the first quarter of 2020, three auctions were held for the British capacity market, some of the outcomes of which will have a significant impact on the earnings of our power stations. The first round of bids, which took place at the end of January, related to the delivery period from 1 October 2022 to 30 September 2023. RWE power plants qualified for capacity payments for a total secured capacity of 6.5 GW. During the aforementioned period, these stations will be remunerated for being online and thereby contributing to security of supply. However, at £6.44 / kW (plus inflation adjustment), the capacity payment established in the bidding procedure was much lower than in similar auctions in earlier years.

At the beginning of February, a second auction was held, which related to the delivery period from 1 October 2020 to 30 September 2021. An earlier auction for this period had already taken place in December 2016, at which RWE stations with a total capacity of 8.0 GW (including Aberthaw) qualified for a payment of £22.50 / kW. The recent auction was held to close remaining capacity gaps. Therefore, RWE only entered a small asset, which did not submit a successful bid.

In the third auction, for the period from 1 October 2023 to 30 September 2024, which took place in early March, remuneration was secured for 6.5 GW of RWE generation capacity. The stations will receive a payment of £15.97 / kW (plus inflation adjustment).

Capacity auctions have been held in Great Britain since 2014. The government's objective is to ensure that a sufficient amount of generation capacity is available to the national market. In November 2018, the British capacity market had to be suspended for about a year, because the approval it had been granted under subsidy law was declared null and void by the Court of the European Union. After renewed clearance from Brussels in October 2019, capacity payments were resumed and the postponed auctions were held. In January 2020, we received approximately €50 million in retroactive payments for 2018 and about €180 million for 2019. In our income statement, we had already recognised these cash inflows with an effect on fiscal 2019.

Wood pellet manufacturer Georgia Biomass sold to Enviva Partners. At the end of July, we sold Georgia Biomass Holding to US-based Enviva Partners. The agreed price was US$175 million. Georgia Biomass operates a large-scale plant in Waycross, Georgia, which manufactures wood pellets for industrial use. The plant's most recent annual production output totalled 800,000 metric tons. Our disposal of Georgia Biomass is in line with our new strategic orientation. We no longer consider wood pellet production as one of our core businesses. The buyer Enviva Partners, based in Bethesda, Maryland, ranks among the world's leading producers of this fuel.

Six-month interruption of generation from biomass in Eemshaven due to fire. We were unable to produce electricity from biomass in the Dutch power station Eemshaven from mid-May to mid-November 2020 due to fire damage. The two units ran solely on hard coal during this period. The fire broke out in a biomass supply unit. No one was injured. The fire affected our earnings by a low to medium double-digit million euro amount. The interruption of generation from biomass resulted in a commensurate reduction in the state subsidy we receive for co-firing this fuel. Moreover, we incurred costs for the storage of biomass stocks which we had purchased forward early on.

Markus Krebber becomes CEO of RWE AG in May 2021 – Michael Müller and Zvezdana Seeger on board since November 2020. Last year, the Supervisory Board of RWE AG reached personnel decisions that will ensure the company's continued success. In July, it passed a resolution to give Markus Krebber (48) another term on the Executive Board (through to 30 June 2026) and appoint him CEO in the near future. He will succeed Rolf Martin Schmitz (63), whose contract will expire, as CEO with effect from 1 May 2021. The Supervisory Board is confident that this will ensure that the Group maintains its strategic orientation. Markus Krebber has been the CFO of RWE AG since 2016. Together with Rolf Martin Schmitz, he has succeeded in transforming RWE into a leading renewable energy company.

Zvezdana Seeger (56) and Michael Müller (49) will be Markus Krebber's fellow members on the Executive Board of RWE AG. The Supervisory Board appointed the two executives to the corporate body with effect from 1 November 2020. Before joining RWE, Zvezdana Seeger, who holds a degree in economics, was a member of the Management Board of DB Privat- und Firmenkundenbank AG and COO of Deutsche Bank AG's Private and Corporate Business Unit. At RWE AG, she holds the human resources and IT offices and is also the company's Labour Director. Michael Müller has held managerial positions at RWE since 2005. The most recent posts held by the engineering post-doctorate and economist were those of Managing Director and CFO of the subsidiary RWE Supply & Trading GmbH. Michael Müller is responsible for finance, taxes and business services at RWE AG. He will succeed Markus Krebber as Chief Financial Officer when Mr. Krebber takes over as Chief Executive Officer from Mr. Schmitz. Michael Müller will continue to hold his positions at RWE Supply & Trading concurrently until 30 April 2021.

More detailed information on the members of the Executive Board of RWE AG can be found at www.rwe.com/en/management-board-and-supervisory-board and on pages 9 et seq. of this report.

Events after the close of the fiscal year

RWE wins rights to develop new offshore wind power sites in English North Sea. At an auction held in February 2021, RWE secured the rights to develop 3,000 MW of offshore wind capacity across two neighbouring locations in the English North Sea. In return, we will pay an annual option fee of £82,552 / MW (plus inflation adjustment) until we make a final investment decision. The sites are situated on Dogger Bank in a shallow region of the North Sea. RWE is already developing Sofia, a further offshore wind project, in the vicinity. First, all the new sites will be subjected to a Plan-Level Habitats Regulations Assessment (HRA). Given a positive result, we will start developing the project and paying the option fee. As soon as the necessary permits have been obtained, we can participate in a subsidy auction for a contract for difference, after which we can make a final investment decision. Then the option fee will be replaced by a much lower lease payment. If the project progresses on schedule, the new wind farms could be commissioned towards the end of the decade. Under The Crown Estate's auction at the beginning of the year, development rights were won for a total of six offshore sites on which wind farms with a capacity of up to 7,980 MW can be built. Some of the participants also securing option rights submitted much higher bids than us. RWE will pay the lowest annual average option fee per megawatt among all successful bidders.

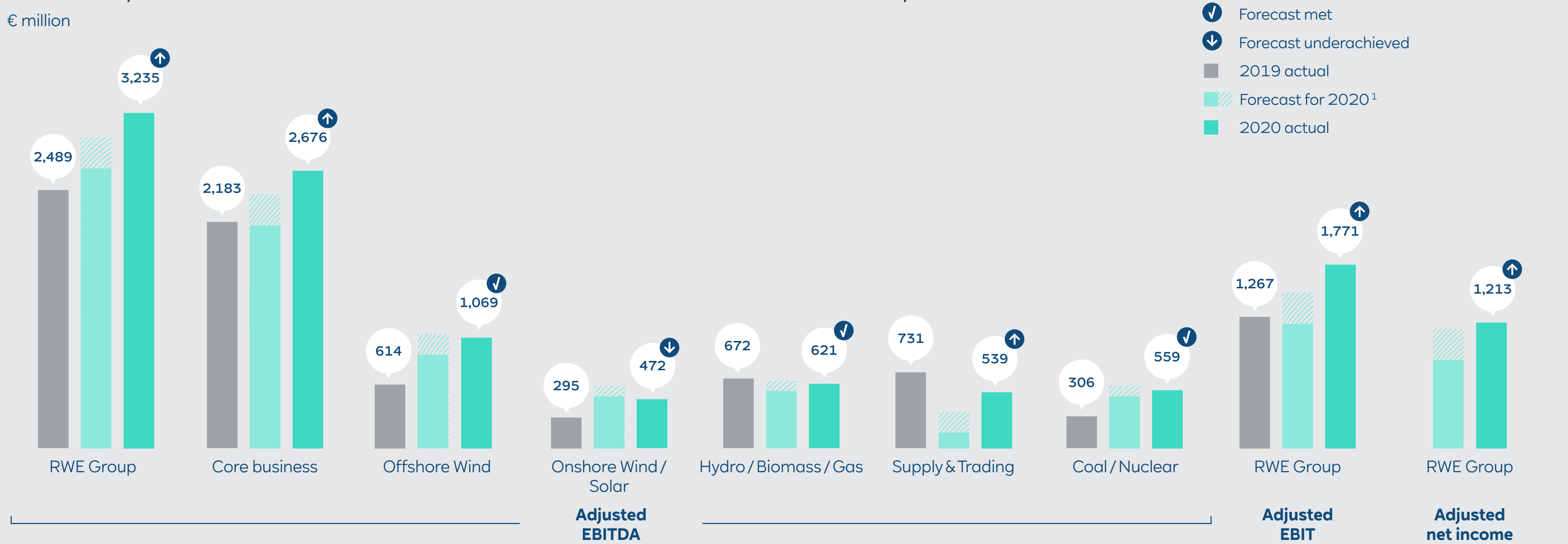
Considerable drop in earnings due to the worst cold wave in Texas in over a century. In February 2021, an extraordinary cold front in parts of the USA caused substantial supply outages. Winter storms and icy rain forced some RWE wind farms to go offline for several days. We had sold forward a portion of the generation of these assets and therefore had to buy electricity in order to meet our supply obligations. Due to the tight supply situation and statutory price regulations, we had to pay up to US$9,000 / MWh for these purchases. This weighed on earnings in the Onshore Wind / Solar segment by a low to medium triple-digit million euro amount.

German government and power plant operators agree on compensation for nuclear phaseout. In March 2021, the German government and the country's nuclear power station operators reached an agreement on the compensation due for the accelerated nuclear phaseout. The talks were initiated because the German Constitutional Court declared the original statutory compensation regulations null and void (see page 39). As regards RWE, this relates to unusable generation contingents of 25.9 million MWh and stranded investments of about €40 million. The government has indicated that it will pay €33.22 / MWh as compensation for the electricity contingents. Furthermore, the agreement envisages that we will be reimbursed for half of the stranded investments. We accept this solution. However, it is yet to be written into law and a public law contract between the government and power plant operators. It also needs to be reviewed by the European Commission for compliance with subsidy law. The agreement with the government did not affect the Group's financial statements.

2.5 Business performance

Despite the corona crisis, 2020 was a successful fiscal year for us. RWE achieved adjusted EBITDA of €3.2 billion, which exceeded the guided range. This was primarily thanks to a very good trading performance. In addition, favourable weather conditions enabled high utilisation of our wind farms. The pandemic only had a limited impact on our earnings: it caused slight delays in wind projects and losses in our securities portfolio. Positive development was displayed not only by our earnings, but also by our carbon footprint: RWE's CO_2 emissions recorded another significant decline. Last year, they were already 62 % below the 2012 level.

Business performance in 2020: what we forecast and what we accomplished



1 See pages 94 et seq. of the 2019 Annual Report. The hatched portion reflects the forecast range.

Power generation	Renewables		Pumped storage, batteries		Gas		Lignite		Hard coal		Nuclear		Total[1]	
GWh	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Offshore Wind	7,009	4,116	–	–	–	–	–	–	–	–	–	–	7,009	4,116
Onshore Wind / Solar	16,762	8,056	–	–	–	–	–	–	–	–	–	–	16,762	8,056
Hydro / Biomass / Gas	5,910	4,202	2,060	1,760	49,414	50,564	–	–	3,584	9,466	–	–	61,178	66,103
of which:														
Germany[2]	1,737	2,026	2,060	1,760	8,576	7,836	–	–	–	–	–	–	12,583	11,733
United Kingdom	460	577	–	–	25,250	33,482	–	–	–	654	–	–	25,710	34,713
Netherlands	3,679	1,599	–	–	11,307	6,564	–	–	3,584	8,812	–	–	18,570	16,975
Turkey	–	–	–	–	4,281	2,682	–	–	–	–	–	–	4,281	2,682
Coal / Nuclear[2]	19	12	–	–	726	224	36,649	48,249	3,791	4,734	20,682	21,233	61,826	74,890
RWE Group	**29,700**	**16,386**	**2,060**	**1,760**	**50,140**	**50,788**	**36,649**	**48,249**	**7,375**	**14,200**	**20,682**	**21,233**	**146,775**	**153,165**

1 Including production volumes not attributable to any of the energy sources mentioned (e.g. electricity from oil-fired power stations).
2 Including electricity from generation assets not owned by RWE that we can deploy at our discretion on the basis of long-term use agreements. These purchases amounted to 2,157 GWh (previous year: 1,829 GWh) in the Hydro / Biomass / Gas segment and 1,009 GWh (previous year: 1,791 GWh) in the Coal / Nuclear segment.

Electricity production 4 % down on prior year. In the fiscal year that just came to a close, the RWE Group produced 146,775 GWh of electricity, of which 20 % was generated from renewables, i.e. wind, sun and biomass. Natural gas accounted for a share of 34 %. Lignite and hard coal continued to lose significance, contributing 25 % and 5 % to our power production. The portion attributable to nuclear fuel was 14 %.

Our electricity generation dropped by 4 % compared to the previous year. The most significant declines were recorded by our hard coal and lignite power stations. One contributing factor was that gas, the energy source competing with coal, was occasionally much cheaper and therefore more attractive than in the previous year. Furthermore, the corona crisis and substantial amounts of wind power put on the system reduced demand for conventionally generated electricity. Due to the latter circumstance, less use was made of our British gas-fired power stations than in 2019. Our electricity generation from gas grew elsewhere; in Germany this was partly driven by said decline in the price of gas. In addition, in the Netherlands, Claus C resumed operations after being offline for several years because it was not profitable. More use was also made of our gas-fired power plant in Denizli, Turkey. One of the reasons was that the large share of local electricity supply customarily accounted for by hydropower experienced a weather-induced drop.

The contribution of renewable energy to our electricity generation rose considerably. This was mainly because the operations transferred from E.ON to RWE in September 2019 were considered in our figures for a full twelve months for the first time. In addition, we benefited from favourable wind conditions and the commissioning of new onshore wind farms. The fact that our Dutch hard coal-fired power stations Amer 9 and Eemshaven are now increasingly run on biomass also had a positive impact. However, biomass usage in Eemshaven was interrupted from May to November 2020 due to fire damage.

In addition to our in-house generation, we procure electricity from suppliers outside of the Group. In the year being reviewed, these purchases totalled 53,940 GWh (previous year: 46,476 GWh). In-house generation and power purchases combined for 200,715 GWh (previous year: 199,641 GWh).

Power generation from renewables	Offshore Wind		Onshore Wind		Solar		Hydro		Biomass		Total	
GWh	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Germany	2,082	1,299	1,168	1,106	3	1	1,674	1,856	4	46	4,931	4,308
United Kingdom	4,690	2,755	2,134	1,278	–	–	118	193	342	383	7,284	4,609
Netherlands	–	–	768	702	7	–	14	18	3,665	1,581	4,454	2,301
Poland	–	–	997	733	1	1	–	–	–	–	998	734
Spain	–	–	890	1,047	51	–	29	20	–	–	970	1,067
Italy	–	–	882	406	–	–	–	–	–	–	882	406
Sweden	237	62	339	106	–	–	–	–	–	–	576	168
USA	–	–	9,059	2,564	271	35	–	–	–	–	9,330	2,599
Rest of the world	–	–	30	28	99	2	146	164	–	–	275	194
RWE Group	**7,009**	**4,116**	**16,267**	**7,970**	**432**	**39**	**1,981**	**2,251**	**4,011**	**2,010**	**29,700**	**16,386**

Lower generation capacity due to coal power plant closures. At the end of 2020, we had a total installed power production capacity of 40.7 GW, giving us a leading market position in Europe. This figure includes electricity from generation assets not owned by us that we can deploy at our discretion on the basis of long-term agreements. Conversely, we no longer consider our five German lignite blocks, which are in legally mandated security standby and will be shut down for good, a process that will start in 2021 and end in 2023. We have adjusted the prior-year figures accordingly.

Our generation capacity dropped by 0.7 GW last year, above all due to the German coal phaseout. As set out on page 44, the Ibbenbüren B (794 MW) and Westfalen E (764 MW) hard coal-fired power plants were decommissioned at the end of 2020. They are scheduled to be shut down in 2021 and were therefore excluded from the capacity figures as of the balance-sheet date. The Niederaussem D lignite block (297 MW) was also shut down at the end of the year. Conversely, we added a gas-fired power plant to our fleet through the acquisition of King's Lynn (382 MW) in the east of England. We increased production capacity from renewables by 1 GW primarily by completing four large-scale onshore wind farms in the USA (see page 43). The conversion of the Dutch Amer 9 and Eemshaven hard coal-fired power stations for increased biomass co-firing also contributed to the rise in renewable energy capacity. This led to a commensurate decline in the share of generation from these assets attributable to hard coal.

In terms of generation capacity, gas is our main energy source, accounting for a share of 35 % at the close of 2020. Renewables are in second place, with a share of 25 %. At the end of 2020, our wind turbines had a total installed capacity of 8.5 GW, of which 6.6 GW were onshore and 1.9 GW were offshore. This makes wind our most important source of renewable energy, followed by biomass (0.8 GW), hydropower (0.6 GW) and solar (0.2 GW).

The geographic focus of our generation business is Germany, where 51 % of our installed capacity is located. The United Kingdom and the Netherlands follow, accounting for shares of 23 % and 14 %, respectively. As a result of the acquisition of E.ON's renewable energy business in September 2019, the USA has become our fourth most important generation market. More than half of our onshore wind turbines are situated there, most of which are in Texas.

Installed capacity[1]	Renewables	Pumped storage, batteries	Gas	Lignite	Hard coal	Nuclear	Total[2]	
As of 31 December 2020, MW							2020	2019
Offshore Wind	1,918	–	–	–	–	–	1,918	1,918
Onshore Wind / Solar	6,858	20	–	–	–	–	6,877	6,063
Hydro / Biomass / Gas	1,366	2,336	13,901		1,474		19,369	19,080
of which:								
Germany[3]	432	2,336	3,807	–	–	–	6,614	6,583
United Kingdom	137	–	6,984	–	–	–	7,374	7,118
Netherlands / Belgium	748	–	2,323	–	1,474	–	4,545	4,519
Turkey	–	–	787	–	–	–	787	787
Coal / Nuclear[3]	7	–	400	8,548	783	2,770	12,535	14,352
RWE Group[4]	**10,148**	**2,358**	**14,301**	**8,548**	**2,257**	**2,770**	**40,702**	**41,415**

1 Assets scheduled for decommissioning are excluded from the capacity overview once they stop producing electricity. They include our five lignite units in legally mandated security standby (1,448 MW) which have therefore been excluded from the figures for 2020 and 2019. The Ibbenbüren B and Westfalen E hard coal-fired power stations stopped being included at the end of 2020. The commercial rounding of certain figures can result in inaccurate sum totals.
2 Including capacity not attributable to any of the energy sources mentioned (e.g. oil-fired power stations).
3 Including capacity of generation assets not owned by RWE that we can deploy at our discretion on the basis of long-term use agreements. At the end of 2020, these assets accounted for a net installed capacity of 2,211 MW in the Hydro / Biomass / Gas segment and 783 MW in the Coal / Nuclear segment.
4 Including insignificant capacity at RWE Supply & Trading.

Installed capacity based on renewables[1] As of 31 December 2020, MW	Offshore wind	Onshore wind	Solar	Hydro	Biomass	Total 2020	Total 2019
Germany	598	666	3	432	–	1,698	1,706
United Kingdom	1,272	707	–	82	55	2,117	2,115
Netherlands	–	268	–	11	737	1,016	855
Poland	–	385	1	–	–	386	386
Spain	–	447	45	12	–	504	459
Italy	–	475	–	–	–	475	475
Sweden	48	116	–	–	–	164	164
USA	–	3,543	125	–	–	3,668	2,949
Rest of the world	–	10	47	65	–	122	71
RWE Group	**1,918**	**6,616**	**220**	**602**	**792**	**10,148**	**9,180**

1 The commercial rounding of certain figures can result in inaccurate sum totals.

Significant decline in CO_2 emissions. Last year, our power stations emitted 68.9 million metric tons of carbon dioxide. This was 19.2 million metric tons, or 22 %, less than in 2019. The main reason for the drop was the substantial reduction in electricity generation from lignite and hard coal last year. We posted a decrease not only in our absolute but also our specific emissions, i. e. carbon dioxide per megawatt hour of electricity generated, which fell from 0.58 to 0.47 metric tons.

We need emission allowances for nearly all our carbon dioxide emissions. We normally purchase the certificates on the forward market. Western European countries allocate free emission allowances to energy companies only in exceptional cases. In the year being reviewed, we were only able to cover 1.1 million metric tons of carbon dioxide with such state allocations.

CO_2 emissions Million metric tons	2020	2019	+/–
Hydro / Biomass / Gas	21.2	26.3	– 5.1
of which:			
Germany[1]	3.5	3.3	0.2
United Kingdom	9.1	12.9	– 3.8
Netherlands	7.0	9.1	– 2.1
Turkey	1.6	1.0	0.6
Coal / Nuclear	47.7	61.8	– 14.1
RWE Group	**68.9**	**88.1**	**– 19.2**

1 Including CO_2 emissions of power stations not owned by RWE that we can deploy at our discretion on the basis of long-term use agreements. In 2020, these stations emitted a total of 1.1 million metric tons of CO_2 (previous year: 1.3 million metric tons).

51.4 million metric tons of lignite produced. Our generation companies procure the fuel they need either directly on the market or via RWE Supply & Trading, except for lignite, which we source from proprietary opencast mines. In our Rhenish mining area west of Cologne, we produced 51.4 million metric tons of lignite last year. This was 13.4 million metric tons less than in the preceding year, owing to the lower utilisation of our power plants. We used the lion's share, or 41.8 million metric tons, of lignite to generate electricity. The remainder was employed in the manufacture of refined products (e. g. lignite powder, hearth furnace coke and briquettes) and, to a limited extent, to generate process steam and district heat.

External sales volume: marginal gain for electricity; accounting effect reduces gas sales. Last year, we sold 194,465 GWh of electricity and 36,463 GWh of gas, compared to 191,973 GWh and 56,640 GWh in 2019. These transactions were largely effected by the Supply & Trading segment. We sold slightly more of our main product, electricity. Supply volumes at RWE Renewables rose considerably, but RWE Supply & Trading sold much less electricity from RWE power stations externally. Our gas deliveries decreased by 36 %. The main reason was that we started recording gas sales by RWE Supply & Trading in the Czech Republic as pure trading transactions on 1 July 2019, eliminating them from sales volume and revenue.

External revenue € million	2020	2019	+/–
Offshore Wind	332	85	247
Onshore Wind / Solar	1,855	1,265	590
Hydro / Biomass / Gas	1,056	1,200	- 144
Supply & Trading	9,597	9,554	43
Other	9	6	3
Core business	**12,849**	**12,110**	**739**
Coal / Nuclear	839	1,015	- 176
RWE Group (excluding natural gas tax/ electricity tax)	**13,688**	**13,125**	**563**
Natural gas tax / electricity tax	208	152	56
RWE Group	**13,896**	**13,277**	**619**

External revenue slightly up on 2019. Our revenue from customers outside of the Group totalled €13,688 million (excluding natural gas tax and electricity tax), 4 % more than in the prior year. Our electricity revenue recorded an increase of 14 % to €11,701 million, clearly exceeding sales growth. Two effects came to bear here: we realised higher market prices for the electricity generation of our conventional power stations than in 2019 and we benefited from the shift in our production to electricity from renewables, for which we usually receive payments exceeding the market level. Conversely, our gas revenue dropped by 54 % to €534 million. The aforementioned change in the recognition of revenue in the Czech Republic was the main reason. In addition, lower gas prices came to bear.

External revenue by product[1] € million	2020	2019	+/–
Electricity revenue	**11,701**	**10,250**	**1,451**
of which:			
Offshore Wind	332	85	247
Onshore Wind / Solar	1,676	943	733
Hydro / Biomass / Gas	684	671	13
Supply & Trading	8,775	8,259	516
Other	1	1	–
Core business	**11,468**	**9,959**	**1,509**
Coal / Nuclear	233	291	-58
Gas revenue	**534**	**1,156**	**-622**
of which:			
Hydro / Biomass / Gas	5	22	-17
Supply & Trading	529	1,134	-605
Core business	**534**	**1,156**	**-622**
Other revenue	**1,453**	**1,719**	**-266**
RWE Group (excluding natural gas tax / electricity tax)	**13,688**	**13,125**	**563**

1 Some prior-year figures adjusted.

Sustainable investors are increasingly interested in the portion of total RWE Group revenue accounted for by coal-fired generation and other coal products. In the fiscal year that just ended, this share was 23 %.

Adjusted EBITDA € million	2020	2019	+/–
Offshore Wind	1,069	614	455
Onshore Wind / Solar	472	295	177
Hydro / Biomass / Gas	621	672	-51
Supply & Trading	539	731	-192
Other, consolidation	-25	-129	104
Core business	**2,676**	**2,183**	**493**
Coal / Nuclear	559	306	253
RWE Group	**3,235**	**2,489**	**746**

Adjusted EBITDA 30 % up year on year. Our adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) amounted to €3,235 million. We thus overachieved the March 2020 outlook we published on pages 94 et seq. of the 2019 Annual Report, which envisaged a range of €2,700 million to €3,000 million. Adjusted EBITDA from our core business, which we had projected to be between €2,150 million and €2,450 million, also clearly exceeded expectations, totalling €2,676 million. This was primarily due to energy trading, which recorded another very strong result following the exceptional performance in 2019. Adjusted EBITDA achieved by the RWE Group posted 30 % year-on-year growth. This was mainly because the operations transferred from E.ON to RWE in September 2019 were considered in the consolidated financial statements for a full twelve months for the first time. The increased utilisation of our wind farms also made a contribution to the rise in earnings.

The following developments were observed in the segments:

- Offshore Wind: Here, adjusted EBITDA totalled €1,069 million. Our guidance envisaged a figure between €900 million and €1,100 million. Compared to 2019, we posted an increase of 74 %. This was a result of the inclusion of E.ON's renewable energy business in our figures for a full year for the first time. Improved wind conditions also had a positive effect. They played a role in our closing the fiscal year at the upper end of the forecast range.

- Onshore Wind / Solar: Adjusted EBITDA recorded by this segment amounted to €472 million, falling short of the expected range of €500 million to €600 million. Corona-induced delays in commissioning new wind farms came to bear here. Therefore, these assets were unable to make the expected contribution to earnings in 2020. The negative effect of the corona crisis on electricity market prices also led to unplanned earnings shortfalls. This affected wind farms, the generation of which we cannot sell at firm conditions and which are therefore exposed to market risks. Relative to the previous year, adjusted EBITDA improved by 60 %, predominantly due to the first full-year inclusion of the renewable energy business we received from E.ON. In addition, we benefited from the commissioning of new generation capacity.

- Hydro / Biomass / Gas: In this segment, adjusted EBITDA came in at €621 million. We had forecast a figure between €550 million and €650 million. Earnings were down 8 % compared to 2019. One reason for this was lower income from participating in the British capacity market, which was suspended for about a year pursuant to a high court decision in November 2018. Following the resumption of capacity payments, earnings for 2019 included back payments for 2018. In the Netherlands, the economic situation of the Eemshaven power station deteriorated, whereas the Claus C gas-fired power plant made a stronger contribution to earnings after having been mothballed for several years. Our income from the commercial optimisation of power plant dispatch was lower than in 2019, but higher than planned. This was the main reason why the segment's adjusted EBITDA was at the upper end of the forecast range.

- Supply & Trading: Our performance in the trading business was much better than expected. Accordingly, at €539 million, adjusted segment EBITDA was clearly above the forecast range of €150 million to €350 million. Despite this, we were unable to match the earnings achieved in the previous year (€731 million) which benefited from an exceptionally strong trading performance. Our gas business also displayed very satisfactory development which, however, was not quite as good as in 2019.

- Coal / Nuclear: Adjusted EBITDA recorded here amounted to €559 million, which was within the anticipated range of €500 million to €600 million. This represents 83 % growth compared to the preceding year. The main reason for this was that we realised higher wholesale prices for electricity generated by our lignite-fired and nuclear power plants than in 2019. We had already sold forward nearly all of the production of these stations in earlier years. Another positive effect came from our acquisition in September 2019 of E.ON's minority interests in the Gundremmingen and Emsland nuclear power plants.

Adjusted EBIT € million	2020	2019	+/–
Offshore Wind	697	377	320
Onshore Wind / Solar	86	59	27
Hydro / Biomass / Gas	283	342	-59
Supply & Trading	496	691	-195
Other, consolidation	-25	-128	103
Core business	**1,537**	**1,341**	**196**
Coal / Nuclear	234	-74	308
RWE Group	**1,771**	**1,267**	**504**

Adjusted EBIT 40 % up on prior year. The RWE Group's adjusted EBIT rose by 40 % to €1,771 million, clearly exceeding the forecast range of €1,200 million to €1,500 million. This growth was driven by the same factors benefiting adjusted EBITDA. The difference between these two key figures is that operating depreciation and amortisation, which amounted to €1,464 million in 2020 compared to €1,222 million in the previous year, is considered in adjusted EBIT, but not in adjusted EBITDA.

Reconciliation to net income € million	2020	2019	+/–
Adjusted EBITDA	**3,235**	**2,489**	**746**
Operating depreciation, amortisation and impairment losses	-1,464	-1,222	-242
Adjusted EBIT	**1,771**	**1,267**	**504**
Non-operating result	-121	-1,081	960
Financial result	-454	-938	484
Income from continuing operations before taxes	**1,196**	**-752**	**1,948**
Taxes on income	-363	92	-455
Income from continuing operations	**833**	**-660**	**1,493**
Income from discontinued operations	221	9,816	-9,595
Income	**1,054**	**9,156**	**-8,102**
of which:			
Non-controlling interests	59	643	-584
RWE AG hybrid capital investors' interest	–	15	-15
Net income / income attributable to RWE AG shareholders	**995**	**8,498**	**-7,503**

Reconciliation to net income: exceptional effects overshadow operating development. The reconciliation from adjusted EBIT to net income was greatly affected by one-off effects. Substantial income from the valuation of derivatives was counterbalanced by impairments of a similar order recognised for coal-fired power plants and opencast mines. Unlike in the preceding year, the positive exceptional effect of the asset swap with E.ON did not play a role in the reporting year: in 2019 the sale of innogy's grid and retail businesses and the stake in Czech gas network operator innogy Grid Holding (IGH) led to a deconsolidation gain of €8.3 billion. There was no similar effect in 2020. Accordingly, net income was significantly below the high level achieved in the prior year.

Non-operating result € million	2020	2019	+/–
Disposal result	13	48	-35
Effect on income from the valuation of derivatives and inventories	1,886	81	1,805
Other	-2,020	-1,210	-810
Non-operating result	**-121**	**-1,081**	**960**

The non-operating result, in which we recognise certain factors which are not related to operations or the period being reviewed, improved by €960 million to -€121 million in the past fiscal year. Its components were as follows:

- At €13 million, income from the disposal of investments and assets was immaterial (previous year: €48 million). It largely resulted from the sale of US wood pellet producer Georgia Biomass (see page 45).
- At €1,886 million, the effects of the valuation of derivatives and inventories on earnings were unusually high, after totalling €81 million in the preceding year. However, such effects are only temporary and are due in part to the fact that, pursuant to IFRS, financial instruments used to hedge price risks are accounted for at fair value at the corresponding balance-sheet date, whereas the hedged underlying transactions are only recognised as a profit or loss when they are realised.
- In the 'other' line item, we reported a loss of €2,020 million (previous year: €1,210 million). This was mainly caused by €1.8 billion in impairments recognised for power plants and opencast mines in reaction to the German coal phaseout and deteriorated market prospects. We completely wrote off our German Ibbenbüren B and Westfalen E hard coal-fired power stations, which won decommissioning remuneration contracts in an auction held by the German Network Agency. The compensation claim of €216 million obtained in the bidding process was also recognised with an effect on income. The impairments also related to our lignite business and our Dutch power stations.

Financial result € million	2020	2019	+/–
Interest income	283	185	98
of which: E.ON dividend	182	–	182
Interest expenses	-296	-258	-38
Net interest	**-13**	**-73**	**60**
Interest accretion to non-current provisions	-255	-881	626
of which: interest accretion to mining provisions	-186	-581	395
Other financial result	-186	16	-202
Financial result	**-454**	**-938**	**484**

Our financial result totalled –€454 million, exceeding the year-earlier figure by €484 million. Its components changed as follows:

- Net interest improved by €60 million to –€13 million because, for the first time, we received a dividend from the stake in E.ON we acquired in 2019, which currently amounts to 15%. However, we also registered higher interest charges. This was in part due to the first full-year consideration of E.ON's renewable energy business, which caused us to recognise higher expenses for financing onshore wind farms in the USA. Moreover, there was a rise in costs incurred to hedge currencies for business activities outside of the Eurozone.

- The interest accretion to non-current provisions reduced income by €255 million. In the previous year, the decline was much more substantial (€881 million). In 2019, we significantly lowered the real discount rate applied when calculating our mining provisions. This led to an increase in the present value of the obligations, which was in part recognised as an expense in the interest accretion.

- The other financial result dropped by €202 million to –€186 million. We suffered losses on our portfolio of securities due to the turmoil on the capital markets caused by the coronavirus pandemic, having achieved gains in the previous year. In addition, unfavourable development of interest and currency exchange rates had a negative effect on income from financial transactions.

Before taxes, our continuing operations posted income of €1,196 million (previous year: –€752 million). Taxes on income amounted to €363 million, corresponding to an effective tax rate of 30%. In light of RWE's tax gains, this is a fairly high number. The amortisation of deferred tax assets was the main reason for this. A counteracting effect on the tax rate stemmed from a reduction of our tax risk provision. After taxes, our continuing operations achieved income of €833 million (previous year: –€660 million).

Income from discontinued operations amounted to €221 million. It stemmed from the stake in Slovak energy utility VSE, which we acquired from innogy in 2019 and transferred to E.ON in August 2020 (see page 42). This figure includes the deconsolidation gain of €154 million. In the previous year, this item included the earnings from all of the discontinued innogy operations. We sold them in September 2019, except for VSE. The deconsolidation gain (€8,258 million) caused income from discontinued operations to be exceptionally high (€9,816 million).

Non-controlling interests in income declined by €584 million to €59 million. This was due to the sale of our stake in innogy (76.8%) in September 2019. Since then, there has been no more income attributable to minority shareholders of the innogy Group.

The portion of earnings attributable to RWE hybrid capital investors was zero (previous year: €15 million). Our only hybrid bond classified as equity pursuant to IFRS was redeemed in March 2019. RWE's remaining hybrid capital is classified as debt, and the interest on it is recognised in the financial result.

The RWE Group's net income amounted to €995 million (previous year: €8,498 million). This resulted in earnings per share of €1.56 (previous year: €13.82). An average of 637.3 million RWE shares were outstanding in the reporting year. This figure was higher than in 2019 (614.7 million) due to the capital increase of August 2020.

Reconciliation to adjusted net income € million	Original figures	Adjustment	Adjusted figures
Adjusted EBIT	**1,771**	**–**	**1,771**
Non-operating result	-121	121	–
Financial result	-454	139	-315
Income from continuing operations before taxes	**1,196**	**260**	**1,456**
Taxes on income	-363	145	-218
Income from continuing operations	**833**	**405**	**1,238**
Income from discontinued operations	221	-221	–
Income	**1,054**	**184**	**1,238**
of which:			
Non-controlling interests	59	-34	25
Net income / income attributable to RWE AG shareholders	**995**	**218**	**1,213**

Adjusted net income higher than expected. Adjusted net income amounted to €1,213 million. Due to the unexpectedly positive operating earnings, it exceeded the guided range of €850 million to €1,150 million. We calculate adjusted net income by deducting from net income according to IFRS the non-operating result, income from discontinued operations as well as major special items in the financial result and in income attributable to other shareholders. Instead of the actual tax rate, we use a rate of 15%, in line with the average tax burden expected in coming years. We did not state adjusted net income for 2019 because this figure would have been of limited informational value due to the significant one-off effects of the asset swap with E.ON.

Capital expenditure on property, plant and equipment and on intangible assets[1] € million	2020	2019	+/–
Offshore Wind	756	492	264
Onshore Wind / Solar	1,154	752	402
Hydro / Biomass / Gas	153	212	-59
Supply & Trading	43	29	14
Other, consolidation	–	-3	3
Core business	**2,106**	**1,482**	**624**
Coal / Nuclear	183	281	-98
RWE Group[2]	**2,285**	**1,767**	**518**

1 Table only shows cash investments. Prior-year figures restated accordingly.
2 Including a – €4 million (2020) and €4 million (2019) consolidation effect between the core business and the Coal / Nuclear segment.

Capital expenditure on financial assets[1] € million	2020	2019	+/–
Offshore Wind	520	–	520
Onshore Wind / Solar	408	46	362
Hydro / Biomass / Gas	115	2	113
Supply & Trading	18	68	-50
Other, consolidation	11	-112	123
Core business	**1,072**	**4**	**1,068**
Coal / Nuclear	1	–	1
RWE Group	**1,073**	**4**	**1,069**

1 Table only shows cash investments. Prior-year figures restated accordingly.

Capital expenditure substantially up on 2019. In fiscal 2020, capital expenditure amounted to €3,358 million, surpassing the year-earlier level (€1,771 million) by 90 %. Unlike in the past, we now only focus on capital expenditure with an effect on cash in our financial reporting. About 85 % of the funds were used in the Offshore Wind and Onshore Wind / Solar segments.

Compared to 2019, our spending on property, plant and equipment and intangible assets rose by 29 % to €2,285 million. This was mainly due to the first full-year inclusion of capital expenditure in the renewable energy business received from E.ON. Last year, a substantial portion of the funds was used to build the Triton Knoll and Kaskasi wind farms in the North Sea as well as several major US onshore wind farms. Our capital spending on financial assets, which was immaterial in 2019, totalled €1,073 million in the year under review. Major expenditure items were the 20 % stake we will take in the Rampion offshore wind farm in the UK, the acquisition of Nordex's European development business, and the purchase of the 382 MW King's Lynn gas-fired power station in the east of England. We have provided detailed information on these transactions on pages 42 et seqq.

Workforce[1]	31 Dec 2020	31 Dec 2019	+/–
Offshore Wind	1,119	1,016	103
Onshore Wind / Solar	2,402	2,462	- 60
Hydro / Biomass / Gas	2,667	2,893	- 226
Supply & Trading	1,790	1,633	157
Other[2]	425	314	111
Core business	**8,403**	**8,318**	**85**
Coal / Nuclear	11,095	11.474	- 379
RWE Group	**19,498**	**19,792**	**- 294**

1 Converted to full-time positions.
2 This item exclusively comprises employees of the holding company RWE AG.

Headcount marginally down year on year. As of 31 December 2020, the RWE Group had 19,498 people on its payroll, of which 14,701 were employed in Germany and 4,797 worked abroad. Part-time positions were considered in these numbers on a pro-rata basis. Personnel figures were down slightly compared to the end of 2019 (- 294). We recorded the biggest decline in the Coal / Nuclear segment, where headcount decreased by 379, to a certain extent due to partial retirement programmes. By contrast, the workforce in our core business grew by 85. Major contributing factors were the construction of the UK North Sea wind farm Triton Knoll and the acquisition of Nordex's European development business. In addition, we need more employees to continue developing the Group's IT infrastructure. This led to new hires, above all in the Supply & Trading segment. A counteracting effect came from sales of operations by our subsidiary Belectric, which specialises in developing solar farms and energy storage systems. Staff figures do not include apprentices or trainees. At the end of 2020, 750 young adults were learning a profession at RWE, compared to 701 in the previous year.

2.6 Financial position and net worth

Our financial position and net worth continued to improve in the fiscal year that just ended. The main drivers were a significant increase in cash flows from operating activities and the capital increase conducted in August 2020. Our net debt dropped to €4.4 billion despite the substantial amount of capital spent on renewable energy. By the end of the year, it was just 1.7 times higher than adjusted EBITDA of the core business. As a result, we remained well below the self-imposed upper limit of 3.0. The equity ratio also displayed positive development, rising by 1.8 percentage points to 29.1 %.

Responsibility for procuring funds. Responsibility for Group financing is pooled at RWE AG. As the parent company, RWE AG is responsible for acquiring funds from banks or the financial markets. Subsidiaries only raise debt capital directly in specific cases, for example if it is advantageous economically to make use of local credit and capital markets. RWE AG also acts as a co-ordinator when subsidiaries assume contingent liabilities. This allows us to manage and monitor financial risks centrally. Moreover, it strengthens our position when negotiating with banks, business partners, suppliers and customers.

Tools for raising debt capital. We cover a major portion of our financing needs with earnings from our operating activities. In addition, we have a wide range of tools to procure debt capital.

- Our Debt Issuance Programme (DIP) gives us latitude in raising debt capital for the long term. Our current DIP allows us to issue bonds with a total face value of €10 billion. However, RWE AG has not made any such issuances since 2015.
- We have a Commercial Paper Programme for short-term refinancing, which was updated last year. It enables us to raise funds equivalent to up to €5 billion on the money market (before update: US$5 billion). We only made moderate use of these funds in the past fiscal year. At times, a total of up to €1.2 billion in commercial paper was outstanding.
- Furthermore, we have access to a €5 billion syndicated credit line, which serves to secure liquidity. It was granted to us by a consortium of 27 international banks and consists of two tranches: one of €3 billion, which expires in April 2025, and one of €2 billion, which we have been granted through to April 2021. Each tranche can be extended for a year. We require the banks' approval for this with regard to the first tranche, but not for the second one. So far, RWE has not used the syndicated credit line.

Bond volume drops to €0.6 billion. RWE bonds with a total face value of €0.6 billion were outstanding at the end of 2020. Essentially, these were two hybrid bonds: one of €282 million with a 3.5 % coupon and one of US$317 million with a 6.625 % coupon. Due to early buybacks in October 2017, the outstanding amounts are below the issuance volumes of €550 million and US$500 million. The bonds' earliest redemption dates are in April 2025 and March 2026. A third hybrid bond with a volume of €539 million and a coupon of 2.75 % was redeemed at the first call date, in October 2020, without being replaced with new hybrid capital. It had an original face value of €700 million and was reduced by €161 million through bond buybacks in 2017.

Borrowing costs rise to 2.3 %. In 2020, the cost of debt for RWE was 2.3 %. It was calculated for our average liabilities from bonds, commercial paper and bank loans held during the year. The cost of debt was slightly higher than in the preceding year (1.4 %). This was because we refinanced our business to a lesser extent via commercial paper. The interest rates of these bonds are relatively low due to their short maturities. In the reporting year, we had less need for debt financing than in 2019, in part due to the capital increase conducted in August, which resulted in proceeds of €2.0 billion (see page 42).

Solid investment grade rating. The level of our borrowing costs partially depends on rating agencies' assessment of our creditworthiness. Moody's and Fitch make such evaluations on request from us. They both give us a credit rating of investment grade. The agency gives our long-term creditworthiness a rating of 'Baa3', which was confirmed in March 2020 after an extensive review. In addition, Moody's offered the prospect of an upgrade by raising the outlook on our rating from 'stable' to 'positive'. It explained this step by citing RWE's improved risk profile resulting from our transformation to a leading renewable energy company. Fitch rates us one grade better than Moody's: 'BBB', with a stable outlook.

Credit rating of RWE AG (as of 31 Dec 2020)	Moody's	Fitch
Non-current financial liabilities		
Senior debt	Baa3	BBB
Subordinated debt (hybrid bonds)	Ba2	BB+
Current financial liabilities	P-3	F2
Outlook	Positive	Stable

Cash flow statement[1] € million	2020	2019	+/–
Funds from operations	4,138	1,809	2,329
Change in working capital	-13	-2,786	2,773
Cash flows from operating activities of continuing operations	**4,125**	**-977**	**5,102**
Cash flows from investing activities of continuing operations	**-4,278**	**474**	**-4,752**
Cash flows from financing activities of continuing operations	**1,769**	**189**	**1,580**
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	-34	13	-47
Total net changes in cash and cash equivalents	**1,582**	**-301**	**1,883**
Cash flows from operating activities of continuing operations	4,125	-977	5,102
Minus capital expenditure	-3,358	-1,771	-1,587
Plus proceeds from divestitures / asset disposals	365	695	-330
Free cash flow	**1,132**	**-2,053**	**3,185**

1 All items relate solely to continuing operations.

Significantly improved operating cash flows of €4.1 billion. We generated cash flows of €4,125 million from the operating activities of our continuing operations, compared to –€977 million in the previous year. The substantial improvement was in part due to the positive development of the operating result. Added to this were effects that were reflected in the change in working capital. For example, commodity forward transactions led to substantial cash outflows in the prior year. Conversely, we achieved considerable income from such transactions in 2020.

Investing activities of continuing operations led to a cash outflow of €4,278 million. This was predominantly due to €3,358 million in capital expenditure on property, plant and equipment, which was contrasted by €365 million in proceeds from divestments. Furthermore, we made substantial purchases of securities, primarily to invest the proceeds from the capital increase temporarily. Conversely, in the previous year, we registered significant income from the sale of securities. This was one of the reasons why we received €474 million in net cash inflows from investing activities in 2019.

At €1,769 million, our cash flows from financing activities of continuing operations were much higher than the year-earlier figure (€189 million). This reflected the capital increase conducted in August, from which we received proceeds of €1,990 million. Furthermore, in the reporting year we issued slightly more financial debt than we repaid, leading to a net cash inflow of €61 million. Our dividend payments to RWE shareholders (€492 million) and minority shareholders (€30 million) had an opposite effect.

On balance, the aforementioned cash flows from operating, investing and financing activities increased our cash and cash equivalents by €1,582 million.

Cash flows from operating activities, minus capital expenditure on property, plant and equipment and intangible assets, plus proceeds from divestments and asset disposals results in free cash flow. In the year under review, free cash flow amounted to €1,132 million, clearly exceeding the negative figure recorded in the prior year (– €2,053 million). The main reason for this was the significant increase in cash inflows from operating activities.

Net debt[1] € million	31 Dec 2020	31 Dec 2019	+/–
Cash and cash equivalents	4,774	3,192	1,582
Marketable securities	4,517	3,523	994
Other financial assets	2,507	2,383	124
Financial assets	**11,798**	**9,098**	**2,700**
Bonds, other notes payable, bank debt, commercial paper	2,160	2,466	– 306
Hedging of bond currency risk	31	7	24
Other financial liabilities	3,038	3,147	– 109
Financial liabilities	**5,229**	**5,620**	**– 391**
Minus 50 % of the hybrid capital recognised as debt	– 278	– 562	284
Net financial assets (including correction of hybrid capital)	**6,847**	**4,040**	**2,807**
Provisions for pensions and similar obligations	3,864	3,446	418
Surplus of plan assets over benefit obligations	– 172	– 153	– 19
Provisions for nuclear waste management	6,451	6,723	– 272
Provisions for dismantling wind farms	1,136	951	185
Net debt of continuing operations	**4,432**	**6,927**	**– 2,495**
Net debt of discontinued operations	**–**	**232**	**– 232**
Net debt	**4,432**	**7,159**	**– 2,727**

1 New definition of net debt (see commentary on the next page); prior-year figures changed due to retroactive adjustments to the first-time consolidation of the renewable energy business acquired from E.ON in 2019.

Net debt drops to €4.4 billion. As of 31 December 2020, our net debt totalled €4,432 million. It was completely attributable to our continuing operations as we sold the stake in VSE stated as a discontinued operation in August 2020 (see page 42). We redefined net debt in 2020. It no longer contains our mining provisions, which essentially cover our obligations to recultivate opencast mining areas. The assets we use to cover these provisions are also disregarded, for instance our €2.6 billion claim for damages from the German lignite phaseout against the state. We have also presented net debt for 2019 based on the new definition for the sake of comparability.

Our net debt declined by €2,727 million compared to 31 December 2019. The main drivers were the capital increase in August, the positive free cash flow, and the deconsolidation of VSE's net debt. Profit distributions had a counteracting effect. Moreover, we registered a slight increase in provisions for pensions because the discount rates we apply when determining the net present value of the pension obligations recorded a market-induced decline. Increases in the value of plan assets, which we hold to meet the obligations, were unable to offset this. The redemption of a €539 million hybrid bond also had a debt-increasing effect. The reason for this is that in determining net debt, we classify half of the hybrid capital as equity.

Leverage factor clearly below upper limit of 3.0. One of our key management parameters is the ratio of net debt to adjusted EBITDA of the core business, also referred to as the leverage factor. This key figure is more indicative than total liabilities because it also reflects earning power and therefore our ability to meet our debt obligations. We set the upper limit for the leverage factor at 3.0 in order to secure our financial flexibility. At 1.7, we remained clearly below this threshold in the year being reviewed. Even excluding the funds from the capital increase, we would have stayed within the upper limit: the leverage factor would have been 2.4.

Drop in off-balance-sheet fuel purchase obligations. Net debt does not include our off-balance-sheet obligations, which largely stem from long-term fuel and electricity purchase agreements. As of the balance-sheet date, payment obligations from material fuel procurement contracts amounted to €23.6 billion as opposed to €27.1 billion at the end of the previous year. For power purchase agreements, they totalled €7.1 billion, on a par with 2019. These figures are based on assumptions regarding the prospective development of commodity prices. For further commentary on our off-balance-sheet obligations, please see pages 181 et seq. in the Notes.

Group balance sheet: equity ratio rises to 29.1 %. The balance-sheet total reported in the 2020 consolidated financial statements amounted to €61.7 billion as opposed to €64.0 billion in the previous year. Significant declines were recorded by other receivables and other assets (– €2.8 billion) and other liabilities (– €2.5 billion): both line items were affected by a decrease in derivatives on our books. A drop was also registered by property, plant and equipment (– €1.1 billion), with impairments recognised for power plants and opencast mines playing a central role, as reported on page 55. By contrast, we posted an increase in cash and cash equivalents (+ €1.6 billion) and marketable securities (+ €1.0 billion). The capital increase in August 2020 was a major factor. It was also the main reason why equity rose by €0.5 billion to €18.0 billion. The share of the balance-sheet total accounted for by equity (the equity ratio) was 29.1 %. This is 1.8 percentage points more than in 2019.

The Group's 2020 balance sheet recognises the Stella, Cranell, Raymond East and Raymond West US wind farms as 'assets held for sale' and 'liabilities held for sale' because we will deconsolidate these assets due to the divestments presented on page 43. In the prior year's financial statements, the stake in the Slovak power utility VSE, which we sold in August 2020, was stated in these items.

Group balance sheet structure[1]	31 Dec 2020		31 Dec 2019	
	€ million	%	€ million	%
Assets				
Non-current assets	34,461	55.9	35,768	55.9
of which:				
Intangible assets	4,913	8.0	4,777	7.5
Property, plant and equipment	17,902	29.0	19,016	29.7
Current assets	27,207	44.1	28,241	44.1
of which:				
Trade accounts receivable	3,007	4.9	3,621	5.7
Receivables and other assets	12,530	20.3	15,311	23.9
Marketable securities	4,219	6.8	3,258	5.1
Assets held for sale	1,045	1.7	1,274	2.0
Total	**61,668**	**100.0**	**64,009**	**100.0**

	31 Dec 2020		31 Dec 2019	
	€ million	%	€ million	%
Equity and liabilities				
Equity	17,971	29.1	17,467	27.3
Non-current liabilities	27,280	44.2	26,937	42.1
of which:				
Provisions	19,470	31.6	18,937	29.6
Financial liabilities	3,951	6.4	3,924	6.1
Current liabilities	16,417	26.7	19,605	30.6
of which:				
Provisions	3,004	4.9	2,638	4.1
Financial liabilities	1,247	2.0	1,689	2.6
Trade accounts payable	2,387	3.9	2,987	4.7
Other liabilities	9,240	15.0	11,781	18.4
Liabilities held for sale	539	0.9	510	0.8
Total	**61,668**	**100.0**	**64,009**	**100.0**

1 Prior-year figures changed due to retroactive adjustments to the first-time consolidation of the renewable energy business acquired from E.ON in 2019.

2.7 Notes to the financial statements of RWE AG (holding company)

The financial statements of RWE AG primarily reflect the business performance of its subsidiaries. In sum, the profit transfers of these companies recorded a slight increase in 2020. The good earnings produced by the renewable energy business played a role, whereas RWE Supply & Trading contributed less to the bottom line than in 2019 despite a strong trading performance. At €580 million, RWE AG's net profit was higher than in the previous year. We intend to raise the dividend and therefore propose a payment of €0.85 per share to the Annual General Meeting taking place in April 2021.

Financial statements. RWE AG prepares its financial statements in compliance with the rules set out in the German Commercial Code and the German Stock Corporation Act. The financial statements are submitted to Bundesanzeiger Verlag GmbH, located in Cologne, Germany, which publishes them in the Federal Gazette. They are available on the internet at www.rwe.com/en/financial-reports.

Income statement of RWE AG (abridged) € million	2020	2019
Income from financial assets	1,114	1,758
Net interest	-72	31
Other income and expenses	-712	-1,550
Taxes on income	250	275
Net profit	**580**	**514**
Transfer to other retained earnings	-5	-22
Distributable profit	**575**	**492**

Balance sheet of RWE AG (abridged) € million	31 Dec 2020	31 Dec 2019
Assets		
Financial assets	20,524	20,628
Accounts receivable from affiliated companies	2,094	10,233
Other accounts receivable and other assets	519	6,056
Marketable securities and cash and cash equivalents	6,664	2,929
Total assets	**29,801**	**39,846**
Equity and liabilities		
Equity	7,826	5,738
Provisions	1,996	2,237
Accounts payable to affiliated companies	18,905	29,213
Other liabilities	1,074	2,658
Total equity and liabilities	**29,801**	**39,846**

Assets. RWE AG had €29.8 billion in total assets as of 31 December 2020, compared to €39.8 billion in the previous year. We registered a significant decline in accounts receivable from and payable to affiliated companies. This was the result of the merger of two subsidiaries. A substantial account receivable from one of them and a significant account payable to the other resulted from the asset swap with E.ON (see page 68 of the 2019 Annual Report). The merger caused the two items to net each other out. Other receivables also declined considerably. This is because E.ON transferred parts of the innogy business back to RWE in legal terms in mid-2020, eliminating the associated claims we had against E.ON. The increase in the marketable securities and cash and cash equivalents on our books had a counteracting effect on the total assets. The capital increase we conducted in August, which led to proceeds of €2.0 billion, came to bear here. In addition, RWE AG subsidiaries generated higher operating cash flows, which they transferred to the Group parent. Therefore, RWE AG's equity rose to €7.8 billion (previous year: €5.7 billion). The equity ratio increased from 14.4 % to 26.3 %.

Financial position. RWE AG is set up solidly in economic terms and has a number of financing tools at its disposal that it can use flexibly. This is reflected in our credit ratings, which are investment grade. A detailed presentation of RWE's financial position and financing activity in the year under review can be found on pages 59 et seqq.

Earnings position. RWE AG's earnings position improved slightly compared to 2019. The main items on the income statement developed as follows:

- Income from financial assets dropped by €644 million to €1,114 million. This was due to lower income from investments and write-downs of financial assets. By contrast, profit transfers from subsidiaries were slightly up year on year in part due to the increase in income at RWE Renewables and the first dividend we received from our 15 % stake in E.ON held by a subsidiary of RWE AG. A counteracting effect resulted from RWE Supply & Trading closing the reporting year with income down on the previous one despite a very good trading performance.

- Net interest deteriorated by €103 million to – €72 million. This was mainly due to a decline in capital gains from the management of fund assets used to cover our pension obligations.

- The 'other income and expenses' line item improved by €838 million to – €712 million. This is because a substantial impairment was recognised for financial accounts receivable from a Dutch subsidiary in 2019 as the framework conditions for electricity generation from hard coal had become less favourable. The remainder was written off in 2020, but the burden on earnings was much smaller than in the preceding year. Conversely, there was a slight increase in expenses for IT projects at RWE AG.

- In the year under review, we recorded tax income of €250 million (previous year: €275 million), largely because we reduced our tax risk provision.

- The presented earnings figures led to net profit of €580 million. This represents an increase of €66 million compared to 2019.

- The distributable profit of €575 million corresponds to the planned payment of a dividend of €0.85 per share to our shareholders.

Outlook for 2021. RWE AG's earnings prospects will largely depend on the business performance of its subsidiaries. Our current assessment makes us confident of being able to achieve a net profit in 2021 that is slightly higher than in 2020.

Corporate governance declaration in accordance with Section 289f and Section 315d of the German Commercial Code. On 15 February 2021, the Executive Board and the Supervisory Board of RWE AG issued a corporate governance declaration in accordance with Section 289f and Section 315d of the German Commercial Code. The declaration contains the Corporate Governance Report and has been published at www.rwe.com/corporate-governance-declaration.

2.8 Outlook

We expect to maintain our good earnings position in 2021. However, we will probably close the year significantly down on the previous one in our core business. In February, extreme weather conditions in Texas brought several wind farms to a standstill and led to substantial losses due to power purchases. Furthermore, we do not anticipate income from energy trading to be as high as in 2020. Outside of our core business, we will benefit from higher margins of our lignite and nuclear power stations. In sum, we expect the Group to post adjusted EBITDA of between €2,650 million and €3,050 million. In light of the favourable medium and long-term earnings prospects of our core business, the Executive Board of RWE AG aims for a slightly increased dividend of €0.90 for fiscal 2021.

Experts predict strong economic recovery. Despite extended lockdown measures and the slow progress in controlling the coronavirus pandemic, most economic research institutes expect the economy to record a significant recovery in 2021. Current forecasts have the average rise in global economic output amounting to 5 %. Estimates for the Eurozone are of a similar order. Based on expert opinions, Germany and the Netherlands may well post a gain of about 4 %. UK prospects partially depend on whether the country can maintain its close economic ties with the EU after Brexit. If so, a 5 % rise in GDP should be feasible in the United Kingdom. Growth of approximately 4 % has been forecast for the USA.

Power consumption expected to rise. Our expectations regarding this year's electricity usage are based on the above economic outlooks. A significant resurgence of the economy will lead to increased demand for electricity. However, energy savings are expected to have a dampening effect. We currently anticipate demand for electricity in RWE's core markets Germany, the Netherlands, the United Kingdom and the USA to be 2 % to 4 % up on 2020 levels.

Electricity production for 2021 largely sold forward. The future development of electricity prices will depend on a number of factors that are nearly impossible to predict. At any rate, this would only have a limited impact on this year's power plant margins as we have sold forward most of our electricity generation for 2021 and secured the prices of the required fuel and emissions allowances. These transactions have been concluded up to three years forward. Therefore, the realised electricity prices can differ significantly from the current market quotations. We sold forward the electricity produced by our German lignite-fired and nuclear power stations with long lead times. In doing so, we realised higher prices for 2021 than for 2020.

Changed recognition of tax benefits in the USA. As of the start of fiscal 2021, we changed the accounting treatment of tax benefits we receive for US wind and solar projects. As set out on page 37, renewable energy is subsidised via tax credits in the USA. Furthermore, plant operators can benefit from accelerated depreciation, referred to as tax benefits. We previously recognised them in taxes on income. By contrast, we consider the benefits of tax credits in other operating income. For the sake of consistency, we will take this approach to tax benefits as well. This drives up adjusted EBITDA. To ensure comparability, we will restate the figures for 2020 accordingly in our financial reporting for fiscal 2021.

Forecast € million	2020 actual[1]	Outlook for 2021
Adjusted EBITDA	3,287	2,650–3,050
of which:		
Core business	2,728	1,800–2,200
of which:		
Offshore Wind	1,069	1,050–1,250
Onshore Wind / Solar	524	50–250
Hydro / Biomass / Gas	621	500–600
Supply & Trading	539	150–350
Coal / Nuclear	559	800–900
Adjusted EBIT	1,823	1,150–1,550
Adjusted net income	1,257	750–1,100

1 Some figures restated due to a change in the recognition of tax benefits in the USA (see commentary on the previous page).

2021 adjusted EBITDA forecast of €2,650 million to €3,050 million. We expect to maintain our good earnings position in 2021. However, we will probably close the year down on 2020 in part owing to losses in the Onshore Wind / Solar segment caused by the extreme weather in Texas at the beginning of the year. In addition, we anticipate a decline in earnings from energy trading after the very strong performance in 2020. This will be contrasted by improved margins on electricity forward sales from which we will benefit outside of the core business in the Coal / Nuclear segment. The RWE Group anticipates adjusted EBITDA for 2021 to total between €2,650 million and €3,050 million. Last year's figure including tax benefits stood at €3,287 million. We forecast the adjusted EBITDA of our core business to total between €1,800 million and €2,200 million (last year: 2,728 million). With expected operating depreciation and amortisation of about €1,500 million, the Group's adjusted EBIT should be within the range of €1,150 million to €1,550 million (last year: €1,823 million). We anticipate adjusted net income, which excludes material special items, of €750 million to €1,100 million compared to €1,257 million last year (see page 57 for a definition of this key figure).

Our outlook broken down by segment is as follows:

- Offshore Wind: Here, adjusted EBITDA is expected to total between €1,050 million and €1,250 million (last year: €1,069 million). The commissioning of the first turbines of the Triton Knoll wind farm in 2021 will have a positive effect. In addition, we anticipate being able to fully consolidate the Rampion UK offshore wind farm during the year. As mentioned on page 42, we agreed with E.ON that we would increase our stake in the wind farm by 20 % to 50.1 %. However, new project developments will likely result in added costs. Moreover, if wind conditions normalise, utilisation of our UK offshore wind farms is expected to drop.

- Onshore Wind / Solar: Adjusted EBITDA posted by this segment will probably total between €50 million and €250 million, closing down on last year's level, which amounted to €524 million including tax benefits. This is primarily due to the impact on earnings of the state of emergency caused by the weather in February in the USA. As set out on page 46, production outages caused by winter storms and icy rain required us to make short-term electricity purchases at extremely high prices. The resulting losses total a low to medium triple-digit million euro amount. We expect the commissioning of new wind and solar farms to have a positive impact on earnings. Furthermore, the sale of stakes in the Stella, Cranell, Raymond East and Raymond West onshore wind farms will lead to a capital gain. This will be contrasted by higher expenses incurred to develop growth projects.

- Hydro / Biomass / Gas: We expect this segment to achieve adjusted EBITDA of €500 million to €600 million for fiscal 2021. Compared to last year's figure (€621 million) this represents a decline. One of the reasons is that income from the commercial optimisation of power plant dispatch will probably be below the high level registered in 2020. Moreover, we will not benefit from the contribution to earnings previously made by wood pellet manufacturer Georgia Biomass, which we sold in July 2020. However, the curtailment of earnings last year from fire damage to the Eemshaven power station will not recur.

- Supply & Trading: In the long run, we anticipate annual average adjusted EBITDA here to be in the order of €250 million. We expect a figure in the range of €150 million to €350 million for 2021. This would be much lower than the very high earnings posted last year (€539 million).

- Coal / Nuclear: Adjusted EBITDA in this segment is expected to total between €800 million and €900 million (last year: €559 million). The significant year-on-year growth will result from higher margins on forward sales of our electricity generation. However, we anticipate additional costs from the implementation of the German coal phaseout.

Capital expenditure on property, plant and equipment markedly up on previous year. Capital expenditure on property, plant and equipment and intangible assets is estimated to be much higher than in 2020 (€2,285 million). A substantial amount of funds will be spent on the construction of the offshore wind farms Triton Knoll in the UK North Sea and Kaskasi near Heligoland, Germany. In addition, if we reach a positive investment decision on Sofia, we will start building the wind farm off the coast of east England. Other focal points of investment are onshore wind and solar projects in the USA and Europe. We plan to spend €200 million to €300 million outside of the core business in the Coal / Nuclear segment. These funds will primarily be used to maintain our power plants and opencast mines.

Net debt not to exceed three times adjusted EBITDA. One of our key management parameters is the ratio of net debt to adjusted EBITDA of the core business, also referred to as the leverage factor. This key figure is more indicative than total liabilities because it also reflects earning power and therefore our ability to meet our debt obligations. We set the upper limit for the leverage factor at 3.0, which we intend to comply with over the long term. We expect to be able to satisfy this requirement for fiscal 2021. However, the leverage factor may well be higher than in 2020.

Dividend for fiscal 2021. The Executive Board aims to pay a dividend of €0.90 per share for fiscal 2021. This represents an increase of €0.05 relative to the dividend proposal for 2020. The reason for the planned increase are the bright medium and long-term earnings prospects of our core business.

2.9 Development of risks and opportunities

RWE's risk exposure has improved steadily over the last few years. The main driver is our transformation into a leading provider of electricity from renewables. The high share of regulated income in this business makes us more profitable as well as more crisis-resistant. Furthermore, we benefit from the fact that the German coal phaseout has finally been given a firm legal framework, which gives us planning certainty in our lignite business. Despite the coronavirus pandemic, we classify our current risks no higher than 'medium'. We assess and manage our risks using our proven risk management system, which we present in detail in this chapter.

Distribution of risk management tasks at RWE. Responsibility for Group risk management lies with the parent company RWE AG. Its Executive Board monitors and manages the Group's overall risk. In addition, it determines the general risk appetite of RWE and defines upper limits for single risk positions. At the level below the Executive Board, the Controlling & Risk Management Department has the task of applying and constantly refining the risk management system. It derives detailed limits for the individual business fields and operating units from the risk caps set by the Executive Board. Its tasks also include checking the identified risks for completeness and plausibility and aggregating them. In so doing, it receives support from the Risk Management Committee, which is composed of the heads of the following five RWE AG departments: Controlling & Risk Management (Chair), Finance & Credit Risk, Accounting, Legal & Insurance, and Corporate Business Development. The Controlling & Risk Management Department provides the Executive Board and the Supervisory Board of RWE AG with regular reports on the company's risk exposure.

A number of additional organisational units and committees have been entrusted with risk management tasks:

- Financial risks and credit risks are managed by the Finance & Credit Risk Department of RWE AG.
- The Accounting Department ensures that financial reporting is free of material misstatements. It has an accounting-related internal control system for this purpose. A committee consisting of officers from Accounting and other departments of relevance to accounting assists in securing the quality of financial reporting. More detailed information can be found on page 78.
- The Internal Audit & Compliance Department monitors compliance with RWE's Code of Conduct. Its primary objective is to prevent corruption. It reports to the CEO of RWE AG or, if members of the Executive Board are affected, directly to the Chair of the Supervisory Board and the Chair of the Audit Committee.
- Risks from changes in commodity prices are monitored by RWE Supply & Trading in so far as they relate to the conventional electricity generation, energy trading and gas businesses. Where these risks relate to the renewable energy business, they are managed by RWE Renewables.
- Strategies to limit market risks in conventional electricity generation must be approved by the Commodity Management Committee. This expert panel consists of the CFO of RWE AG, members of the Board of Directors of RWE Supply & Trading and a representative of the Controlling & Risk Management Department.

- We also have a committee tasked with mitigating market risks associated with the renewable energy business. The Renewables Commodity Management Committee consists of the CFO of RWE AG, members of the management of RWE Renewables and a representative of the Controlling & Risk Management Department.

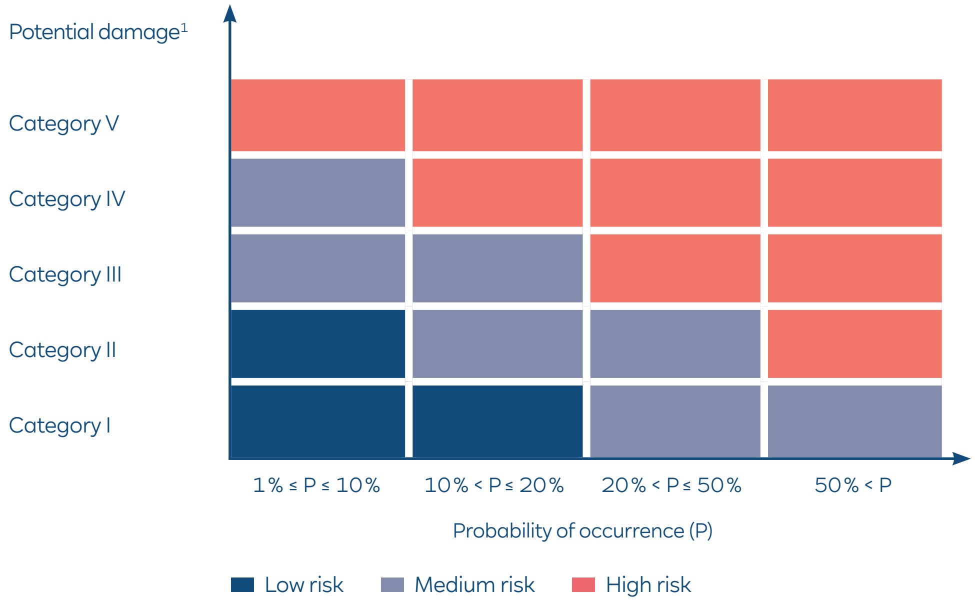
- The strategic guidelines for the management of financial assets (including the funds held by RWE Pensionstreuhand e. V.) are determined by the Asset Management Committee. The following individuals belong to it: the CFO of RWE AG, the Managing Director in charge of finance at RWE Supply & Trading, the heads of the following departments: Finance & Credit Risk, Investor Relations, Portfolio Management / Mergers & Acquisitions and – from the last department in the list – the head of Financial Asset Management.

Under the expert management of the aforementioned organisational units, RWE AG and its operating subsidiaries are responsible for identifying risks early, assessing them correctly and managing them in compliance with corporate standards. Internal Audit regularly assesses the quality and functionality of our risk management system. Last year, our internal audit system was reviewed by an external auditor in accordance with the IDW PS 983 standard and certified to the standard.

Risk identification and assessment. Risks and opportunities are defined as negative or positive deviations from expected figures. Their management is an integral and continuous part of operating processes. We assess risks every six months, using a bottom-up analysis. We also monitor risk exposure between the regular survey dates. The Executive Board of RWE AG is immediately notified of any material changes. Our executive and supervisory bodies are updated on the Group's risks once a quarter.

Our risk analysis normally covers the three-year horizon of our medium-term plan, but can extend beyond that in individual cases. We measure the potential damage based on the possible effects on net income, net debt and equity. In doing so, we take hedges into account. We define the potential damage as the deviation from the budgeted figure in question, aggregated over the three-year planning horizon.

RWE AG risk matrix



Potential damage[1] € million	Earnings risks Potential impact on net income (X)	Indebtedness / equity risks Potential impact on net debt and equity (Y)
Category V	8,000 ≤ X	8,000 ≤ Y
Category IV	1,500 ≤ X < 8,000	4,000 ≤ Y < 8,000
Category III	600 ≤ X < 1,500	2,000 ≤ Y < 4,000
Category II	300 ≤ X < 600	1,000 ≤ Y < 2,000
Category I	X < 300	Y < 1,000

1 Aggregated over the three-year medium-term plan (2021 to 2023).

We display the material risks using a matrix (see chart on the preceding page) in which they are categorised by potential damage and probability of occurrence. Risks that share the same cause are aggregated to a single risk if possible. To clearly assign them to the matrix fields, we have established thresholds for net income, net debt and equity, which are oriented towards the RWE Group's ability to bear risks. They are presented in the table below the matrix. Depending on their position in the matrix, we distinguish between low, medium and high risks. Based on this systematic risk identification, we determine whether there is a need for action and initiate measures to mitigate the risks if necessary.

Main risks for the RWE Group. Depending on their causes, our risks can be classified into seven classes, which are shown in the table on the right. The highest individual risk determines the classification of the risk of the entire risk class. The highest classification of our risks is currently 'medium'. By contrast, in the previous year, we had identified a high regulatory risk because of the uncertainty regarding the conditions of the German coal phaseout. The Coal Phaseout Act passed in mid-2020 and the public law contract between the government and the affected lignite companies have created a clear legal framework. However, the legally mandated compensation for the early closure of lignite assets is subject to state-aid approval by the European Commission. As the compensation envisaged for us is much lower than our actual financial burden, we are confident that the compensatory payments will not be classified as unlawful aid. Increased political pressure on our lignite business and the further acceleration of Germany's coal phaseout can generally not be ruled out.

Regulatory unpredictability has decreased in general, but the coronavirus pandemic has introduced a new cause for uncertainty. We modelled the potential consequences of COVID-19 for RWE in an analysis of scenarios in March 2020 and updated the findings in November. We are exposed to the risk of new build projects being delayed and a significant drop in economic output depressing electricity prices. Both these developments were already witnessed in 2020. Negative price effects would not only impact on our conventional power stations, but also on those wind farms, the entire or partial generation of which is not sold at firm conditions, causing them to also bear a market risk. The risk of having to recognise impairments due to corona-induced declines in margins is recorded in the 'other risks' class, which we therefore reclassified from 'low' to 'medium'.

Risk classes	Classification of the highest single risk	
	31 Dec 2020	31 Dec 2019
Market risks	Medium	Medium
Regulatory and political risks	Medium	High
Legal risks	Low	Low
Operational risks	Medium	Medium
Financial risks	Medium	Medium
Creditworthiness of business partners	Medium	Medium
Other risks	Medium	Low

As set out earlier, the focus of the risk analysis described in this chapter lies on the three-year horizon of our medium-term plan. The Task Force on Climate-related Financial Disclosures (TCFD), a panel of experts, recommended in 2017 that companies consider time horizons that go far above and beyond this when identifying and assessing climate-related risks. RWE implements the TCFD proposals. We explain how we do this in our 2020 Sustainability Report, which will be published in April 2021 and will then be available at www.rwe.com/sustainability-report.

In this section, we provide commentary on the main risks and opportunities we have identified for this and the next two years and explain what measures have been taken to counter the threat of negative developments.

- **Market risks.** In most of the countries in which we are active the energy sector is characterised by the free formation of prices. Declines in quotations on wholesale electricity markets can cause generation assets to become less profitable. This also relates to renewable energy assets that are not subsidised with fixed feed-in payments. Negative price developments can cause us to recognise impairments, which are also recorded as market risks with certain exceptions.

  Power and gas purchase agreements with conditions that do not depend on the development of wholesale prices expose us to the risk of having to pay more for the product than we can earn when selling it. This may force us to form provisions to cover this risk. We have identified such a risk inherent in the two contracts we concluded to purchase electricity from the Datteln 4 hard coal-fired power plant in 2005 and 2006. Operated by German energy group Uniper, the station was commissioned in the summer of 2020, ten years later than planned. We were unsuccessful in taking legal recourse against the continuation of the agreements. We are currently negotiating certain contractual conditions with Uniper and considering taking further legal steps. Our long-term gas purchase agreement with Russian energy group Gazprom sets dates for regular reviews, during which we can negotiate contractual changes depending on market conditions. In the past, this has enabled us to mitigate our earnings risk exposure from the contract. It cannot be ruled out that the results of future reviews fall short of our expectations. Vice versa, however, we also stand the chance of enforcing conditions that are more favourable than anticipated.

  We assess the price risks to which we are exposed on the procurement and supply markets taking account of current forward prices and expected volatility. For our power plants, we limit the risks by selling most of the electricity forward and securing the prices of the fuel and CO_2 emission allowances needed for its generation. We also use financial instruments to hedge our commodity positions. In the consolidated financial statements, such instruments, including those serving the purpose of reducing interest and currency risks, are usually presented through the statement of on-balance-sheet hedges. More detailed information on this can be found on page 118 in the Notes.

  RWE Supply & Trading plays a central role when it comes to managing commodity price risks. It functions as the Group's interface to the global wholesale markets for electricity and energy commodities. On behalf of our power plant companies, RWE Supply & Trading markets large portions of our generation position and purchases the fuel and CO_2 certificates needed to produce electricity. Since RWE Supply & Trading acts as the internal transaction partner it is easier for us to limit the risks associated with price volatility on energy markets. However, the trading transactions are not exclusively intended to reduce risks. In compliance with risk thresholds, the company also takes commodity positions to achieve a profit.

  Our risk management system for energy trading is firmly aligned with best practice as applied to the trading businesses of banks. As part of this, transactions with third parties are concluded only if the associated risks are within approved limits. There are guidelines governing the treatment of commodity price risks and associated credit risks. Our subsidiaries constantly monitor their commodity positions. Risks associated with trades conducted by RWE Supply & Trading for its own account are monitored daily.

  The Value at Risk (VaR) is of central importance for risk measurement in trading and finance. It specifies the maximum loss from a risk position not exceeded with a predetermined probability over a predefined period of time. RWE's VaR figures are generally based on a confidence interval of 95 % and an observation period of one day. This means that, with a probability of 95 %, the daily loss will not exceed the VaR.

  The VaR for the price risks of commodity positions in the trading business of RWE Supply & Trading must remain below a certain daily limit. The maximum allowable amount in the fiscal year that just ended was €40 million. The actual daily maximum was €32 million and the average for the year was €18 million. In addition, limits derived from the aforementioned VaR thresholds have been set for every trading desk. Furthermore, we develop extreme scenarios and factor them into stress tests, determine their impact on earnings, and take countermeasures if we deem the risks to be too high.

The management of our gas portfolio and the liquefied natural gas (LNG) business is pooled in a dedicated organisational unit at RWE Supply & Trading. Last year, the VaR cap for these activities was €14 million. The headroom actually utilised was €12 million. The average VaR for the year was €6 million.

We also apply the VaR concept to measure the extent to which the commodity price risks that we are exposed to outside the trading business can affect the RWE Group's adjusted EBITDA. To this end, we calculate the overall risk for the Group on the basis of the commodity risk positions of the individual companies; this overall risk mainly stems from power generation. The majority of our generation position is already hedged for 2021. Opportunities for additional profits arise, because we are able to flexibly adapt our power plant deployment to short-term market developments.

In the UK generation business, our earnings not only depend on the development of the price of electricity, fuel and emission allowances, but also on the level of the payments we receive for participating in the national capacity market. The payments are determined in annual auctions and fluctuate depending on supply and demand (see page 45).

We are also exposed to market risks in the gas storage business. As set out on page 27, the realisable margins depend significantly on the volatility of gas prices. If the short-term and seasonal price differences are large, they can be taken advantage of to generate substantial income. If they are insignificant, then so is the income. The German gas storage business is currently characterised by overcapacity and significant pressure on margins. However, we are confident that market conditions will improve in the long run. Should they deteriorate, we may have to recognise impairment losses for our storage facilities.

Our biggest market risks remain unchanged in the 'medium' category.

- **Regulatory and political risks.** Ambitious emission reduction targets have caused the governments in our core markets to intervene in the energy sector repeatedly. The most recent example of this is Germany's Coal Phaseout Act, on which we have commented on page 37et seq. It envisages gradually reducing coal-fired electricity generation to zero by 2038. In exchange for closing our lignite assets early, we will receive €2.6 billion in compensation. The damage we will actually suffer is much higher. Nevertheless, we find this statutory regulation to be acceptable, because it gives us more planning certainty for our lignite business. We now classify our regulatory and political risks as 'medium' instead of 'high'. The compensatory payments for the exit from the lignite business are subject to approval under EU state aid law. Despite the new legislation, it cannot be ruled out that policymakers continue to increase pressure on the lignite sector, for instance by introducing CO_2 price floors or establishing extremely restrictive emission limits. In addition, more ambitious climate targets for 2030 could make the next federal government accelerate the coal phaseout.

The coal phaseout in the Netherlands was enshrined in law in 2019. The country's exit roadmap prohibits power plants built in the 1990s from using coal from no later than 2025 onwards. For younger stations, the ban starts in 2030. This means that our Amer 9 and Eemshaven power plants will have to stop coal-based generation at the end of 2024 and 2029, respectively. Unlike in Germany, it is not envisaged that we will receive compensation for this. We mitigated our risk exposure from coal-based generation early on by converting Amer 9 and Eemshaven to biomass co-firing. We are receiving state subsidies for the investment outlay and the added cost of procuring fuel. However, the subsidies fall clearly short of covering the additional cost of converting the stations to 100 % biomass utilisation. The legally mandated coal phaseout could thus force us to close the stations early. Therefore, we believe that our ownership rights have been violated. As the government has not offered us compensation for our financial disadvantages, in February 2021 we initiated arbitration proceedings under the Energy Charter Agreement against the Netherlands before the International Centre for Settlement of Investment Disputes in Washington, USA.

We are also exposed to risks in the field of nuclear energy, albeit to a much lesser extent than in the past. Since we made contributions to the German nuclear energy fund in the middle of 2017, the state has assumed complete responsibility for the interim and final storage of our radioactive waste. We are still exposed to cost risks associated with disposal tasks which remain within our remit. For example, it cannot be ruled out that the dismantling of nuclear power stations will be more expensive than estimated and we will therefore have to top-up our provisions for this. However, we also see the opportunity to leverage synergies and cut costs.

Although the renewable energy business is characterised by fairly stable framework conditions and wide public acceptance, imponderables exist in this area as well. Adjustments to state subsidy schemes may result in reductions in payments and new projects losing their appeal. This can lead to investment undertakings being broken off. It is also conceivable that firmly pledged state payments may be cut retrospectively. In the dialogue we maintain with policymakers, we point out that companies which invest in building sustainable, climate-friendly energy infrastructure need reliable framework conditions.

Even in the present regulatory environment, we are exposed to risks associated with, for instance, approvals when building and operating production facilities. This particularly affects our opencast mines, power stations and wind farms. The danger here is that approvals are granted late or not at all and that granted approvals are withdrawn temporarily or for good.

Certain statutory regulations to which we must adhere can be interpreted in various ways and are therefore in need of legal clarification. One example is the regulation which exempts us from paying an apportionment under the Renewable Energy Act (EEG) for electricity that we consume ourselves in our German power stations and opencast mines. However, the legal situation surrounding the regulation is vague, for example with regard to the EEG exemption of leased assets. There is a danger that the options to benefit from the regulation may be limited by the Germany's highest court and that back payments may even have to be made for previous years.

Despite the aforementioned imponderables, the overall assessment of our regulatory and political risks has improved from 'high' to 'medium'. The main reason for this is the establishment of a clear framework for the German coal phaseout.

- **Legal risks.** Individual RWE Group companies are involved in litigation and arbitration proceedings due to their operations or M&A transactions. Out-of-court claims have been filed against some of them. Furthermore, Group companies are directly involved in various procedures with public authorities or are at least affected by their outcomes. To the extent necessary, we have accrued provisions for possible losses resulting from pending proceedings before ordinary courts and arbitration courts.

Risks may also result from exemptions and warranties that we granted in connection with the sale of assets. Exemptions ensure that the seller covers the risks that are identified within the scope of due diligence, the probability of occurrence of which is, however, uncertain. In contrast, warranties cover risks that are unknown at the time of sale. These hedging instruments are standard procedure in sales of companies and equity holdings.

We currently have low exposure to legal risks. This assessment did not change compared to the previous year.

- **Operational risks.** RWE operates technologically complex, interconnected production facilities such as conventional power stations and wind farms. Damage and outages can weigh heavily on earnings, as recently demonstrated by the severe cold snap in the US state of Texas (see page 46). When production facilities are built and modernised, delays and cost increases can occur, for example due to accidents, material defects, late deliveries, unfavourable weather conditions or time-consuming approval processes. In such cases, there is a danger that the plants become more expensive and they contribute to earnings later than planned. Furthermore, delays of renewable energy projects can be disadvantageous to the level of subsidies they receive. We counter the described risks through diligent plant and project management as well as high safety standards. We also regularly maintain our facilities and take out insurance policies if economically viable.

In the past fiscal year, some construction schedules could not be adhered to, in part due to the coronavirus pandemic. This primarily affected onshore wind projects in the USA, exposing us to the risk of a reduction in tax credits for assets that could not be commissioned by the end of 2020. However, in view of the unusual circumstances, the US government extended the deadlines, enabling wind farms that are completed in 2021 to receive the full subsidy (see page 37). Due to our dependence on suppliers, however, projects may incur further delays. So far, the coronavirus pandemic has only had a minor impact on the operation of our assets. Thanks to comprehensive preventive measures and forward-looking emergency plans, we were able to keep all major operational processes up and running. In light of the successful development of vaccinations, we are confident that the spread of the infection will soon come under control. We will keep our safety measures in place as long as necessary.

The shift of our power production to renewable energy sources like the wind and sun increases the impact of the weather on our business. For example, extended lulls can cause generation volumes and earnings of wind farms to fall significantly behind targets in certain fiscal years. We limit the effects of the weather on the Group's income in part through the geographic diversification of our business. This increases the likelihood of unfavourable meteorological conditions at one site being offset by favourable ones at another.

RWE has ambitious goals in relation to renewable energy and has increased its investment budgets significantly. We try to ensure that our new-build projects and acquisitions satisfy our return requirements. Nevertheless, we cannot rule out that income achieved through our projects falls short of expectations or prices paid for acquisitions prove to be too high retrospectively. Mounting competition in the renewable energy business in particular can be detrimental to project income. We prepare our investment decisions by conducting extensive analyses to try and map the financial and strategic effects as realistically as possible before taking investment decisions. Moreover, RWE has specific accountability provisions and approval processes in place to prepare and implement the decisions.

Our business processes are supported by secure data processing systems. Nevertheless, we cannot rule out a lack of availability of IT infrastructure or a breach in data security. Our high security standards are designed to prevent this. In addition, we regularly invest in hardware and software upgrades.

Despite corona-induced imponderables, as in the previous year, our operational risks are classified as 'medium'.

- **Financial risks.** Changes in key financial indicators such as interest rates, foreign exchange rates, securities prices and rates of inflation can have a major impact on our net worth and earnings.

We are exposed to various interest rate risks. For example, rises in interest rates can lead to reductions in the prices of the securities we hold. This primarily relates to fixed-interest bonds. Last year, the VaR for the interest rate-related price risk of capital investments was €3.9 million on average at RWE AG.

Moreover, increases in interest rates cause our financing costs to rise. We measure this risk using the Cash Flow at Risk (CFaR), applying a confidence level of 95 % and a holding period of one year. The average CFaR at RWE AG in 2020 was €25.0 million.

Furthermore, market interest rates have an effect on our provisions, as they are the point of reference for the discount rates used for determining the net present values of obligations. This means that, all other things being equal, provisions rise when market interest rates fall and vice versa. On pages 154 et seqq. of the Notes, we present the effects of changes in interest rates on the net present values of our pension obligations and on the nuclear and mining provisions.

In addition to interest rates, the general price level also affects the amount of provisions. Rising inflation can force us to make a considerable upward adjustment to the present value of the obligations. Price increases are particularly detrimental when they are above average in sectors from which we procure products and services for nuclear waste disposal and recultivating opencast mine areas.

We are exposed to foreign exchange risks primarily owing to our business activities in the UK and the USA. Furthermore, energy commodities such as coal and oil are traded in US dollars. Companies which are overseen by RWE AG have their currency risks managed by the parent company. RWE AG aggregates the risks to a net financial position for each currency and hedges it if necessary. We calculated an average VaR for RWE AG's foreign currency position in 2020 of €1.2 million.

The securities we hold in our portfolio typically include shares. We currently hold a 15% stake in E.ON, which had a fair value of €3.6 billion at the end of 2020. Therefore, changes in the quotation of the E.ON share can affect our financial strength significantly.

Risks and opportunities from changes in the price of securities are controlled by a professional fund management system. Range of action, responsibilities and controls are set out in internal guidelines which the Group companies are obliged to adhere to when concluding financial transactions. All financial transactions are recorded using special software and are monitored by RWE AG.

Collateral pledged for forward transactions also harbours a risk. The amount of collateral depends on the extent to which the contractually agreed prices deviate from market quotations as of the respective cut-off date. These differences can be substantial. In recent times, the market prices of energy commodities, e.g. CO_2 emission allowances, have fluctuated significantly, due in part to the coronavirus pandemic. Changes of this degree can lead to substantial short-term cash outflows, but can also present the opportunity to receive substantial collateral from contracting parties, resulting in a temporary increase in equity.

The conditions at which we can finance our business on the debt capital market are in part dependent on the credit ratings we receive from international rating agencies. As set out on page 60, Moody's and Fitch place our creditworthiness in the investment grade category. If the agencies lower our credit rating, we may incur additional costs if we have to raise debt capital. This would probably also increase the liquidity requirement when pledging collateral for forward transactions. However, we believe that such a scenario is unlikely. Both rating agencies are of the opinion that RWE has become more financially stable as a result of its transformation into a leading renewable energy company. Moody's upgraded our rating outlook to 'positive' in March 2020, which makes us believe that we stand a chance of receiving a more favourable credit rating.

The assessment of our creditworthiness by rating agencies, banks and capital investors depends in part on the level of our net debt. Our goal is to ensure that it does not exceed three times the adjusted EBITDA of our core business. Due to our extensive investments in expanding renewable energy, net debt could temporarily be above budget. This primarily affects fiscal years with cash inflows from operating activities or sales of stakes in projects that are below average. Nevertheless, we are confident that we can maintain our indebtedness within the target range. The additional financial headroom achieved through the capital increase in August 2020 is helpful in this respect.

We classify our financial risks as 'medium'. This assessment has not changed since last year.

- **Creditworthiness of business partners.** Our business relations with key accounts, suppliers, trading partners and financial institutions expose us to credit risks. Therefore, we track the creditworthiness of our partners closely and assess their credit standing based on internal and external ratings, both before and during the business relationship. Transactions that exceed a certain size and all trading transactions are subject to credit limits, which we determine before the transaction is concluded and adjust if necessary, for instance in the event of a change in the business partner's creditworthiness. At times, we request cash collateral or bank guarantees. In the trading and financing business, credit risks and the utilisation of the limits are measured daily. We agree on collateral when concluding over-the-counter trading transactions. Furthermore, we enter into framework agreements, e. g. those of the European Federation of Energy Traders. For financial derivatives, we make use of the German master agreement for forward financial transactions or the master agreement of the International Swaps and Derivatives Association.

The coronavirus pandemic has created economic problems for many companies, potentially including business partners of RWE. This is why we are monitoring critical branches of industry more closely. Furthermore, we are extremely careful when entering into new business relationships and extending existing ones and assign customers lower credit limits where necessary. We currently do not expect any material financial losses due to corona-induced insolvencies. As in the past, our risks stemming from the creditworthiness of our business partners do not exceed the 'medium' category.

- **Other risks.** This is the class in which we record the potential effects of damage to our reputation, compliance infringements and criminal acts. The risk of a COVID-19-driven reduction in energy consumption leading to low electricity prices which, in turn, forces us to recognise impairments for generation assets has also been recorded in this category. Therefore, other risks have risen from 'low' to 'medium'.

RWE's risks and opportunities: general assessment by management. The RWE Group's risk exposure has improved significantly in the last few years. As a result of the asset swap with E.ON, which we completed successfully in 2020, we have become a leading renewable energy company. This has increased the share of stable regulated income considerably and made us more financially robust. Moreover, the gradual shift of our generation portfolio from fossil fuels to renewables also helps us to limit our political and regulatory risks. By aiming to be carbon neutral by 2040, we are demonstrating that we want to expedite the decarbonisation of the energy sector, thereby increasing our acceptance among politicians, capital lenders, customers and other stakeholder groups.

As shown by the commentary in this chapter, we no longer have any risks classified as 'high'. The German Coal Phaseout Act and the compensation claims against the federal government that it has written into law have substantially reduced the uncertainty of our lignite business. In the previous year, we had identified a major risk here. So far, RWE has only been affected by the onset of the COVID-19 pandemic to a limited extent, with the pandemic leading to delays in projects, among other things. If the virus cannot be controlled effectively in the near future, we may experience further delays. Moreover, there is a danger that the reduced economic output will result in lower electricity prices, causing our generation margins to shrink. However, we classify our pandemic-related risk exposure no higher than 'medium'. In this regard, it is proving advantageous once again that our renewable energy business gives us a strong and crisis-proof source of income. Our substantial investments in new wind and solar farms will make this pillar even stronger.

At the same time, our solid financial management ensures that RWE remains on a safe course. By analysing the effects of risks on our liquidity and pursuing a conservative financing strategy, we ensure that we can meet our payment obligations punctually. We have considerable liquid funds and great leeway in terms of debt financing, thanks to the Debt Issuance Programme, the Commercial Paper Programme and the syndicated credit line (see page 59). The capital increase conducted in August 2020 has made us more financially flexible. We budget our liquidity with foresight, based on the short, medium and long-term financing needs of our Group companies, and have a significant amount of minimum liquidity on a daily basis.

Thanks to the measures for safeguarding our financial and earning power over the long term and our comprehensive risk management system, we are confident that we can manage the current risks to RWE. At the same time, we are establishing the prerequisites for ensuring that this remains the case in the future.

Accounting-related internal control system: statements in accordance with Sec. 289, Para. 4, and Sec. 315, Para. 4 of the German Commercial Code. Our financial reporting is exposed to the risk of misrepresentations that could have a significant influence on the decisions made by their addressees. For example, stated earnings that are too high can cause capital investors to invest in a company. In RWE's Code of Conduct, we have undertaken to inform the public completely, objectively, accurately, clearly and in a timely manner, in compliance with capital market law. We use a series of tools to meet this ambition. Examples of this are our groupwide accounting policy and the high minimum standards to which we subject the IT systems used to record and process accounting-related data.

Furthermore, we use an accounting-related Internal Control System (ICS) for quality assurance purposes. The ICS aims to detect potential errors and misrepresentations that result from non-compliance with accounting standards. Designing the ICS and reviewing its effectiveness are under the responsibility of the Accounting Department of RWE AG. The department can apply groupwide rules in performing these tasks. In addition, it receives assistance from the ICS Committee, the objective of which is to ensure that the ICS is applied throughout the Group following uniform principles and meeting high ambitions in terms of correctness and transparency. The Committee consists of representatives from the Accounting, Controlling & Risk Management and Internal Audit & Compliance Departments, along with officers from the human resources, procurement, trading, finance, taxes and IT functions, which are highly relevant to accounting.

We subject the ICS to a comprehensive review every year. As a first step, we examine whether the risk situation is presented appropriately and whether suitable controls are in place for the identified risks. In a second step, we test the effectiveness of the controls. If the ICS reviews pertain to accounting-related processes, e. g., the preparation of financial statements or consolidation, they are conducted by employees from the Accounting Department. The appropriateness and effectiveness of the controls are certified by an accounting firm for processes handled by service centres on our behalf, for example invoice processing. The representatives of the finance, human resources, procurement, trading, and IT functions document whether the agreed ICS quality standards are adhered to by their respective areas. Our Internal Audit & Compliance Department is also involved in the ICS reviews. The results of the reviews are documented in a report to the Executive Board of RWE AG. The review conducted in 2020 once again demonstrated that the ICS is effective.

Within the scope of external reporting, the members of the Executive Board of RWE AG take a half-year and full-year balance-sheet oath, confirming that the prescribed accounting standards have been adhered to and that the financial statements give a true and fair view of the net worth, financial position and earnings. When in session, the Supervisory Board's Audit Committee regularly concerns itself with the effectiveness of the ICS. Once a year, the Executive Board of RWE AG submits a report on this to the Committee.

2.10 Disclosure relating to German takeover law

The following disclosure is in accordance with Section 315a, Paragraph 1 and Section 289a, Paragraph 1 of the German Commercial Code as well as with Section 176, Paragraph 1, Sentence 1 of the German Stock Corporation Act. The information relates to company-specific regulations, for example relating to adjustments to the capital structure by the Executive Board or a change of control of the company. At RWE, these provisions are in line with the standards of German listed companies.

Composition of subscribed capital. RWE AG's capital stock amounts to €1,731,123,322.88 and is divided among 676,220,048 no-par-value bearer shares. As set out on page 42, in August 2020, with the approval of the Supervisory Board, the Executive Board issued 61,474,549 new RWE shares to institutional investors in exchange for cash contributions, waiving subscription rights. This increased the capital stock by €157,374,845.44, or 10%.

Executive Board authorisation to issue new shares. The capital increase was based on an authorisation issued by the Annual General Meeting on 26 April 2018, which contains the following main provisions:

The Executive Board is authorised to increase the company's capital stock, subject to the Supervisory Board's approval, by up to €314,749,693.44 until 25 April 2023, through the issuance of up to 122,949,099 new bearer shares in return for contributions in cash or in kind (authorised capital). This authorisation may be exercised in full or in part, or once or several times for partial amounts. In principle, shareholders are entitled to subscription rights.

Subject to the approval of the Supervisory Board, the Executive Board may waive subscription rights:

- to prevent fractional amounts resulting from the subscription ratio;
- to issue shares in exchange for contributions in kind for the purposes of mergers or acquisitions of companies, parts of companies, operations, or of stakes in companies;
- in the event of a cash capital increase if the price at which the new shares are issued is not significantly lower than the price at which shares are quoted on the stock market and the portion of the capital stock accounted for by the new shares, for which subscription rights are waived, does not exceed 10% in total;
- and to offer shares to potential holders of convertible or option bonds commensurate to the rights to which they would be entitled on conversion of the bond or on exercise of the option.

The Executive Board is authorised, subject to the approval of the Supervisory Board, to determine the further details and conditions of the share issuance. In sum, the capital stock may not be increased by more than 20% through the issuance of new shares waiving subscription rights.

On 18/19 August 2020, RWE exercised the option of conducting a cash capital increase waiving subscription rights up to the upper limit of 10%. Half of the authorised capital, i.e. a maximum of €157,374,848, may still be used for other capital measures. This corresponds to an issuance of up to 61,474,550 RWE shares.

Shares in capital accounting for more than 10 % of voting rights. As of 31 December 2020, no holding in RWE AG exceeded 10 % of the voting rights.

Limitation of share transfers. Within the scope of RWE's employee share plan, 314,760 RWE shares were issued to staff in Germany in the financial year that just ended. The beneficiaries may only freely dispose of the shares after 31 December 2021. RWE also has employee share schemes in the United Kingdom. Participating companies are RWE Generation UK plc, RWE Technology UK Limited and RWE Supply & Trading GmbH UK Branch. In 2020, a total of 17,905 RWE shares were purchased under the UK plans. These shares are also subject to a restriction on disposal, which lasts five years from the grant date.

Appointment and dismissal of Executive Board members / amendments to the Articles of Incorporation. Executive Board members are appointed and dismissed in accordance with Sections 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.

RWE AG authorisation to implement share buybacks. Furthermore, the Annual General Meeting on 26 April 2018 authorised the Executive Board of RWE AG to conduct share buybacks subject to the approval of the Supervisory Board until 25 April 2023, said buybacks accounting for up to 10 % of the capital stock as of the effective date of the resolution or as of the exercise date of the authorisation if the capital stock is lower on this date. At the Executive Board's discretion, this may be done on the stock exchange or via a public purchase offer.

Shares purchased in this way may then be cancelled. Furthermore, they may be transferred to third parties in connection with mergers or acquisitions of companies, parts of companies, operations, or of stakes in companies. The company may also use the shares to fulfil its obligations resulting from employee share schemes or settle rights arising from convertible or option bonds. In the aforementioned cases, shareholder subscription rights are waived. These authorisations may be exercised in full or in part, or once or several times for partial amounts.

Pursuant to the authorisation of 26 April 2018, the shares bought back could be sold for cash via other channels. This option no longer exists because the shares issued to conduct the capital increase count towards the upper limit of 10 % of the capital stock for which the authorisation was granted. For the same reason, it is also no longer possible to transfer repurchased shares to holders of convertible or option bonds if these bonds were issued waiving subscription rights and in exchange for cash contributions. In addition, the shares bought back cannot be used to settle subscription rights which holders of convertible or option bonds would have if they exercised the options attached to bonds in exchange for RWE shares.

Effects of a change of control on debt financing. Our debt financing instruments often contain clauses that take effect in the event of a change of control. Such a provision is in place e. g. in respect of our €5 billion syndicated credit line. It essentially has the following content: in the event of a change of control or majority at RWE, drawings are suspended until further notice. The lenders shall enter into negotiations with us on a continuation of the credit line. Should we fail to reach an agreement with the majority of them within 30 days from the change of control, the lenders may cancel the line of credit.

Change-of-control clauses also exist with regard to our bonds. The following rule applies to a senior bond maturing in 2037, a small residual amount of which remained with RWE when we transferred our senior bonds to innogy in 2016: in the event of a change of control in conjunction with a drop in RWE AG's credit rating below investment-grade status, creditors may demand immediate redemption. With regard to subordinated hybrid bonds, we have the right to cancel them within the defined change-of-control period in such cases; if this does not occur, the annual yield of the hybrid bonds increases by 500 basis points.

Consequences of a change of control for Executive Board and executive remuneration. The current version of the German Corporate Governance Code dated 16 December 2019 recommends that no commitments to (additional) benefits be made in the event of the early termination of an employment contract by a member of the Executive Board as a result of a change of control. We adhere to this principle in all of the new employment contracts. Michael Müller and Zvezdana Seeger, who joined the Executive Board as of 1 November 2020, do not have a special right of termination or severance entitlements in the event of a change of control. The same will apply as of 1 May 2021 to Markus Krebber when he succeeds Rolf Martin Schmitz as CEO.

By contrast, the current employment contracts of Rolf Martin Schmitz and Markus Krebber still have a change-of-control clause. It gives them a special right of termination in the event that a change of control puts them at a major disadvantage. In such a case, they are free to resign for cause from their position within six months of the change of control by giving three months' notice. In addition, they can request the termination of their employment contract and receive a one-off payment. The amount of the one-off payment shall correspond to the compensation that would have been due until the end of the contractually agreed term of service, but no more than three times the total contractual annual remuneration, excluding share-based payments.

Change-of-control provisions also apply to the share-based payment of the Executive Board and executives. All performance shares granted on a preliminary basis for the fiscal year underway at the time of the change of control shall expire without replacement or compensation. Conversely, rights in connection with performance shares for past fiscal years, for which no payout has been effected yet, shall be preserved.

2.11 Remuneration report

Standards imposed on management and supervisory board compensation by the capital market have become higher. More than ever before, companies are expected to remunerate managing and monitoring bodies based on performance, while providing incentives for forward-looking sustainable action. RWE meets these demands. Nevertheless, we have refined the Executive Board remuneration system in close co-operation with investors. We will present the new rules to the 2021 Annual General Meeting for approval. The following commentary focuses on the compensation regulations for fiscal 2020.

Structure and level of Supervisory Board remuneration

The remuneration paid to the members of the Supervisory Board for fiscal 2020 was based on a resolution passed by the 2013 Annual General Meeting and is governed by the provisions of the Articles of Incorporation of RWE AG. It complies with all of the recommendations of the current version of the German Corporate Governance Code (GCGC) which was published on 16 December 2019.

The Chairman of the Supervisory Board of RWE AG receives fixed remuneration of €300,000 per fiscal year. His Deputy receives €200,000 per fiscal year. The other members of the Supervisory Board receive fixed remuneration of €100,000 and additional compensation for committee mandates according to the following rules: members of the Audit Committee receive additional remuneration of €40,000. This payment is increased to €80,000 for the Chair of this committee. With the exception of the Nomination Committee, the members of which do not receive additional remuneration, the members and the Chairs of all the other Supervisory Board committees receive an additional €20,000 and €40,000 in remuneration, respectively. Remuneration for a committee mandate is only paid if the committee is active at least once in the fiscal year.

Supervisory Board members who concurrently hold several offices in this body only receive compensation for the highest-paid position. Remuneration is prorated if a Supervisory Board member only performs a function for part of a fiscal year.

In addition to the remuneration paid, out-of-pocket expenses are refunded to the members of the Supervisory Board. Some Supervisory Board members also receive income from the exercise of Supervisory Board mandates at subsidiaries of RWE AG.

The members of the Supervisory Board imposed on themselves the obligation, subject to any commitment to relinquish their pay, to use 25 % of the total annual compensation (before taxes) to buy RWE shares and to hold them for the duration of their membership of the Supervisory Board of RWE AG. Last year, all of the members who do not relinquish their compensation met this self-imposed obligation regarding their compensation for 2019.

In total, the remuneration of the Supervisory Board (excluding the reimbursement of out-of-pocket expenses) amounted to €2,880,000 in fiscal 2020 (previous year: €3,304,000). Of this sum, €480,000 (previous year: €465,000) was remuneration paid for mandates on committees of the Supervisory Board and €100,000 (previous year: €543,000) was remuneration paid for mandates at subsidiaries of RWE AG.

In accordance with Section 113 of the German Stock Corporation Act, we will present a Supervisory Board remuneration scheme to the Annual General Meeting on 28 April 2021 for approval. We are considering proposing to the shareholders an increase in remuneration for committee work.

The remuneration of all individuals who served on the Supervisory Board in 2019 and / or 2020 is shown in the table overleaf.

Supervisory Board remuneration[1]	Fixed remuneration		Remuneration for committee offices		Remuneration for mandates at subsidiaries[2]		Total remuneration[3]	
€ '000	2020	2019	2020	2019	2020	2019	2020	2019
Dr. Werner Brandt, Chairman	300	300	–	–	–	–	300	300
Frank Bsirske, Deputy Chairman	200	200	–	–	–	143	200	343
Michael Bochinsky	100	100	40	40	–	–	140	140
Reiner Böhle (until 18 Sep 2019)	–	72	–	14	–	–	–	86
Sandra Bossemeyer	100	100	20	20	–	–	120	120
Martin Bröker	100	100	–	–	–	–	100	100
Anja Dubbert (since 27 Sep 2019)	100	26	20	1	–	–	120	27
Matthias Dürbaum (since 27 Sep 2019)	100	26	20	1	–	–	120	27
Ute Gerbaulet	100	100	–	–	–	–	100	100
Prof. Dr. Hans-Peter Keitel	100	100	20	20	–	–	120	120
Dr. h. c. Monika Kircher	100	100	40	30	–	–	140	130
Monika Krebber (until 18 Sep 2019)	–	72	–	14	–	86	–	172
Harald Louis	100	100	20	20	20	20	140	140
Dagmar Mühlenfeld	100	100	20	20	–	–	120	120
Peter Ottmann	100	100	20	20	–	–	120	120
Günther Schartz	100	100	20	20	–	–	120	120
Dr. Erhard Schipporeit	100	100	80	80	–	215	180	395
Dr. Wolfgang Schüssel	100	100	20	25	–	–	120	125
Ullrich Sierau	100	100	40	40	–	–	140	140
Ralf Sikorski	100	100	40	40	50	50	190	190
Marion Weckes	100	100	40	40	–	–	140	140
Leonhard Zubrowski	100	100	20	20	30	30	150	150
Total[3]	**2,300**	**2,296**	**480**	**465**	**100**	**543**	**2,880**	**3,304**

1 Supervisory Board members who joined or retired from the corporate body during the year receive prorated remuneration.
2 Remuneration for exercising mandates at subsidiaries is only included for periods of membership of the Supervisory Board of RWE AG.
3 The commercial rounding of certain figures can result in inaccurate sum totals.

Structure of Executive Board remuneration

Overview. The structure and level of the Executive Board's remuneration are determined by the Supervisory Board and reviewed on a regular basis to determine whether they are appropriate and in line with generally accepted principles. The remuneration system described in the following was introduced with effect from 1 October 2016. It is made up of non-performance-based and performance-based components. The former consists of the fixed salary, the pension instalment as well as fringe benefits. The performance-based components include the bonus and a share-based payment, the latter of which is a long-term component.

At its meeting on 25 June 2020, the Supervisory Board fundamentally reformed the remuneration system, in order to align it even more closely with the objectives of the company and the demands of our stakeholders. The amendments relate to various matters, including the long-term share-based payment, personal investment in RWE shares, and the financial consequences of misconduct. With a few exceptions, the old rules applied to the Executive Board's remuneration in 2020. These are described in more detail in the following. We have provided information on the major changes at the end of the chapter on page 96.

Recipients of Executive Board remuneration. In the financial year that just ended, Rolf Martin Schmitz, Markus Krebber, Michael Müller and Zvezdana Seeger received compensation for their work on the Executive Board of RWE AG.

- Rolf Martin Schmitz (63) has been a member of the Executive Board since 1 May 2009 and its Chairman since 15 October 2016. Concurrently, he was the Labour Director from May 2017 to October 2020. He will retire from the Executive Board as of 30 April 2021.

- Markus Krebber (48) was appointed to the Executive Board with effect from 1 October 2016 and has been CFO since 15 October 2016. His tenure on the Executive Board runs through to 30 June 2026, and he will assume chairmanship as of 1 May 2021.

- Michael Müller (49) was appointed to the Executive Board for an initial period of three years with effect from 1 November 2020. He will become CFO as of 1 May 2021.

- Zvezdana Seeger (56) also joined the Executive Board of RWE AG on 1 November 2020. She is the Labour Director and responsible for HR and IT. Her first tenure is also limited to three years.

Fixed compensation and pension instalments. The members of the Executive Board of RWE AG receive a fixed annual salary, which is paid in monthly instalments. As a second fixed remuneration component, they are entitled to a pension instalment for every year of service, which is determined on an individual basis. By contrast, Rolf Martin Schmitz, who belonged to the Executive Board before the pension instalment was introduced, receives a pension commitment (see page 88).

The pension instalment is paid in cash or retained in part or in full in exchange for a pension commitment of equal value. The accumulated capital may be drawn on retirement, but not before the Executive Board member turns 62. When retiring, Executive Board members can choose a one-time payment or a maximum of nine instalments. They and their surviving dependants do not receive any further benefits. Vested retirement benefits from earlier activities within the RWE Group remain unaffected by this.

Fringe benefits. Non-performance-based compensation also includes fringe benefits, primarily consisting of company cars and accident insurance premiums.

Bonus. Executive Board members receive a bonus which is based on the economic performance of the company and the degree to which they achieve their individual goals and the collective goals of the Executive Board. The starting point for calculating the individual bonus is what is referred to as the 'company bonus', which depends on the level of EBIT of relevance to remuneration in the fiscal year in question. The basis for determining this figure is adjusted EBIT (EBIT minus the non-operating result). The rules of Executive Board remuneration stipulate that the Supervisory Board may modify adjusted EBIT to make this figure more suitable for measuring management performance. Such adjustments can relate to gains on disposals, changes in provisions, as well as impairments and their consequences. This converts adjusted EBIT to EBIT of relevance to remuneration.

The company bonus is determined as follows: the Supervisory Board sets a target as well as a floor and a ceiling for EBIT of relevance to remuneration at the beginning of every fiscal year. After the end of the fiscal year, the actual level of adjusted EBIT and EBIT of relevance to remuneration resulting from the modifications explained earlier are determined. If the latter is identical to the target, the target achievement is 100 %. In this case, the company bonus equals the contractually agreed baseline bonus. If EBIT of relevance to remuneration is exactly at the pre-defined floor, target achievement is 50 %; if it is at the ceiling, target achievement is 150 %. Between the two limits, target achievement is calculated by linear interpolation. If EBIT of relevance to remuneration is below the floor, no company bonus is paid. If the ceiling is exceeded, the maximum target achievement remains 150 %.

In addition to the company bonus, the individual performance factor determines the level of bonus paid to each Executive Board member. The performance factor depends on the achievement of: (1) individual goals, (2) general collective goals, and (3) collective goals in relation to corporate responsibility and employee motivation. The aforementioned target categories are each weighted by one-third. After the end of every fiscal year, the Supervisory Board evaluates the individual performance of the Executive Board members relative to the three aforementioned categories. In so doing, it orients itself towards the degree to which the targets set at the beginning of the year have been met. Degrees of achievement can range between 0 % and 200 %. However, the derivable performance factor is limited to between 80 % and 120 %. This means that the performance factor for an Executive Board member with a 150 % target achievement is only 120 %.

The company bonus, multiplied by the individual performance factor, results in the bonus for each Executive Board member. This is paid in full after the end of the fiscal year.

Deviating from the aforementioned rules, it was agreed that the individual performance factor for the two months of work last year of Zvezdana Seeger and Michael Müller, who joined the Executive Board as of 1 November 2020, only be determined based on the achievement of individual goals. Therefore, the collective goals in categories (2) and (3) were disregarded.

Share-based payment. Executive Board members are granted a share-based payment, which rewards the achievement of long-term goals. For fiscal 2020, this was done for the last time under the 2016 – 2020 Strategic Performance Plan (SPP). The two following criteria are used by the SPP in measuring the degree to which goals are achieved in a fiscal year: the total return of the RWE share, which is made up of the share price and the dividend (performance), and net income of relevance to remuneration. As set out earlier, major aspects of the share-based payment have been modified. The changes were implemented in the 2021 SPP, which has been in effect since the beginning of the current year. The following commentary concerns the old SPP.

The 2016 – 2020 SPP is based on performance shares with a term (vesting period) made up of the fiscal year to which they relate and the three subsequent years. At the beginning of a fiscal year, Executive Board members receive a grant letter, in which they are informed of their personal gross allocation amount. The new Executive Board members Zvezdana Seeger and Michael Müller received their allocation when they took office in November. The number of performance shares is calculated by dividing the gross grant amount by the average closing quotation of the RWE share over the last 30 days of trading on Xetra before the respective grant year. However, the allocation is provisional. The final number of fully granted performance shares to be allocated is determined after the respective grant year.

Under the 2016 – 2020 SPP, the reconciliation of the conditionally granted performance shares to the finally granted performance shares is oriented towards net income of relevance to remuneration, which is determined by making modifications to adjusted net income. The allowable modifications are governed by the SPP conditions and ensure that actual earnings can be compared to the predetermined target figures even in cases of unforeseen events such as rights issues, acquisitions, disposals and changes in regulations.

The Supervisory Board determines the target figures for net income of relevance to remuneration at the beginning of the fiscal year on the basis of the company's medium-term plan. It also establishes the ceilings and floors. Accordingly, the 2016 – 2020 SPP takes the following approach: if the actual and target figure are identical, 100 % of the conditionally granted performance shares are fully allocated. If the actual figure is exactly at the floor, 50 % of the conditionally granted performance shares are fully allocated; if it is at the ceiling, the final grant amounts to 150 %. If the actual figure is below the floor, all of the conditionally granted performance shares lapse. If the ceiling is exceeded, the maximum grant remains 150 %.

Pursuant to the 2016 – 2020 SPP, the performance shares are fully paid out in cash to the Executive Board member three years after the final grant. This means that the payment for the 2018, 2019 and 2020 tranches is still outstanding. The level of the payment depends on the performance of the RWE share. It corresponds to the final number of performance shares multiplied by the sum of the average closing Xetra quotation of the RWE share on the last 30 trading days of the vesting period and the dividends accumulated in the last three years. However, a cap applies in this case as well: even in the event of an extremely good share performance, the payment is limited to a maximum of 200 % of the initial gross grant amount.

The members of the Executive Board are obliged to reinvest 25 % of the payment (after taxes) in RWE shares. The shares must be held until at least the end of the third year after conclusion of the vesting period.

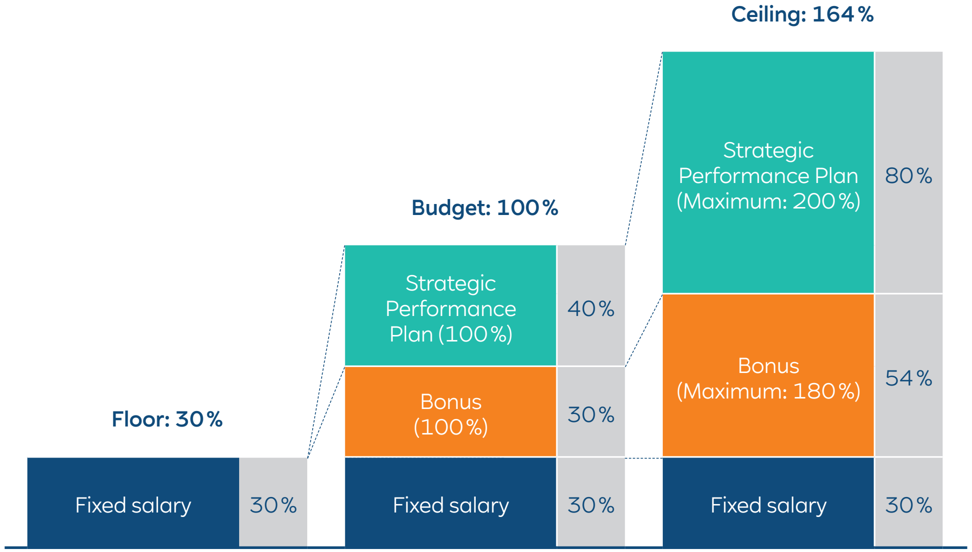
The performance shares remain unaffected after an Executive Board member resigns from their office at the end of their contract and are paid out as planned at the end of the vesting period. If an Executive Board member leaves the company at their own request, or if they are terminated for cause, all of the performance shares that have not reached the end of the vesting period lapse.

Malus and clawback provisions. The 2016 – 2020 SPP contains a malus clause, which allows the Supervisory Board to penalise misconduct by an Executive Board member by shortening or completely eliminating an ongoing SPP tranche. Such misconduct includes the intentional breach of the Code of Conduct, the compliance guidelines, a major duty set out in the employment contract, or of the duties of care defined by Section 93 of the German Stock Corporation Act.

The contracts of Michael Müller and Zvezdana Seeger, both of whom joined the Executive Board in November 2020, include the extensive malus and clawback provisions of the future remuneration system. These provisions allow the Supervisory Board to claw back performance-linked compensation that has already been paid (bonus and share-based payment) in part or in full if the consolidated financial statements are found to contain errors. Above and beyond that, in the event of misconduct by an Executive Board member, the Supervisory Board can exercise its discretion in reducing or cancelling any variable compensation for the fiscal year with which the breach of duty is associated. If the variable remuneration for the fiscal year in question has already been paid, the Supervisory Board can demand that it be returned in part or in full. The malus and clawback provisions shall not prejudice the obligation of the Executive Board member to compensate the company for damages.

Remuneration for exercising mandates. During the past fiscal year, members of the RWE AG Executive Board were paid to exercise supervisory board mandates at affiliates. This income fully counted towards the bonus (Schmitz / Krebber) or fixed remuneration (Müller / Seeger) and therefore did not increase the total remuneration.

Range of Executive Board remuneration

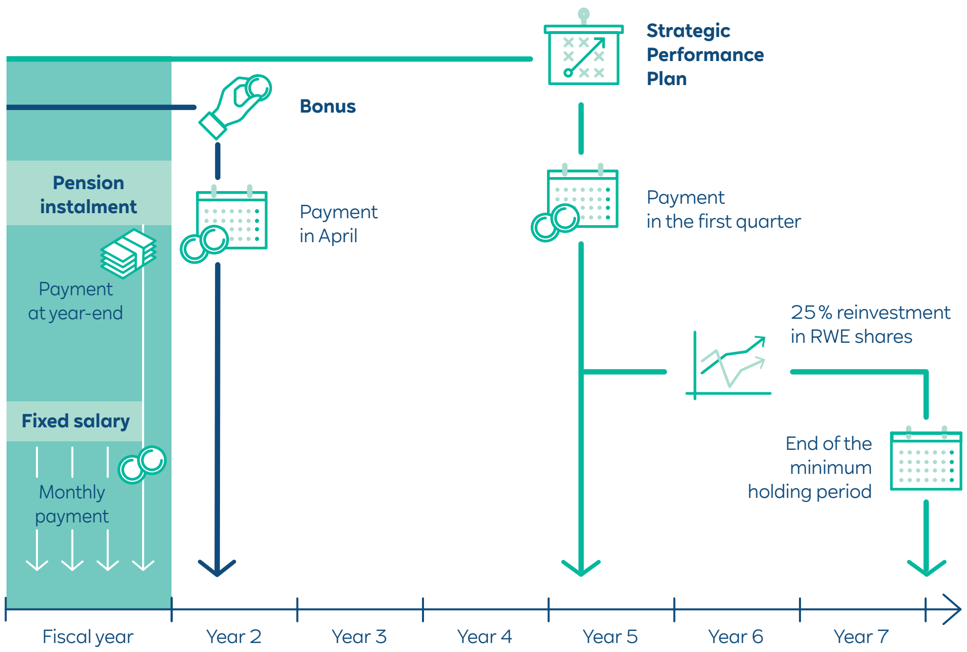


Remuneration broken down by component. Assuming that both the company and the Executive Board members achieved their performance targets to a degree of 100 %, the compensation structure would roughly have broken down as follows: 30 % of total remuneration would have been accounted for by the fixed salary, another 30 % by the bonus, and 40 % by long-term compensation under the 2016 – 2020 SPP.

Limitation of Executive Board remuneration. The chart above shows the percentage shares of the components of Executive Board remuneration in 2020. The company bonus was limited to 150 % of the contractually agreed bonus budget and the individual performance factor was capped at 120 %. Consequently, a maximum of 180 % of the bonus budget could be reached. With regard to share-based payment under the 2016 – 2020 SPP, payout of the performance shares after the vesting period was limited to a maximum of 200 % of the grant budget. Due to the above maximum values, there was also a cap on total compensation, which amounted to 164 % of the budget.

Payment dates. Executive Board members receive their fixed salary in monthly instalments. The pension instalment is paid out at the end of the year, unless it is converted into a pension commitment. After the fiscal year, the Supervisory Board determines the target achievement for the company bonus and establishes the individual performance factor. The bonus is paid in April. For performance shares from the SPP, the payment is made in the first quarter following the end of the vesting period. As explained earlier, Executive Board members must invest 25 % of the payment in RWE shares and may not sell these shares until after three additional calendar years have passed from completion of the four-year vesting period. As a result, it takes a total of seven years for Executive Board members to obtain the full amount of their compensation.

Executive Board remuneration payment timeline for a fiscal year



Pension scheme. Until the introduction of the pension instalment described earlier on 1 January 2011, pension benefits were granted to the members of the Executive Board. Of the Executive Board members in 2020, this only applies to Rolf Martin Schmitz; the pension commitment made to him in 2009 remains unchanged. It entitles him to life-long retirement benefits in the event of retirement from the Executive Board of RWE AG upon turning 60, permanent disability, early termination or non-extension of his employment contract by the company. In the event of death, his surviving dependants are entitled to benefits. The amount of Rolf Martin Schmitz's qualifying income and the level of benefits based on the years of service determine his individual pension and surviving dependants' benefits.

Change of control. The contracts of Rolf Martin Schmitz and Markus Krebber contain change-of-control clauses, which consist of the following main provisions: if shareholders or third parties obtain control over the company and this results in major disadvantages for the Executive Board members, they have a special right of termination. They can resign from the Executive Board and request that their employment contract be terminated in combination with a one-off payment within six months of the change of control.

A change of control as defined by this provision occurs when one or several shareholders or third parties acting jointly account for at least 30% of the voting rights in the company, or if any of the aforementioned can exert a controlling influence on the company in another manner. A change of control also occurs if the company is merged with another legal entity, unless the value of the other legal entity is less than 50% of the value of RWE AG.

On termination of their employment contract due to a change of control, Executive Board members receive a one-off payment equalling the compensation due until the end of the term of their contract. However, this amount will not be higher than three times their total annual remuneration, which encompasses all compensation components including fringe benefits but excluding the SPP.

In the event of a change of control, all of the performance shares granted under the 2016 – 2020 SPP that have been finally allocated but not been paid out are paid out early. Conversely, performance shares conditionally granted by the date of the change of control lapse without replacement or consideration.

The latest version of the GCGC suggests that no benefits be pledged in the event of the early termination of an employment contract by an Executive Board member due to a change of control. We adhere to this principle in all newly concluded employment contracts. In the event of a change of control, Zvezdana Seeger and Michael Müller, who were appointed to the Executive Board as of 1 November 2020, do not have a special right of termination or a right to severance. The same will apply to Markus Krebber from 1 May 2021 onwards, when he succeeds Rolf Martin Schmitz as CEO.

Early termination of Executive Board mandate and severance cap. Following a recommendation of the GCGC, the Executive Board's employment contracts include a provision stipulating that if an Executive Board mandate is otherwise terminated early without due cause, a severance payment of no more than the remuneration due until the end of the employment contract and no more than two total annual compensations is made (severance cap).

Level of Executive Board remuneration (according to HGB)	Rolf Martin Schmitz		Markus Krebber		Michael Müller[1]		Zvezdana Seeger[1]		Total	
€ '000	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Non-performance-based:	**1,181**	**1,183**	**1,145**	**1,085**	**156**	**–**	**154**	**–**	**2,636**	**2,268**
Fixed remuneration[2]	1,160	1,160	800	763	108	–	108	–	2,176	1,923
Pension instalments[3]	–	–	300	300	43	–	43	–	386	300
Fringe benefits	21	23	45	22	5	–	3	–	74	45
Performance-based:	**3,084**	**3,032**	**2,187**	**2,271**	**297**	**–**	**297**	**–**	**5,865**	**5,303**
Bonus (short-term)	1,584	1,782	1,087	1,171	130	–	130	–	2,931	2,953
of which: credited remuneration for mandates[2]	85	115	40	146	–	–	–	–	129	261
Value of performance shares at grant[4] (long-term)	1,500	1,250	1,100	1,100	167	–	167	–	2,934	2,350
Total remuneration	**4,265**	**4,215**	**3,332**	**3,356**	**453**	**–**	**451**	**–**	**8,501**	**7,571**

1 Michael Müller and Zvezdana Seeger joined the Executive Board on 1 November 2020.
2 Income of Michael Müller and Zvezdana Seeger from the exercise of Supervisory Board offices within the Group counts towards fixed pay and not the bonus; in 2020, it amounted to €7,000 for Michael Müller, whereas Zvezdana Seeger did not have any such income.
3 The pension instalment paid to Markus Krebber, Michael Müller and Zvezdana Seeger is part of their remuneration under the German Commercial Code (HGB), but this does not apply to the annual service cost of the pension commitment to Rolf Martin Schmitz.
4 The German Commercial Code mandates the statement of the fair value as of the grant date.

Level of Executive Board remuneration

The remuneration of the Executive Board of RWE AG is calculated in compliance with the rules set out in the German Commercial Code (HGB). The members of the Executive Board received €8,501,000 in total remuneration for their work in fiscal 2020 compared to €7,571,000 in the previous year when the board was made up of two members. The remuneration components are shown in the table above.

EBIT of relevance to remuneration, the basis for calculating the bonus, amounted to €1,830 million in the fiscal year that just ended. It differs from adjusted EBIT (€1,771 million) in that we made certain modifications to it to neutralise exceptional effects that could not be foreseen when establishing the target figure. One such modification related to the dividend on the 15 % stake in E.ON, which was considered in the EBIT target because it had not been decided at the time that we would recognise it in the financial result. Moreover, a correction was made to income from investments that was unexpectedly high due to timing effects. A further adjustment related to impairments recognised in 2019, the knock-on effects of which were not taken into account in the target value and were therefore eliminated. The adjusted EBIT target derived from the medium-term plan was €1,556 million (target achievement of 100 %), with a floor of €856 million (target achievement of 50 %) and a ceiling of €2,256 million (target achievement of 150 %). These figures and the actual figure result in a target achievement of 120 % for 2020. This means that the company bonus was 20 % higher than the bonus budget established at the beginning of the year.

Calculation of the 2020 company bonus	2020 €million	Target achievement %
Adjusted EBIT	1,771	–
Modifications[1]	59	–
EBIT of relevance to remuneration	**1,830**	**120**
Target	1,556	100
Ceiling	2,256	150
Floor	856	50

1 See commentary on the previous page.

The Supervisory Board found that Rolf Martin Schmitz and Markus Krebber overachieved the individual and collective targets. The main success factors were the completion of the asset swap with E.ON and the progress made in transforming RWE into a leading renewable energy company. The Supervisory Board is of the opinion that the repeated strong performance of the RWE share is proof of the capital market's endorsement of RWE's growth strategy. Of notable mention was the Executive Board setting the stage for the accelerated expansion of wind and solar capacity through the capital increase of August 2020 and the acquisition of Nordex's European project development business. The conclusion of the public law contract with the German government on the conditions of the lignite phaseout and its socially acceptable provisions also contributed to the high degree of target achievement. Goals associated with employee motivation, which is measured via regular in-company surveys, were slightly exceeded. The degrees of target achievement with respect to CR goals, which mainly relate to the carbon footprint of the generation portfolio, occupational safety as well as conformity with compliance, environmental and social standards, were between 95 % and 120 %. Messrs. Schmitz and Krebber fell 5 % short of the carbon footprint target set for the generation portfolio due to delays in the completion of renewable energy assets, which in some cases were due to COVID-19. In view of the problem-free familiarisation process of Michael Müller and Zvezdana Seeger, the Supervisory Board determined that these two new Executive Board members reached an individual target achievement of 100 %. As set out earlier, this assessment did not take account of any of the collective goals.

Calculation of the 2020 individual bonus		Rolf Martin Schmitz	Markus Krebber	Michael Müller	Zvezdana Seeger
Bonus budget	€ '000	1,100	755	108	108
Target achievement regarding EBIT of relevance to remuneration	%	120	120	120	120
Company bonus	€ '000	1,320	906	130	130
Individual performance factor	%	120	120	100	100
Individual bonus	€ '000	1,584	1,087	130	130

Rolf Martin Schmitz and Markus Krebber each had a target achievement of 132 %. Due to the cap, their individual performance factor was 120 %, whereas that of Michael Müller and Zvezdana Seeger was 100 %. Multiplying these figures by the company bonus results in the amount of individual bonus granted to each Executive Board member. It totalled €1,584,000 for Rolf Martin Schmitz, €1,087,000 for Markus Krebber, €130,000 for Michael Müller and €130,000 for Zvezdana Seeger.

Calculation of the 2020 tranche of the Strategic Performance Plan	2020 €million	Target achievement %
Adjusted net income	1,213	–
Modifications[1]	-170	–
Net income of relevance to remuneration	**1,043**	**104**
Target	1,007	100
Ceiling	1,507	150
Floor	507	50

1 See commentary on the next page.

The German Commercial Code stipulates that the long-term performance-based remuneration component is the fair value of the performance shares granted on a preliminary basis at the beginning of a fiscal year. As set out on pages 85 et seq., the level of the final grant depends on the development of net income of relevance to remuneration in the fiscal year compared to a predefined target. The latter was set by the Supervisory Board at €1,007 million for 2020 (grant of 100 %). The floor was €507 million (grant of 50 %) and the ceiling was €1,507 million (grant of 150 %). The actual amount of €1,043 million led to a target achievement of 104 %. This means that the final grant of performance shares for 2020 was 4 % higher than the preliminary grant.

Net income of relevance to remuneration is adjusted net income (€1,213 million) minus several exceptional items. As mentioned on page 89, we made a downward correction to the unexpectedly high income from investments and eliminated knock-on effects of impairments. A further modification related to the tax rate, which is used to calculate adjusted net income. It currently amounts to 15 %, whereas the target was determined based on a tax rate of 20 %.

Long-term incentive payment (Strategic Performance Plan): 2020 tranche		Rolf Martin Schmitz	Markus Krebber	Michael Müller	Zvezdana Seeger
Grant date		1 Jan 2020	1 Jan 2020	1 Nov 2020	1 Nov 2020
Fair value at grant date	€ '000	1,500	1,100	167	167
Share price (average)	€	26.41	26.41	26.41	26.41
Number of performance shares allocated on a provisional basis		**56,797**	**41,651**	**6,311**	**6,311**
Measurement date of performance conditions		31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020
Target achievement in relation to net income of relevance to remuneration	%	104	104	104	104
Final number of fully granted performance shares		**59,069**	**43,317**	**6,563**	**6,563**
End of vesting period		31 Dec 2023	31 Dec 2023	31 Dec 2023	31 Dec 2023

Long-term incentive payment (Strategic Performance Plan): 2017 – 2019 tranches		Rolf Martin Schmitz			Markus Krebber		
Tranche	Year	2019	2018	2017	2019	2018	2017
Grant date		1 Jan 2019	1 Jan 2018	1 Jan 2017	1 Jan 2019	1 Jan 2018	1 Jan 2017
Fair value at grant date	€ '000	1,250	1,250	1,250	1,100	1,100	988
Share price (average)	€	19.10	18.80	11.62	19.10	18.80	11.62
Number of performance shares allocated on a provisional basis		**65,445**	**66,489**	**107,573**	**57,592**	**58,511**	**84,983**
Measurement date of performance conditions		31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2019	31 Dec 2018	31 Dec 2017
Target achievement in relation to net income of relevance to remuneration	%	150	123	115	150	123	115
Final number of fully granted performance shares		**98,168**	**81,781**	**123,709**	**86,388**	**71,969**	**97,730**
End of vesting period		31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2022	31 Dec 2021	31 Dec 2020

The table below shows the increase in provisions to cover obligations from share-based payments under the SPP.

Addition to provisions for long-term share-based incentive payments € '000	2020	2019
Rolf Martin Schmitz	2,527	2,726
Markus Krebber	2,096	1,982
Michael Müller	54	–
Zvezdana Seeger	54	–
Total	**4,731**	**4,708**

Obligations under the former pension scheme. The service cost of pension obligations to Rolf Martin Schmitz amounted to €595,000 in 2020 (previous year: €554,000). This is not a remuneration component in accordance with the German Commercial Code. As of year-end, the present value of the defined benefit obligation determined in accordance with IFRS amounted to €16,441,000 (previous year: €14,997,000). The present value of the pension obligation determined according to the German Commercial Code totalled €13,166,000 (previous year: €11,894,000). It therefore increased by €1,272,000 (previous year: €1,360,000). Based on the emoluments qualifying for a pension as of 31 December 2020, the projected annual pension paid to Rolf Martin Schmitz on retiring from the company totalled €556,000, as in the previous year. This includes vested pension benefits due from former employers transferred to RWE AG.

Presentation of Executive Board remuneration in accordance with the GCGC (2017)

In designing and presenting the remuneration system, we also follow the recommendations of the German Corporate Governance Code. Last year, we oriented ourselves towards the version of the Code dated 7 February 2017, which was in force at the time. It was replaced by the version of 16 December 2019, which was introduced on 20 March 2020. The new GCGC no longer contains recommendations regarding the presentation of management board compensation, as opposed to the old version of the Code, which recommended the use of specific model tables. The Government Commission responsible for the Code is of the opinion that reporting on remuneration is now sufficiently regulated by the German law on the implementation of the Second Shareholder Rights Directive (ARUG II). However, the corresponding rules pursuant to German stock corporation law become mandatory for fiscal 2021 and later. To avoid gaps in transparency, we are presenting the Executive Board's remuneration for 2020 using the model tables from the 2017 GCGC once again.

The following tables show:

- the benefits granted for the reporting year including fringe benefits as well as the theoretical maximum and minimum amounts of variable compensation;
- payments of fixed remuneration, short-term variable remuneration and long-term variable remuneration by year of receipt; and
- the cost of pensions and other benefits.

Benefits or compensation are considered granted when a binding commitment to such is made to the management board member. In deviation from German commercial law, it is immaterial to what extent the management board member has already provided the services being remunerated.

The term 'benefits received' defines the extent to which the management board member has already received payments. In this regard, the relevant aspect is the time at which the amount being paid is sufficiently certain and not the actual time of the payment. We also take this approach in presenting the payments made under the 2016 – 2020 SPP.

This distinction described above can be illustrated with the example of the bonus: the contractually agreed and promised budgeted bonus for the fiscal year in question is considered 'granted'. Conversely, the benefits received table shows the bonus level which will actually be paid with a high degree of probability. In this regard, it is irrelevant that the payment will not be made until the following year. The payment date is deemed to have been reached when the indicators needed to determine target achievement (and therefore the bonus) are known with sufficient certainty. It is assumed that this is already the case at the end of the year. As a result, the Executive Board bonuses are stated in the reporting year in the benefits received table.

Benefits granted	Rolf Martin Schmitz Chief Executive Officer since 15 October 2016				Markus Krebber Chief Financial Officer since 15 October 2016				Michael Müller Member of the Executive Board since 1 November 2020				Zvezdana Seeger Chief HR Officer / Labour Director since 1 November 2020			
€ '000	2020 (Min.)	2020 (Max.)	2020 Actual	2019 Actual	2020 (Min.)	2020 (Max.)	2020 Actual	2019 Actual	2020 (Min.)	2020 (Max.)	2020 Actual	2019 Actual	2020 (Min.)	2020 (Max.)	2020 Actual	2019 Actual
Fixed remuneration	1,160	1,160	1,160	1,160	800	800	800	763	108	108	108	–	108	108	108	–
Pension instalment	–	–	–	–	300	300	300	300	43	43	43	–	43	43	43	–
Fringe benefits	21	21	21	23	45	45	45	22	5	5	5	–	3	3	3	–
Total fixed remuneration	**1,181**	**1,181**	**1,181**	**1,183**	**1,145**	**1,145**	**1,145**	**1,085**	**156**	**156**	**156**	**–**	**154**	**154**	**154**	**–**
One-year variable remuneration (bonus)	**0**	**1,980**	**1,100**	**1,100**[1]	**0**	**1,359**	**755**	**723**[1]	**0**	**195**	**108**	**–**	**0**	**195**	**108**	**–**
Multi-year variable remuneration (SPP)	**0**	**3,000**	**1,500**	**1,250**	**0**	**2,200**	**1,100**	**1,100**	**0**	**333**	**167**	**–**	**0**	**333**	**167**	**–**
2019 tranche (term: 2019 – 2022)	–	–	–	1,250	–	–	–	1,100	–	–	–	–	–	–	–	–
2020 tranche (term: 2020 – 2023)	0	3,000	1,500	–	0	2,200	1,100	–	0	333	167	–	0	333	167	–
Total variable remuneration	**0**	**4,980**	**2,600**	**2,350**	**0**	**3,559**	**1,855**	**1,823**	**0**	**528**	**275**	**–**	**0**	**528**	**275**	**–**
Total variable and fixed remuneration	**1,181**	**6,161**	**3,781**	**3,533**	**1,145**	**4,704**	**3,000**	**2,908**	**156**	**684**	**431**	**–**	**154**	**682**	**429**	**–**
Service cost	595	595	595	554	–	–	–	–	–	–	–	–	–	–	–	–
Total remuneration	**1,776**	**6,756**	**4,376**	**4,087**	**1,145**	**4,704**	**3,000**	**2,908**	**156**	**684**	**431**	**–**	**154**	**682**	**429**	**–**

1 Figures restated due to the change in the method used to state the bonus.

Benefits received	Rolf Martin Schmitz Chief Executive Officer since 15 October 2016		Markus Krebber Chief Financial Officer since 15 October 2016		Michael Müller Member of the Executive Board since 1 November 2020		Zvezdana Seeger Chief HR Officer / Labour Director since 1 November 2020	
€ '000	2020	2019	2020	2019	2020	2019	2020	2019
Fixed remuneration	1,160	1,160	800	763	108	–	108	–
Pension instalment	–	–	300	300	43	–	43	–
Fringe benefits	21	23	45	22	5	–	3	–
Total fixed remuneration	**1,181**	**1,183**	**1,145**	**1,085**	**156**	**–**	**154**	**–**
One-year variable remuneration (bonus)	**1,584**	**1,782**	**1,087**	**1,171**	**130**	**–**	**130**	**–**
Multi-year variable remuneration (SPP)	**2,500**	**1,538**	**1,975**	**494**	**–**	**–**	**–**	**–**
Payment from the 2016 tranche	–	1,538	–	494	–	–	–	–
Payment from the 2017 tranche	2,500	–	1,975	–	–	–	–	–
Total variable remuneration	**4,084**	**3,320**	**3,062**	**1,665**	**130**	**–**	**130**	**–**
Total variable and fixed remuneration	**5,265**	**4,503**	**4,207**	**2,750**	**286**	**–**	**284**	**–**
Service cost	595	554	–	–	–	–	–	–
Total remuneration	**5,860**	**5,057**	**4,207**	**2,750**	**286**	**–**	**284**	**–**

New Executive Board remuneration system as of 2021

As set out earlier, we refined our Executive Board remuneration system in order to bring it in line with the current statutory requirements and the expectations of our stakeholders. The new rules have been in force since 1 January 2021. We maintained the basic structure of the remuneration system. This means that Executive Board compensation still consists of fixed remuneration, the pension instalment, the performance-based bonus and the share-based payment. A detailed presentation of the new remuneration system can be found in the invitation to this year's Annual General Meeting, to which we will submit the system for approval. The invitation has been published at www.rwe.com/agm.

The following is a brief overview of some major new rules:

- In the future, share-based payments will orientate to two additional success factors: the carbon footprint of our generation portfolio and the relative total shareholder return, which puts the total return of the RWE share in relation to that of other European utility stocks. These two indicators and the development of net income of relevance to remuneration will determine how many of the conditionally granted performance shares are finally granted at the end of the performance period. This period, which in the past only comprised the fiscal year in question, will be extended to three years in the new remuneration system. Once it ends, all three criteria will be given equal weight in calculating the final grant. Thereafter, the performance shares must be held for a further year. Therefore, the vesting period will still be four years.
- A new element included in the remuneration system is the Shareholder Ownership Guidelines (SOGs) which serve to further align the interests of the Executive Board and the shareholders. The SOGs obligate the members of the Executive Board to have a minimum personal investment in RWE shares and to hold the shares during and two years after their tenure on the Executive Board. The personal investment quota is 100 % of annual gross fixed remuneration for ordinary Executive Board members and 200 % for the Chairman. Every year, at least 25 % of variable gross remuneration paid must be invested in RWE shares until the target amount is reached.
- Another major new feature is a clawback mechanism, which supplements the existing demerit rule. As set out in more detail on page 86, in the event of misconduct, an Executive Board member may be requested to return the variable remuneration already paid. The old malus rule did not go that far: it simply allowed SPP tranches that had not been paid yet to be reduced or withheld.

Since 2021, the employment contracts of Michael Müller and Zvezdana Seeger have reflected all the amendments to the remuneration system. This also applies to Markus Krebber as of 1 May 2021 when he becomes CEO. It was decided not to amend the conditions of the contract of Rolf Martin Schmitz, who will resign from the Executive Board at the end of April.

03 Responsibility Statement

Pumped storage power plant, Herdecke, Germany

3 Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group review of operations includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Essen, 5 March 2021

The Executive Board

Schmitz　　Krebber　　Müller　　Seeger

04

Consolidated financial statements

Nysäter onshore wind farm, Sweden

4.1 Income statement

€ million	Note	2020	2019
Revenue (including natural gas tax / electricity tax)	(1)	**13,896**	**13,277**
Natural gas tax / electricity tax	(1)	208	152
Revenue	(1)	**13,688**	**13,125**
Other operating income	(2)	4,931	4,756
Cost of materials	(3)	9,814	9,078
Staff costs	(4)	2,365	2,526
Depreciation, amortisation and impairment losses	(5), (10)	3,154	3,166
Other operating expenses	(6)	1,950	3,254
Income from investments accounted for using the equity method	(7), (12)	375	321
Other income from investments	(7)	-61	8
Financial income	(8)	1,933	688
Finance costs	(8)	2,387	1,626
Income from continuing operations before tax		**1,196**	**-752**
Taxes on income	(9)	363	-92
Income from continuing operations		**833**	**-660**
Income from discontinued operations		221	9,816
Income		**1,054**	**9,156**
of which: non-controlling interests		59	643
of which: RWE AG hybrid capital investors' interest			15
of which: net income / income attributable to RWE AG shareholders		**995**	**8,498**
Basic and diluted earnings per share in €	(26)	**1.56**	**13.82**
of which: from continuing operations in €		1.27	-1.13
of which: from discontinued operations in €		0.29	14.95

4.2 Statement of comprehensive income

Figures stated after taxes – € million	Note	2020	2019[1]
Income		**1,054**	**9,156**
Actuarial gains and losses of defined benefit pension plans and similar obligations		-493	-639
Income and expenses of investments accounted for using the equity method (pro rata)	(12)	-46	130
Fair valuation of equity instruments		-143	279
Income and expenses recognised in equity, not to be reclassified through profit or loss		**-682**	**-230**
Currency translation adjustment	(20)	-417	1,079
Fair valuation of debt instruments		19	27
Fair valuation of financial instruments used for hedging purposes	(27)	-233	479
Income and expenses of investments accounted for using the equity method (pro rata)	(12), (20)	-6	-15
Income and expenses recognised in equity, to be reclassified through profit or loss in the future		**-637**	**1,570**
Other comprehensive income		**-1,319**	**1,340**
Total comprehensive income		**-265**	**10,496**
of which: attributable to RWE AG shareholders		-282	9,706
of which: attributable to RWE AG hybrid capital investors			15
of which: attributable to non-controlling interests		17	775

1 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

4.3 Balance sheet

Assets € million	Note	31 Dec 2020	31 Dec 2019[1]
Non-current assets			
Intangible assets	(10)	4,913	4,777
Property, plant and equipment	(11)	17,902	19,016
Investments accounted for using the equity method	(12)	3,297	3,281
Other non-current financial assets	(13)	4,244	4,337
Financial receivables	(14)	131	128
Other receivables and other assets	(15)	3,435	3,276
Income tax assets		142	264
Deferred taxes	(16)	397	689
		34,461	**35,768**
Current assets			
Inventories	(17)	1,632	1,585
Financial receivables	(14)	2,482	2,359
Trade accounts receivable		3,007	3,621
Other receivables and other assets	(15)	9,820	12,756
Income tax assets		228	196
Marketable securities	(18)	4,219	3,258
Cash and cash equivalents	(19)	4,774	3,192
Assets held for sale		1,045	1,274
		27,207	**28,241**
		61,668	**64,009**

1 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

Equity and liabilities € million	Note	31 Dec 2020	31 Dec 2019[1]
Equity	(20)		
RWE AG shareholders' interest		17,182	16,964
Non-controlling interests		789	503
		17,971	**17,467**
Non-current liabilities			
Provisions	(22)	19,470	18,937
Financial liabilities	(23)	3,951	3,924
Income tax liabilities	(24)	797	1,050
Other liabilities	(25)	1,154	862
Deferred taxes	(16)	1,908	2,164
		27,280	**26,937**
Current liabilities			
Provisions	(22)	3,004	2,638
Financial liabilities	(23)	1,247	1,689
Trade accounts payable		2,387	2,987
Income tax liabilities	(24)	237	193
Other liabilities	(25)	9,003	11,588
Liabilities held for sale		539	510
		16,417	**19,605**
		61,668	**64,009**

1 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

4.4 Cash flow statement

€ million	Note (30)	2020	2019
Income from continuing operations		833	-660
Depreciation, amortisation, impairment losses / write-backs		3,179	2,754
Changes in provisions		342	2,825
Changes in deferred taxes		485	44
Income from disposal of non-current assets and marketable securities		-54	-77
Other non-cash income / expenses		-647	-3,077
Changes in working capital		-13	-2,786
Cash flows from operating activities of continuing operations		**4,125**	**-977**
Cash flows from operating activities of discontinued operations		50	-546
Cash flows from operating activities		**4,175**	**-1,523**
Intangible assets / property, plant and equipment			
Capital expenditure		-2,285	-1,767
Proceeds from disposal of assets		132	72
Acquisitions, investments			
Capital expenditure		-1,073	-4
Proceeds from disposal of assets / divestitures		233	623
Changes in marketable securities and cash investments		-1,189	1,592
Cash flows from investing activities of continuing operations (before initial / subsequent transfer to plan assets)		**-4,182**	**516**
Initial / subsequent transfer to plan assets		-96	-42
Cash flows from investing activities of continuing operations (after initial / subsequent transfer to plan assets)		**-4,278**	**474**
Cash flows from investing activities of discontinued operations		-76	-1,203
Cash flows from investing activities (after initial / subsequent transfer to plan assets)		**-4,354**	**-729**

€ million	Note (30)	2020	2019
Net change in equity (incl. non-controlling interests)		2,230	-60
Changes in hybrid capital			-869
Dividends paid to RWE AG shareholders and non-controlling interests		-522	-560
Issuance of financial debt		5,537	15,876
Repayment of financial debt		-5,476	-14,198
Cash flows from financing activities of continuing operations		**1,769**	**189**
Cash flows from financing activities of discontinued operations		6	35
Cash flows from financing activities		**1,775**	**224**
Net cash change in cash and cash equivalents		1,596	-2,028
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents		-34	15
Net change in cash and cash equivalents		**1,562**	**-2,013**
Cash and cash equivalents at beginning of the reporting period		3,212	5,225
of which: reported as 'Assets held for sale'		20	1,702
Cash and cash equivalents at beginning of the reporting period as per the consolidated balance sheet		3,192	3,523
Cash and cash equivalents at the end of the reporting period		4,774	3,212
of which: reported as 'Assets held for sale'			20
Cash and cash equivalents at end of the reporting period as per the consolidated balance sheet		**4,774**	**3,192**

4.5 Statement of changes in equity

Statement of changes in equity € million	Subscribed capital of RWE AG	Additional paid-in capital of RWE AG	Retained earnings and distributable profit	Accumulated other comprehensive Income: Currency translation adjustments	Accumulated other comprehensive Income: Fair value measurement of financial instruments: Debt instruments measured at fair value through other comprehensive income	Accumulated other comprehensive Income: Fair value measurement of financial instruments: Used for hedging purposes	**RWE AG share-holders' interest**	RWE AG hybrid capital investors' interest	Non-controlling interests	**Total**
Note (20)										
Balance at 1 Jan 2019	**1,574**	**2,385**	**1,139**	**285**	**17**	**3,336**	**8,736**	**940**	**4,581**	**14,257**
Capital paid out / paid in								-869	6	-863
Dividends paid			-430				-430	-61	-460	-951
Income			8,498				8,498	15	643	9,156
Other comprehensive income			-125	812	28	493	1,208		132	1,340
Total comprehensive income			8,373	812	28	493	9,706	15	775	10,496
Other changes			-174			-874	-1,048	-25	-4,399	-5,472
Balance at 1 Jan 2020[1]	**1,574**	**2,385**	**8,908**	**1,097**	**45**	**2,955**	**16,964**		**503**	**17,467**
Capital paid in	157	1,844	-11				1,990		162	2,152
Dividends paid			-492				-492		-64	-556
Income			995				995		59	1,054
Other comprehensive income			-682	-392	19	-222	-1,277		-42	-1,319
Total comprehensive income			313	-392	19	-222	-282		17	-265
Other changes			-123			-875	-998		171	-827
Balance at 31 Dec 2020	**1,731**	**4,229**	**8,595**	**705**	**64**	**1,858**	**17,182**		**789**	**17,971**

1 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

4.6 Notes

Basis of presentation

RWE AG, headquartered at RWE Platz 1 in 45141 Essen, Germany, is the parent company of the RWE Group ('RWE' or 'Group'). RWE generates electricity from renewable and conventional sources, primarily in Europe and the USA.

The consolidated financial statements for the period ended 31 December 2020 were approved for publication on 5 March 2021 by the Executive Board of RWE AG. The statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable in the European Union (EU), as well as in accordance with the supplementary accounting regulations applicable pursuant to Sec. 315e, Para. 1 of the German Commercial Code (HGB). The previous year's figures were calculated according to the same principles.

A statement of changes in equity has been disclosed in addition to the income statement, the statement of comprehensive income, the balance sheet and the cash flow statement. The Notes also include segment reporting.

Several balance sheet and income statement items have been combined in the interests of clarity. These items are stated and explained separately in the Notes to the financial statements. The income statement is structured according to the nature of expense method.

The consolidated financial statements have been prepared in euros. Unless specified otherwise, all amounts are stated in millions of euros (€ million). Due to calculation procedures, rounding differences may occur.

These consolidated financial statements were prepared for the fiscal year from 1 January to 31 December 2020.

The Executive Board of RWE AG is responsible for the preparation, completeness and accuracy of the consolidated financial statements and the Group review of operations, which is combined with the review of operations of RWE AG.

We employ internal control systems, uniform groupwide directives, and programmes for basic and advanced staff training to ensure that the consolidated financial statements and combined review of operations are adequately prepared. Compliance with legal regulations and the internal guidelines as well as the reliability and viability of the control systems are continuously monitored throughout the Group.

In line with the requirements of the German Corporate Control and Transparency Act (KonTraG), the Group's risk management system enables the Executive Board to identify risks at an early stage and take countermeasures, if necessary.

The consolidated financial statements, the combined review of operations, and the independent auditors' report are discussed in detail by the Audit Committee and at the Supervisory Board's meeting on financial statements with the independent auditors present. The results of the Supervisory Board's examination are presented in the report of the Supervisory Board on page 11 et seqq.

Scope of consolidation

In addition to RWE AG, the consolidated financial statements contain all material German and foreign companies which RWE AG controls directly or indirectly. In determining whether there is control, in addition to voting rights, other rights in the company contracts or articles of incorporation and potential voting rights are also taken into consideration.

Material associates are accounted for using the equity method, and principal joint arrangements are accounted for using the equity method or as joint operations.

Associates are companies on which RWE AG exercises a significant influence on the basis of voting rights between 20 % and 50 % or on the basis of contractual agreements. In classifying joint arrangements which are structured as independent vehicles, as joint operations or as joint ventures, other facts and circumstances – in particular delivery relationships between the independent vehicle and the parties participating in such – are taken into consideration, in addition to the legal form and contractual agreements.

Investments in subsidiaries, joint ventures, joint operations or associates which are of secondary importance from a Group perspective are accounted for in accordance with IFRS 9.

The list of Group shareholdings pursuant to Sec. 313, Para. 2 of the German Commercial Code (HGB) is presented on page 192 et seqq.

The following summary shows the changes in the number of fully consolidated companies that occurred during the reporting period:

Number of fully consolidated companies	Germany	Abroad	Total
1 Jan 2020	**58**	**201**	**259**
First-time consolidation	4	16	20
Deconsolidation	-3	-9	-12
Mergers	-4	-11	-15
31 Dec 2020	**55**	**197**	**252**

Unchanged versus 31 December 2019, there were 31 investments and joint ventures accounted for using the equity method, of which eleven were in Germany and 20 were abroad.

As in the previous year, two companies are presented as joint operations. Of these, Greater Gabbard Offshore Winds Limited, UK, is a material joint operation of the RWE Group. Greater Gabbard holds a 500 MW offshore wind farm, which RWE Renewables UK Swindon Limited operates together with Scottish and Southern Energy (SSE) Renewables Holdings. RWE Renewables UK Swindon Limited owns 50 % of the shares and receives 50 % of the power generated (including green power certificates). The wind farm is part of the segment Offshore Wind.

First-time consolidation and deconsolidation generally take place when control is obtained or lost.

Sales of shares which led to a change of control resulted in sales proceeds from disposals amounting to €13 million, which were reported in other operating income (previous year: €18 million). Furthermore, a deconsolidation gain of €154 million on the sale of discontinued operations (previous year: €8,258 million) was recognised in the 'income from discontinued operations' line item on the income statement.

Within the framework of purchases and sales of subsidiaries and other business units which resulted in a change of control, purchase prices amounted to €270 million (previous year: €3,592 million) and sales prices amounted to €872 million (previous year: €14,296 million). Sales prices received from third parties were paid exclusively in cash (previous year: using equity interests and offsetting against other payments within the scope of the transaction agreed with E.ON). During the reporting period, purchase prices were paid to third parties exclusively in cash (previous year: offsetting against other payments within the scope of the transaction agreed with E.ON, with the exception of €25 million which was paid in cash and cash equivalents). In relation to this, cash and cash equivalents (excluding assets held for sale) were acquired in the amount of €0 million (previous year: €113 million) and were disposed of in the amount of €5 million (previous year: €1,250 million).

Acquisitions

Acquired E.ON operations

As part of the extensive asset swap agreed upon with E.ON SE on 12 March 2018, RWE gained control of major parts of E.ON's former renewable energy business on 18 September 2019. The acquired operations are active in onshore and offshore wind as well as in the photovoltaic business in Europe and the USA.

The status at initial consolidation is presented in the following table as at 31 December 2019:

Balance-sheet items € million	IFRS carrying amounts (fair value) at initial consolidation (as at 31 Dec 2019)
Non-current assets	**10,292**
Intangible assets	1,951
Property, plant and equipment	6,332
Other non-current assets	2,009
Current assets	**1,886**
Non-current liabilities	**3,979**
Provisions	613
Financial liabilities	2,447
Other non-current liabilities	919
Current liabilities	**5,260**
Net assets	**2,939**
Purchase price	3,592
Goodwill	**653**

An update of the figures reported upon first-time consolidation was performed during the period under review and resulted in the following adjustments: Due to better understanding of the fair value of operating rights and property, plant and equipment in particular, the fair value of net assets stated upon first-time consolidation was reduced by €261 million, from €2,939 million to €2,678 million. Taking account of a purchase price adjustment resulting from contractually agreed settlements, the goodwill recognised upon first-time consolidation increased by €141 million to €794 million.

King's Lynn power station

The acquisition of a 100 % stake in Centrica KL Limited (CKLL), Windsor, UK, was completed on 12 February 2020, as agreed with the British energy company GB Gas Holdings Limited, a subsidiary of Centrica plc, Windsor, UK, at the end of December 2019.

The power station is a combined-cycle gas turbine (CCGT) power plant located in King's Lynn, Norfolk, UK. The plant has a capacity of 382 MW and will receive reliable, stable capacity payments in the British capacity market until 2035 based on a 15-year contract with a term starting in October 2020.

Initial accounting of the business combination is presented in the following table, together with the assumed assets and liabilities:

Balance-sheet items € million	IFRS carrying amounts (fair value) at initial consolidation
Non-current assets	125
Current assets	5
Non-current liabilities	9
Current liabilities	88
Net assets	**33**
Purchase price	33
Goodwill	

Since its initial consolidation, the company has contributed €25 million to the Group's revenue and €12 million to the Group's earnings.

Excluding €80 million in redeemed shareholder loans, the purchase price amounted to €33 million and was paid exclusively in cash and cash equivalents.

Nordex wind and solar projects

In early November 2020, RWE completed the acquisition of 100 % of the shares in the companies NXD HOLDCO B.V. and NXD France SAS and thus gained control of the European development operations of the wind turbine manufacturer Nordex. Since then, the names of the acquired companies have been changed to RWE Renewables HoldCo B.V. and RWE Renouvelables SAS.

These operations encompass a pipeline of onshore wind and solar projects with a total generation capacity of 2.7 GW, of which 1.9 GW is located in France. The pipeline also includes ventures in Spain, Sweden and Poland. Some 15 % of the pipeline will soon be ready for a final investment decision or is at an advanced stage of development. State subsidies have already been secured for generation capacity of 230 MW.

The assets and liabilities acquired within the scope of the transaction are presented in the following table:

Balance-sheet items € million	IFRS carrying amounts (fair value) at initial consolidation
Non-current assets	329
Current assets	0
Non-current liabilities	56
Current liabilities	6
Net assets	**267**
Purchase price	375
Goodwill	**108**

The acquired operations have not yet made any significant contributions to the Group's revenue and earnings since they were consolidated for the first time.

The purchase price amounted to €375 million (excluding repaid shareholder loans in the amount of €21 million) and was paid exclusively in cash and cash equivalents.

Goodwill is primarily based on expected future use and synergy effects.

The initial accounting of the business combination has not been finalised due to the complex structure of the transaction.

Disposals, disposal groups and discontinued operations

Východoslovenská energetika Holding a.s. (VSEH)
On 21 August 2020, RWE sold the shares in its fully consolidated investment in the Slovak power and gas utility Východoslovenská energetika Holding a.s. (VSEH), which was previously stated as part of 'innogy – discontinued operations', to E.ON. The deconsolidation gain amounted to €154 million and is stated in the 'income from discontinued operations' line item on the income statement.

The elimination bookings within the scope of the consolidation of expenses and income for the intragroup deliveries and services existing so far, which will be continuing either with such or with third parties after the deconsolidation of the discontinued operations, were fully assigned to such operations.

Major key figures of the activities of the discontinued operations deconsolidated as of 21 August 2020 are presented in the following tables:

Key figures of discontinued operations € million	31 Dec 2019
Non-current assets	
Intangible assets	405
Property, plant and equipment	734
Other non-current assets	8
	1,147
Current assets	**127**
Non-current liabilities	
Provisions	9
Financial liabilities	225
Other non-current liabilities	131
	365
Current liabilities	**145**

Key figures of discontinued operations € million	2020	2019
Revenue[1]	507	23,890
Other income[2]	15	1,518
Expenses[3]	437	23,214
Income of discontinued operations before tax	85	2,194
Taxes on income	18	636
Deconsolidation gain	154	8,258
Income of discontinued operations	221	9,816

1 Including income with continuing operations in the amount of €1,402 million in the previous year.
2 Including income with continuing operations in the amount of €108 million in the previous year.
3 Including expenses with continuing operations in the amount of €119 million (previous year: €9,772 million).

In the previous year, RWE sold the parts of innogy stated as 'innogy – discontinued operations' since 30 June 2018 to E.ON SE. This primarily involved most of the grid and retail business. The deconsolidation gain on this transaction amounted to €8,258 million in the previous year, which was recognised in the 'income from discontinued operations' line item on the income statement.

Of the share of total comprehensive income attributable to RWE AG shareholders, –€469 million (previous year: €237 million) were allocable to continuing operations and €187 million (previous year: €9,469 million) were allocable to discontinued operations.

Sale of a 75 % stake in the onshore wind farms Stella, Cranell, and East and West Raymond
In December 2020, RWE concluded contracts with Algonquin Power Fund (America) Inc., USA, a subsidiary of Algonquin Power & Utilities Corp., Canada, and Greencoat Capital, UK, on the sale of a total of 75 % of the shares in the four onshore wind farms Stella, Cranell, and East and West Raymond in the US state of Texas. These assets are part of the segment Onshore Wind / Solar. Upon completion of the individual transactions, RWE will deconsolidate the wind farms and report its remaining 25 % stake as an investment accounted for using the equity method.

The Stella wind farm (201 MW) commenced operation in December 2018, with Cranell (220 MW) and East Raymond (200 MW) following suit in September 2020 and January 2021, respectively. West Raymond (240 MW) was still under construction when these Notes were prepared. It is scheduled to go online in the second quarter of 2021 and then be sold off. The sale of a 75 % stake in the three onshore wind farms Stella, Cranell and East Raymond was completed in January 2021 (see 'Events after the balance sheet date', page 190).

As of 31 December 2020, the assets and liabilities of the four wind farms were reported as 'held for sale' in the balance sheet. The main groups of assets and liabilities of the disposal group are presented below:

Key figures of the disposal group € million	31 Dec 2020
Non-current assets	
Property, plant and equipment	971
Other non-current assets	4
	975
Current assets	**70**
Non-current liabilities	
Provisions	43
Financial liabilities	277
Other non-current liabilities	105
	425
Current liabilities	**114**

The disposal group's accumulated other comprehensive income amounted to €18 million.

Georgia Biomass
On 31 July 2020, the sale of Georgia Biomass, which had been contractually agreed on 18 June 2020, was completed. Georgia Biomass was responsible for RWE's biomass business in the USA and was part of the segment Hydro / Biomass / Gas. The deconsolidation gain on this transaction amounted to €13 million, which will be recognised in the 'other operating income' line item on the income statement.

Seabreeze II installation ship
In April 2020, the Seabreeze II offshore installation ship and the related equipment was sold and transferred to SPIC Ronghe International Financial Leasing Co. Ltd. The ship was part of the Offshore Wind segment. This transaction resulted in a gain in the medium double-digit million euro range, which is recognised in the 'other operating income' line item on the income statement.

Consolidation principles

The financial statements of German and foreign companies included in the scope of the Group's financial statements are prepared using uniform accounting policies. On principle, subsidiaries whose fiscal years do not end on the Group's balance-sheet date (31 December) prepare interim financial statements as of this date. Three subsidiaries have a different balance-sheet date of 31 March (previous year: three). Different fiscal years compared to the calendar year stem from tax-related reasons or country-specific regulations.

Business combinations are reported according to the acquisition method. This means that capital consolidation takes place by offsetting the purchase price, including the amount of the non-controlling interests, against the acquired subsidiary's revalued net assets at the time of acquisition. In doing so, the non-controlling interests can either be measured at the prorated value of the subsidiary's identifiable net assets or at fair value. The subsidiary's identifiable assets, liabilities and contingent liabilities are measured at full fair value, regardless of the amount of the non-controlling interests. Intangible assets are reported separately from goodwill if they are separable from the company or if they stem from a contractual or other right. In accordance with IFRS 3, no new restructuring provisions are recognised within the scope of the purchase price allocation. If the purchase price exceeds the revalued prorated net assets of the acquired subsidiary, the difference is capitalised as goodwill. If the purchase price is lower, the difference is included in income.

In the event of deconsolidation, the related goodwill is derecognised with an effect on income. Changes in the ownership share which do not alter the ability to control the subsidiary are recognised without an effect on income. By contrast, if there is a change in control, the remaining shares are revalued with an effect on income.

Expenses and income as well as receivables and payables between consolidated companies are eliminated; intra-group profits and losses are eliminated.

For investments accounted for using the equity method, goodwill is not reported separately, but rather included in the value recognised for the investment. In other respects, the consolidation principles described above apply analogously. If impairment losses on the equity value become necessary, we report such under income from investments accounted for using the equity method. The financial statements of investments accounted for using the equity method are also prepared using the Group's uniform accounting policies.

Foreign currency translation

In their individual financial statements, the companies measure non-monetary foreign currency items at the balance-sheet date using the exchange rate in effect on the date they were initially recognised. Monetary items are converted using the exchange rate valid on the balance-sheet date. Exchange rate gains and losses from the measurement of monetary balance-sheet items in foreign currency occurring up to the balance-sheet date are recognised on the income statement.

Functional foreign currency translation is applied when converting the financial statements of companies outside of the Eurozone. As the principal foreign enterprises included in the consolidated financial statements conduct their business activities independently in their national currencies, their balance-sheet items are translated into euros in the consolidated financial statements using the average exchange rate prevailing on the balance-sheet date. This also applies for goodwill, which is viewed as an asset of the economically autonomous foreign entity. We report differences to previous-year translations in other comprehensive income without an effect on income. Expense and income items are translated using annual average exchange rates. When translating the adjusted equity of foreign companies accounted for using the equity method, we follow the same procedure.

The following exchange rates (among others) were used as a basis for foreign currency translations:

Exchange rates	Average		Year-end	
in €	2020	2019	31 Dec 2020	31 Dec 2019
1 US dollar	0.87	0.89	0.81	0.89
1 pound sterling	1.12	1.14	1.11	1.18
100 Czech korunas	3.77	3.90	3.81	3.94
1 Polish zloty	0.22	0.23	0.22	0.23
1 Danish crown	0.13	0.13	0.13	0.13
1 Swedish crown	0.10	0.09	0.10	0.10
1 Norwegian crown	0.09	0.10	0.10	0.10

Accounting policies

Intangible assets are accounted for at amortised cost. With the exception of goodwill, all intangible assets have finite useful lives and are amortised using the straight-line method. Useful lives and methods of amortisation are reviewed on an annual basis.

Software for commercial and technical applications is amortised over three to five years. 'Operating rights' refer to the entirety of the permits and approvals required for the operation of a power plant. Such rights are generally amortised over the economic life of the power plant, using the straight-line method. Capitalised customer relations are amortised over a maximum period of up to ten years.

Goodwill is not amortised; instead it is subjected to an impairment test once every year, or more frequently if there are indications of impairment.

Development costs are capitalised if a newly developed product or process can be clearly defined, is technically feasible and it is the company's intention to either use the product or process itself or market it. Furthermore, asset recognition requires that there be a sufficient level of certainty that the development costs lead to future cash inflows. Capitalised development costs are amortised over the period during which the products are expected to be sold. Research expenditures are recognised as expenses in the period in which they are incurred.

An impairment loss is recognised for an intangible asset if the recoverable amount of the asset is less than its carrying amount. A special regulation applies for cases when the asset is part of a cash-generating unit. Such units are defined as the smallest identifiable group of assets which generates cash inflows; these inflows must be largely independent of cash inflows from other assets or groups of asset. If the intangible asset is a part of a cash-generating unit, the impairment loss is calculated based on the recoverable amount of this unit. If goodwill was allocated to a cash-generating unit and the carrying amount of the unit exceeds the recoverable amount, the allocated goodwill is initially written down by the difference. Impairment losses which must be recognised in addition to this are taken into account by reducing the carrying amount of the other assets of the cash-generating unit on a prorated basis. If the reason for an impairment loss recognised in prior periods has ceased to exist, a write-back to intangible assets is performed. The increased carrying amount resulting from the write-back may not, however, exceed the amortised cost. Impairment losses on goodwill are not reversed.

Property, plant and equipment is stated at depreciated cost. Borrowing costs are capitalised as part of the asset's cost, if they are incurred directly in connection with the acquisition or production of a 'qualified asset'. What characterises a qualified asset is that a considerable period of time is required to prepare it for use or sale. If necessary, the cost of property, plant and equipment may contain the estimated expenses for the decommissioning of plants or site restoration. Maintenance and repair costs are recognised as expenses.

With the exception of land and leasehold rights, as a rule, property, plant and equipment is depreciated using the straight-line method, unless in exceptional cases another depreciation method is better suited to the usage pattern. The depreciation methods are reviewed annually. We calculate the depreciation of RWE's typical property, plant and equipment according to the following useful lives, which apply throughout the Group and are also reviewed annually:

Useful life in years	
Buildings	7 - 50
Technical plants	
Thermal power plants	6 - 40
Wind turbines	Up to 25
Gas and water storage facilities	10 - 60
Mining facilities	3 - 25
Mining developments	44 - 52
Other renewable generation facilities	5 - 50

Property, plant and equipment also include right-of-use assets resulting from leases of which RWE is the lessee. These right-of-use assets are measured at cost. The cost results from the present value of the lease instalments, adjusted to take into account advance payments, initial direct costs and potential dismantling obligations and corrected for received lease incentives. Right-of-use assets are depreciated using the straight-line method over the lease term or the expected useful life, whichever is shorter.

For short-term leases and leases for low-value assets, lease instalments are recognised as an expense over the lease term. For operating leases of which RWE is the lessor, the minimum lease instalments are recognised as income over the lease term.

Impairment losses and write-backs on property, plant and equipment are recognised according to the principles described for intangible assets.

Investments accounted for using the equity method are initially accounted for at cost and thereafter based on the carrying amount of their prorated net assets. The carrying amounts are increased or reduced annually by prorated profits or losses, dividends and all other changes in equity. Goodwill is not reported separately, but rather included in the recognised value of the investment. Goodwill is not amortised. An impairment loss is recognised for investments accounted for using the equity method, if the recoverable amount is less than the carrying amount.

The initial measurement of **other financial assets** occurs at the settlement date. Shares in non-consolidated subsidiaries and in associates or joint ventures are recognised at fair value through profit or loss insofar as such can be determined reliably. Other investments are also recognised at fair value, insofar as such can be determined reliably. The option to state changes in fair value in other comprehensive income is exercised for some of these equity instruments. Non-current securities are also accounted for at fair value and changes in value are recognised through profit or loss or other comprehensive income depending on their classification. Gains and losses on sales of equity instruments, for which the option to state changes in fair value in other comprehensive income is exercised, remain in equity and are not reclassified to the income statement. An impairment in the amount of the expected credit losses is recognised through profit or loss for debt instruments that are recognised at fair value through other comprehensive income. The changes reported in other comprehensive income are recognised with an effect on earnings upon the sale of these instruments.

Receivables are comprised of **financial receivables, trade accounts receivable** and **other receivables.** Aside from financial derivatives, **receivables and other assets** are stated at amortised cost minus a risk provision in the amount of the expected losses.

Loans reported under financial receivables are stated at amortised cost minus a risk provision in the amount of the expected losses. Loans with interest rates common in the market are shown on the balance sheet at nominal value; as a rule, however, non-interest or low-interest loans are disclosed at their present value discounted using an interest rate commensurate with the risks involved.

CO_2 emission allowances and certificates for renewable energies are accounted for as intangible assets and reported under other assets; both are stated at cost and are not amortised.

Deferred taxes result from temporary differences in the carrying amount in the separate IFRS financial statements and tax bases, and from consolidation procedures. Deferred tax assets also include tax reduction claims resulting from the expected utilisation of existing loss carryforwards in subsequent years. Deferred taxes are capitalised if it is sufficiently certain that the related economic advantages can be used. Their amount is assessed with regard to the tax rates applicable or expected to be applicable in the specific country at the time of realisation. The tax regulations valid or adopted as of the balance-sheet date are key considerations in this regard. Deferred tax assets and deferred tax liabilities are netted out for each company and / or tax group.

Inventories are assets which are held for sale in the ordinary course of business (finished goods and goods for resale), which are in the process of production (work in progress – goods and services) or which are consumed in the production process or in the rendering of services (raw materials including nuclear fuel assemblies and excavated earth for lignite mining).

Insofar as inventories are not acquired primarily for the purpose of realising a profit on a short-term resale transaction, they are carried at the lower of cost or net realisable value. Production costs reflect the full costs directly related to production; they are determined based on normal capacity utilisation and, in addition to directly allocable costs, they also include adequate portions of required materials and production overheads. They also include production-related depreciation. Borrowing costs, however, are not capitalised as part of the cost. The determination of cost is generally based on average values. The usage of excavated earth for lignite mining is calculated using the 'first in – first out' method (FIFO).

If the net realisable value of inventories written down in earlier periods has increased, the reversal of the write-down is recognised as a reduction of the cost of materials.

Nuclear fuel assemblies are stated at depreciated cost. Depreciation is determined by operation and capacity, based on consumption and the reactor's useful life.

Inventories which are acquired primarily for the purpose of realising a profit on a short-term resale transaction are recognised at fair value less costs to sell. Changes in value are recognised with an effect on income.

Securities classified as current marketable securities essentially consist of marketable securities held in special funds as well as fixed-interest securities which have a maturity of more than three months and less than one year from the date of acquisition. Securities held in special funds are measured at fair value through profit or loss or at fair value through other comprehensive income. The transaction costs directly associated with the acquisition of these securities are included in the initial measurement, which occurs on their settlement date. Unrealised gains and losses are recognised through profit or loss or other comprehensive income, with due consideration of any deferred taxes depending on the underlying valuation category. An impairment in the amount of the expected credit losses is recognised through profit or loss for debt instruments that are stated at fair value through other comprehensive income. Changes included in other comprehensive income are recognised through profit or loss on disposal of such instruments.

Cash and cash equivalents consist of cash on hand, demand deposits and current fixed-interest securities with a maturity of three months or less from the date of acquisition.

Assets are stated under **Assets held for sale** if they can be sold in their present condition and their sale is highly probable within the next twelve months. Such assets may be certain non-current assets, asset groups ('disposal groups') or operations ('discontinued operations'). Liabilities intended to be sold in a transaction together with assets are a part of a disposal group or discontinued operations, and are reported separately under **Liabilities held for sale**.

Non-current assets held for sale are no longer depreciated or amortised. They are recognised at fair value less costs to sell, as long as this amount is lower than the carrying amount.

Gains or losses on the valuation of specific assets held for sale and of disposal groups are stated under income from continuing operations until final completion of the sale. Gains or losses on the valuation of discontinued operations and on certain assets of a discontinued operation, which are not subject to the valuation rules pursuant to IFRS 5, are stated under income from discontinued operations.

The stock option plans are accounted for as cash-settled **share-based payment**. At the balance-sheet date, a provision is recognised in the amount of the prorated fair value of the payment obligation. Changes in the fair value are recognised with an effect on income. The fair value of options is determined using generally accepted valuation methodologies.

Provisions are recognised for all legal or constructive obligations to third parties which exist on the balance-sheet date and stem from past events which will probably lead to an outflow of resources, and the amount of which can be reliably estimated. Provisions are carried at their prospective settlement amount and are not offset against reimbursement claims. If a provision involves a large number of items, the obligation is estimated by weighting all possible outcomes by their probability of occurrence (expected value method).

All non-current provisions are recognised at their prospective settlement amount, which is discounted as of the balance-sheet date. In the determination of the settlement amount, any cost increases likely to occur up until the time of settlement are taken into account.

If necessary, the cost of property, plant and equipment may contain the estimated expenses for the decommissioning of plants or site restoration. Decommissioning, restoration and similar provisions are recognised for these expenses. If changes in the discount rate or changes in the estimated timing or amount of the payments result in changes in the provisions, the carrying amount of the respective asset is increased or decreased by the corresponding amount. If the decrease in the provision exceeds the carrying amount, the excess is recognised immediately through profit or loss.

As a rule, releases of provisions are credited to the expense account on which the provision was originally recognised.

Provisions for pensions and similar obligations are recognised for defined benefit plans. These are obligations of the company to pay future and ongoing post-employment benefits to entitled current and former employees and their surviving dependents. In particular, the obligations refer to retirement pensions. Individual commitments are generally oriented to the employees' length of service and compensation.

Provisions for defined benefit plans are based on the actuarial present value of the respective obligation. This is measured using the projected unit credit method. This method not only takes into account the pension benefits and benefit entitlements known as of the balance-sheet date, but also anticipated future increases in salaries and pension benefits. The calculation is based on actuarial reports, taking into account appropriate biometric parameters (for Germany, in particular the 'Richttafeln 2018 G' by Klaus Heubeck, and the Standard SAPS Table S2PA of the respective year for the United Kingdom, taking into consideration future changes in mortality rates). The provision derives from the balance of the actuarial present value of the obligations and the fair value of the plan assets. The service cost is disclosed in staff costs. Net interest is included in the financial result.

Gains and losses on the revaluation of net defined benefit liability or asset are fully recognised in the fiscal year in which they occur. They are reported outside of profit or loss, as a component of other comprehensive income in the statement of comprehensive income, and are immediately assigned to retained earnings. They remain outside profit or loss in subsequent periods as well.

In the case of defined contribution plans, the enterprise's obligation is limited to the amount it contributes to the plan. Contributions to the plan are reported under staff costs.

Waste management provisions in the nuclear energy sector are based on obligations under public law, in particular the German Atomic Energy Act, and on restrictions from operating licenses. These provisions are measured using estimates, which are based on and defined in contracts as well as on information from internal and external specialists (e.g. experts).

Obligations existing as of the balance-sheet date and identifiable when the balance sheet is being prepared are recognised as provisions for mining damage to cover land recultivation and remediation of mining damage that has already occurred or been caused. The provisions must be recognised due to obligations under public law, such as the German Federal Mining Act, and formulated, above all, in operating schedules and water law permits. Provisions are generally fully related to the degree of mining in question. Such provisions are measured at full expected cost or according to estimated compensation payments. Cost estimates are based on external expert opinions to a significant extent.

A provision is recognised to cover the obligation to submit CO_2 emission allowances and certificates for renewable energies to the respective authorities; this provision is primarily measured at the secured forward price of the CO_2 allowances or certificates for renewable energies. If a portion of the obligation is not covered with allowances that are available or have been purchased forward, the provision for this portion is measured using the market price of the emission allowances or certificates for renewable energies on the reporting date.

Liabilities consist of **financial liabilities, trade accounts payable, income tax liabilities** and **other liabilities**. Upon initial recognition, these are generally stated at fair value including transaction costs and are carried at amortised cost in the periods thereafter (except for derivative financial instruments). Lease liabilities are measured at the present value of the future lease payments. For subsequent measurements, the lease payments are divided into the financing costs and repayment portion of the outstanding debt. Financing costs are distributed over the lease term in such a manner that a steady interest rate is created for the outstanding debt.

If uncertain income tax items are recognised in income tax liabilities because they are probable, the former are generally measured at the most likely amount. Measurement at expected value is only considered in exceptional cases.

Moreover, other liabilities also include contract liabilities. A contract liability is the obligation of the Group to transfer goods or services to a customer, for which we have already received consideration or for which the consideration is already due.

Derivative financial instruments are recognised as assets or liabilities and measured at fair value, regardless of their purpose. Changes in this value are recognised with an effect on income, unless the instruments are used for hedge accounting purposes. In such cases, recognition of changes in the fair value depends on the type of hedging transaction.

Fair value hedges are used to hedge assets or liabilities carried on the balance sheet against the risk of a change in their fair value. The following applies: changes in the fair value of the hedging instrument and the fair value of the respective underlying transactions are recognised in the same line item on the income statement. Hedges of unrecognised firm commitments are also recognised as fair value hedges. Changes in the fair value of the firm commitments with regard to the hedged risk result in the recognition of an asset or liability with an effect on income.

Cash flow hedges are used to hedge the risk of variability in future cash flows related to an asset or liability carried on the balance sheet or related to a highly probable forecast transaction. If a cash flow hedge exists, unrealised gains and losses from the hedging instrument are initially stated as other comprehensive income. Such gains or losses are only included on the income statement when the hedged underlying transaction has an effect on income. If forecast transactions are hedged and such transactions lead to the recognition of a financial asset or financial liability in subsequent periods, the amounts that were recognised in equity until this point in time are recognised on the income statement in the period during which the asset or liability affects the income statement. If the transactions result in the recognition of non-financial assets or liabilities, for example the acquisition of property, plant and equipment, the amounts recognised in equity without an effect on income are included in the initial cost of the asset or liability.

The purpose of hedges of a net investment in foreign operations (net investment hedges) is to hedge the currency risk from investments with foreign functional currencies. Unrealised gains and losses from such hedges are recognised in other comprehensive income until disposal of the foreign operation.

Hedging relationships must be documented in detail and meet the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument,
- the value change of hedging relationship is not dominated by the credit risk, and
- the hedge ratio is the same as that resulting from the quantities used within the scope of risk management.

Only the effective portion of a hedge is recognised in accordance with the preceding rules. The ineffective portion is recognised immediately on the income statement with an effect on income.

Contracts on the receipt or delivery of non-financial items in accordance with the company's expected purchase, sale or usage requirements (own-use contracts) are not accounted for as derivative financial instruments, but rather as executory contracts. If the contracts contain embedded derivatives, the derivatives are accounted separately from the host contract, insofar as the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract. Written options to buy or sell a non-financial item which can be settled in cash are not own-use contracts.

Contingent liabilities are possible obligations to third parties or existing obligations which will probably not lead to an outflow of economic benefits or the amount of which cannot be measured reliably. Contingent liabilities are only recognised on the balance sheet if they were assumed within the framework of a business combination. The amounts disclosed in the Notes correspond to the exposure at the balance-sheet date.

Management judgements in the application of accounting policies. Management judgements are required in the application of accounting policies. In particular, this pertains to the following aspects:

- With regard to certain contracts, a decision must be made as to whether they are to be treated as derivatives or as so-called own-use contracts, and be accounted for as executory contracts.
- Financial assets are classified by contractual cash flows and applied business model. Whereas the contractual cash flows are determined by the characteristics of the financial instruments, the business model is based on the Group's internal requirements relating to the portfolios of financial instruments.
- With regard to assets held for sale, it must be determined if they can be sold in their current condition and if the sale of such is highly probable in the next twelve months. If both conditions apply, the assets and any related liabilities must be reported and measured as assets or liabilities held for sale, respectively.

Management estimates and judgements. Preparation of consolidated financial statements pursuant to IFRS requires assumptions and estimates to be made, which have an impact on the recognised value of the assets and liabilities carried on the balance sheet, on income and expenses and on the disclosure of contingent liabilities.

Amongst other things, these assumptions and estimates relate to the accounting and measurement of provisions. With regard to non-current provisions, the discount factor to be applied is an important estimate, in addition to the amount and timing of future cash flows. The discount factor for pension obligations is determined on the basis of yields on high-quality, fixed-rate corporate bonds on the financial markets as of the balance-sheet date.

The rules governing valuation allowances for financial assets under IFRS 9 stipulate that the expected credit losses must be determined. The valuation allowance is based on information from within and outside the Group.

The impairment test for goodwill and non-current assets is based on certain assumptions pertaining to the future, which are regularly adjusted. Property, plant and equipment is tested for indications of impairment on each cut-off date. Based on the business models, the anticipated effect of the COVID-19 pandemic did not necessitate the performance of impairment tests.

Power plants are grouped together as a cash-generating unit if their production capacity and fuel needs are centrally managed as part of a portfolio, and it is not possible to ascribe individual contracts and cash flows to the specific power plants.

Upon first-time consolidation of an acquired company, the identifiable assets, liabilities and contingent liabilities are recognised at fair value. Determination of the fair value is based on valuation methods which require a projection of anticipated future cash flows.

Deferred tax assets are recognised if realisation of future tax benefits is probable. Actual future development of income for tax purposes and hence the realisability of deferred tax assets, however, may deviate from the estimation made when the deferred taxes are capitalised.

Further information on the assumptions and estimates upon which these consolidated financial statements are based can be found in the explanations of the individual items.

All assumptions and estimates are based on the circumstances and forecasts prevailing on the balance-sheet date. Furthermore, as of the balance-sheet date, realistic assessments of overall economic conditions in the sectors and regions in which RWE conducts operations are taken into consideration with regard to the prospective development of business. Actual amounts may deviate from the estimated amounts if the overall conditions develop differently than expected. In such cases, the assumptions, and, if necessary, the carrying amounts of the affected assets and liabilities are adjusted.

As of the date of preparation of the consolidated financial statements, it is not presumed that there will be any material changes compared to the assumptions and estimates.

Capital management. The focus of RWE's financing policy is on ensuring uninterrupted access to the capital market. The goal is to be in a position to refinance maturing debts and finance the operating activities at all times. Maintaining a solid rating and a positive operating cash flow serve this purpose.

The management of RWE's capital structure is oriented towards a leverage factor of three or less. This indicator is calculated by adding material non-current provisions to net financial debt and comparing the resulting figure to the adjusted EBITDA of the core business. RWE's liabilities of relevance to net debt primarily consist of hybrid bonds and provisions for pensions, nuclear waste management, and wind farms.

RWE's capital structure changed during the reporting period, primarily due to the capital increase amounting to 10% of the capital stock, which generated gross proceeds of approximately €2 billion. In contrast to this, investment in wind and solar projects in particular increased compared to the previous year. Additionally, the net debt of the continuing operations was strongly affected by the inflows of variation margins on forward transactions with electricity, commodities and CO_2 certificates. Variation margins are payments with which transaction partners mutually collateralise profit and loss positions resulting from the daily revaluation of active contracts. However, their influence on cash flows is temporary and ends once the transactions are realised. While the capital increase resulted in an increase in financial assets, an opposite effect was felt in capital expenditures. In total, net financial debt amounted to €4.4 billion on 31 December 2020 and was thus lower than at the end of 2019 (previous year: €7.2 billion). Furthermore, net debt provisions rose by €0.3 billion to €11.3 billion (previous year: €11.0 billion, excluding provisions for mining damage). On average, provisions have a very long duration; their level is primarily determined by external factors such as the general level of interest rates. A precise calculation of net debt and net financial debt is presented on page 28 of the review of operations. As of 31 December 2020, the leverage factor was 1.7 and was thus below the planned ceiling.

RWE's credit rating is influenced by a number of qualitative and quantitative factors. These include aspects such as the amount of cash flows and debt as well as market conditions, competition, and the political framework. Our hybrid bonds also have a positive effect on our rating. The leading rating agencies, Moody's and Fitch, classify part of hybrid capital as equity.

RWE's creditworthiness is currently rated 'Baa3' by Moody's and 'BBB' by Fitch. In March 2020, Moody's raised RWE's outlook to 'positive' in light of the ongoing progress towards becoming a producer of electricity from renewable energy. Our rating thus remains in the investment-grade range. RWE's short-term credit ratings are 'P-3' (previous year: 'P-3') and 'F2' (previous year: 'F2'), respectively.

Changes in accounting regulations

The International Accounting Standards Board (IASB) has approved several amendments to existing IFRSs, which are effective for the RWE Group as of fiscal 2020 due to EU endorsement:

- Amendments to References to the Conceptual Framework in IFRS Standards (2018),
- Amendments to IFRS 3 Definition of a Business (2018),
- Amendments to IAS 1 and IAS 8 Definition of Material (2018),
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (2019), see page 174 in the Notes,
- Amendments to IFRS 16 Covid-19-Related Rent Concessions (2020).

These new policies do not have any material effects on the RWE Group's consolidated financial statements.

New accounting policies

The IASB issued further standards and amendments to standards, which were not yet mandatory in the EU in fiscal 2020. These standards and amendments to standards, which are not expected to have any material effects on RWE's consolidated financial statements, are listed below:

- IFRS 17 Insurance Contracts (2017) including Amendments to IFRS 17 (2020),
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (2020) and Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date (2020),
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (2020),
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (2020),
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (2020),
- Annual Improvements to IFRS Standards 2018-2020 (2020),
- Amendments to IFRS 4 Extension of the Temporary Exemption from Applying IFRS 9 (2020),
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (2020),
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (2021),
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (2021),
- Proposed amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (2021).

Notes to the Income Statement

(1) Revenue

Revenue is recorded when the customer has obtained control over goods or services.

We recognise income from the sale of the electricity generated by all of RWE Group's generation technologies and the consumer business in revenue. Revenue resulting from the commercial optimisation of generation dispatch is based on the net sale price, after deduction of the relevant material costs. By contrast, all other revenue from our generation activities and the consumer business is reported on a gross basis.

In the year under review, RWE generated external revenue with two large customers in the amount of €6,963 million and €1,544 million (previous year: €7,455 million and €1,472 million) in the Supply & Trading segment.

A breakdown of revenue by division, geographical region and product is contained in the segment reporting on page 183 et seqq.

The item 'Natural gas tax / electricity tax' comprises the taxes paid directly by Group companies.

Certain performance obligations of the RWE Group were not yet or not yet fully met by the end of the fiscal year. The €3,154 million in revenue due from these performance obligations (previous year: €4,276 million) is expected to be received over the following three years. The receipt of this revenue will depend on when these performance obligations to the customer are met. It does not include future revenue from contracts with an original contractual term of twelve months or less.

(2) Other operating income

Other operating income € million	2020	2019
Income from own work capitalised	84	67
Income from changes in product inventories	10	30
Release of provisions	11	10
Cost allocations / refunds	175	116
Disposal and write-back of non-current assets including income from deconsolidation	128	525
Income from derivative financial instruments	3,721	897
Compensation and insurance benefits	66	34
Income from leases	29	16
Currency gains	71	
Miscellaneous	636	3,061
	4,931	**4,756**

Income from derivative financial instruments mainly stems from our energy trading activities.

In the Hydro / Biomass / Gas segment, write-backs of €71 million were recognised for the Scottish biomass-fired power station Markinch (recoverable amount: €0.2 billion) in the previous year. This was predominantly due to changed assumptions regarding subsidies in the renewable energy business. The write-ups were fully allocated to property, plant and equipment.

Furthermore, in the Hydro / Biomass / Gas segment, write-backs of €363 million were recognised for the German Gas and Hydroelectric Power Plants cash-generating unit along with the associated power purchase agreements (recoverable amount: €0.5 billion) in the previous year. This was largely due to the new definition of cash-generating units in the previous European Power segment. All of the write-backs were allocable to property, plant and equipment.

In the previous year, miscellaneous income contained the compensatory payments of €2,600 million for the early exit from our lignite business awarded by the German government.

Income from the disposal of non-current financial assets and loans is disclosed under income from investments if it relates to investments; otherwise it is recorded as part of the financial result as is the income from the disposal of current marketable securities.

To improve the presentation of the development of business, we state unrealised and realised income from contracts measured at fair value of the Supply & Trading segment as net amounts. The net amount totalled €3,613 million in 2020 (previous year: €258 million).

(3) Cost of materials

Cost of materials € million	2020	2019
Cost of raw materials and of goods for resale	8,540	7,663
Cost of purchased services	1,274	1,415
	9,814	**9,078**

The cost of materials primarily includes expenses for the input materials of power plants. Expenses for coal of €75 million (previous year: €195 million) were recognised at the market price prevailing at settlement.

In the year under review, impairments of €140 million were recognised for stock materials and coal inventories. These impairments were based on lower market prices and impairment tests performed for the cash-generating units Garzweiler, Hambach, Inden and the hard coal-fired power stations (see page 124 in the Notes). In the previous year, impairments of €21 million were recognised for coal inventories, due to lower market prices.

(4) Staff costs

Staff costs € million	2020	2019
Wages and salaries	1,891	2,124
Cost of social security, pensions and other benefits	474	402
	2,365	**2,526**

Number of employees	2020	2019
Employees covered by collective agreements and other employees	13,272	28,214
Employees not covered by collective agreements	6,358	9,868
	19,630	**38,082**

The number of employees is arrived at by conversion to full-time positions, meaning that part-time and fixed-term employees are included in accordance with the ratio of the part-time work or the duration of the employment to the annual employment time. On average, 669 trainees were employed; trainees are not included in the headcount figures.

In the previous year, the stated number of employees (average for the year) included the discontinued innogy operations up to end-Q2 2019. In that period, the discontinued innogy operations accounted for 14,663 wage earners and other personnel and 4,561 salaried staff. On average, 1,280 trainees were employed in the previous year, of which 659 were assigned to the innogy – discontinued operations segment.

(5) Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses € million	2020	2019
Intangible assets	156	107
Property, plant and equipment	2,998	3,059
	3,154	**3,166**

Depreciation, amortisation and impairment losses contain the following impairments:

Impairments € million	2020	2019
Intangible assets	18	46
Property, plant and equipment	1,712	1,922
	1,730	**1,968**

In the Hydro / Biomass / Gas segment, the impairment test for the Dutch Power Plant Portfolio cash-generating unit resulted in a write-down of €557 million (recoverable amount: €0.7 billion), due to the deterioration of market conditions in the Netherlands.

The impairment tests performed in the Coal / Nuclear segment resulted in the recognition of impairments on property, plant and equipment in the amount of €791 million. This was mainly due to changed market conditions and specification of the coal phase-out plans. Of these impairments, €579 million was related to the Garzweiler cash-generating unit (recoverable amount: €0.8 billion), €114 million to the Hambach cash-generating unit (recoverable amount: –€0.7 billion) and €98 million to the Inden cash-generating unit (recoverable amount: –€0.4 billion). With the exception of the property and buildings reported at market value, the property, plant and equipment of the Hambach and Inden units has been written down in full.

Additionally, impairments of €231 million were recognised on property, plant and equipment of the hard coal-fired power stations in the Coal / Nuclear segment (recoverable amount: €0.0 billion), in relation to the phase-out of hard coal. The power plants Ibbenbüren B and Westfalen E successfully participated in the first round of decommissioning auctions and were thus shut down early as of 1 January 2021. Decommissioning is subject to an assessment of the systemic relevance of the two plants by the German Network Agency.

In the Offshore Wind segment, an impairment loss of €225 million was recognised in the previous year for the Nordsee Ost offshore wind farm (recoverable amount: €0.6 billion). This primarily resulted from changed price and cost expectations.

Furthermore, an impairment loss of €69 million was recognised in the previous year for gas storage facilities (of which €65 million for property, plant and equipment and €4 million for intangible assets) in the Supply & Trading segment, primarily due to changed price expectations (recoverable amount: €0.0 billion).

In the previous year, the legal steps to reduce and end electricity generation from lignite and hard coal in Germany resulted in the split-up and spin-off of the two former Lignite & Nuclear and German Power Plant Portfolio cash-generating units in the Coal / Nuclear segment (previously: European Power segment).

The impairment test performed last year in the Coal / Nuclear segment for this reason resulted in the recognition of an impairment loss of €400 million (recoverable amount: – €0.2 billion) for the new Hambach cash-generating unit, of €114 million for the new Inden cash-generating unit (recoverable amount: €0.0 billion) and of €253 million for the new Garzweiler cash-generating unit (recoverable amount: €1.3 billion). These effects were solely due to the agreement reached with the German government to phase out electricity generation from lignite early. In the previous year, €240 million in impairments were attributable to changes in provisions, which were capitalised in the 'property, plant and equipment' item.

The impairment test performed last year in the Hydro / Biomass / Gas segment (previously: European Power segment) led to reversals of write-downs of €363 million for the new cash-generating unit German Gas and Hydroelectric Power Plants, along with the associated power purchase agreements, which was recognised in other operating income (recoverable amount: €0.5 billion). For the first time, the recoverable amount was calculated separately for each of the assets in the hard coal business in the Coal / Nuclear segment (previously: European Power segment), owing to the changed regulatory environment. This resulted in impairment losses of €76 million (recoverable amount: €0.2 billion). These effects stem from the compensation lost due to the spin-off of the hard coal-fired power stations along with the associated power purchase agreements from the former cash-generating unit. These agreements were also valued separately for the first time last year.

In addition, an impairment loss of €693 million (recoverable amount: €1.1 billion) was recognised in the previous year for the Dutch Power Plant Portfolio cash-generating unit in the the Hydro / Biomass / Gas segment (previously: European Power segment). This was due to the early phase-out of electricity generation from hard coal in the Netherlands.

Other impairments on intangible assets and property, plant and equipment were recognised primarily on the basis of cost increases and changes in price expectations.

Recoverable amounts are generally determined on the basis of fair values less costs to sell; in the Onshore Wind / Solar segment, they are also determined on the basis of values in use. Fair values are determined using valuation models based on planned cash flows. In the fiscal year, the valuation models were based on discount rates (after taxes) in the range of 2.75 % to 4.50 % (previous year: 2.50 % to 4.75 %; in the previous 'innogy – continuing operations' segment, they were based on discount rates [before taxes] of 3.90 % and 4.25 %). Our key planning assumptions relate to the development of wholesale prices of electricity, crude oil, natural gas, coal and CO_2 emission allowances, market shares and regulatory framework conditions. Based on the use of internal planning assumptions, the determined fair values are assigned to Level 3 of the fair value hierarchy.

(6) Other operating expenses

Other operating expenses € million	2020	2019
Maintenance and renewal obligations	499	505
Additions to provisions / reversals	48	1,814
Structural and adaptation measures	12	151
Legal and other consulting and data processing services	301	273
Disposal of current assets and decreases in values (excluding decreases in the value of inventories and marketable securities)	49	4
Disposal of non-current assets including expenses from deconsolidation	32	24
Insurance, commissions, freight and similar distribution costs	82	61
General administration	51	65
Expenses from derivative financial instruments	507	70
Expenses from leases	30	42
Fees and membership dues	56	65
Other taxes (primarily on property)	40	29
Miscellaneous	243	151
	1,950	**3,254**

Expenses from derivative financial instruments mainly result from our energy trading activities.

In the previous year, additions to provisions primarily related to the nuclear energy and mining business.

(7) Income from investments

Income from investments includes all income and expenses which have arisen in relation to operating investments. It is comprised of income from investments accounted for using the equity method and other income from investments.

Income from investments € million	2020	2019
Income from investments accounted for using the equity method	**375**	**321**
Income from non-consolidated subsidiaries	-82	1
Income from other investments	6	1
Income from the disposal of investments	4	5
Income from loans to investments	11	1
Other income from investments	**-61**	**8**
	314	**329**

(8) Financial result

Financial result € million	2020	2019
Interest and similar income	283	185
Other financial income	1,650	503
Financial income	**1,933**	**688**
Interest and similar expenses	296	258
Interest accretion to		
Provisions for pensions and similar obligations (including capitalised surplus of plan assets)	37	49
Provisions for nuclear waste management as well as to mining provisions	203	723
Other provisions	15	109
Other finance costs	1,836	487
Finance costs	**2,387**	**1,626**
	-454	**-938**

The financial result breaks down into net interest, interest accretion to provisions, other financial income and other finance costs.

Interest accretion to provisions contains the annual amounts of accrued interest. It is reduced by the imputed interest income on plan assets for the coverage of pension obligations. Due to the early end of electricity generation from lignite resulting from the German coal phase-out, in the previous year the real discount rate used to calculate provisions for mining damage was reduced and the associated increase in the net present value of obligations of €463 million was recognised as an expense in the interest accretion to additions to provisions.

Interest expenses incurred for lease liabilities amounted to €35 million in the year under review (previous year: €26 million).

Net interest essentially includes interest income from interest-bearing securities and loans, income and expenses relating to marketable securities, and interest expenses.

In the year under review, €61 million in borrowing costs were capitalised as costs in connection with the acquisition, construction or production of qualifying assets (previous year: €39 million). The underlying capitalisation rate ranged from 3.0 % to 3.7 % (previous year: from 3.7 % to 4.0 %).

Net interest € million	2020	2019
Interest and similar income	283	185
Interest and similar expenses	296	258
	-13	**-73**

Net interest stems from financial assets and liabilities, which were allocated to the following measurement categories pursuant to IFRS 9:

Interest result by category € million	2020	2019
Debt instruments measured at amortised cost	78	123
Financial instruments measured at fair value through profit or loss	3	30
Debt instruments measured at fair value through other comprehensive income	14	16
Equity instruments measured at fair value through other comprehensive income	187	16
Financial liabilities measured at (amortised) cost	-295	-258
	-13	**-73**

Other financial income includes €28 million in gains realised from the disposal of marketable securities (previous year: €19 million). Of the other finance costs, €17 million (previous year: €5 million) stem from realised losses on the disposal of marketable securities.

(9) Taxes on income

Taxes on income € million	2020	2019
Current taxes on income	-122	-136
Deferred taxes	485	44
	363	**-92**

Of the deferred taxes, €439 million is related to temporary differences (previous year: €29 million). In the year under review, changes in valuation allowances for deferred tax assets amounted to €418 million (previous year: €572 million).

Current taxes on income contain €16 million in net tax expenses (previous year: income of €74 million) relating to prior periods.

Due to the utilisation of tax loss carryforwards unrecognised in prior years, current taxes on income were reduced by €10 million (previous year: €37 million).

Expenses from deferred taxes declined by €7 million (previous year: €0 million), due to reassessments of and previously unrecognised tax loss carryforwards.

Income taxes recognised in other comprehensive income € million	2020	2019
Fair valuation of equity instruments	11	-3
Fair valuation of debt instruments	-9	-12
Fair valuation of financial instruments used for hedging purposes	107	-288
Actuarial gains and losses of defined benefit pension plans and similar obligations[1]	-40	176
	69	**-127**

1 Including valuation allowances.

Taxes in the amount of €311 million (previous year: €394 million) were offset directly against equity.

Tax reconciliation € million	2020	2019
Income before tax	**1,196**	**-752**
Theoretical tax expense	**390**	**-245**
Differences to foreign tax rates	-98	-37
Tax effects on		
Tax-free dividends	-123	-49
Other tax-free income	-31	-10
Expenses not deductible for tax purposes	29	30
Accounting for associates using the equity method (including impairment losses on associates' goodwill)	-30	-55
Unutilisable loss carryforwards, utilisation of unrecognised loss carryforwards, write-downs on loss carryforwards, recognition of loss carryforwards	377	175
Income on the disposal of investments	-1	-48
Changes in foreign tax rates	86	29
Other allowances for deferred taxes in the RWE AG tax group	-69	207
Other	-167	-89
Effective tax expense	**363**	**-92**
Effective tax rate in %	30.4	12.2

The theoretical tax expense is calculated using the tax rate for the RWE Group of 32.6 % (previous year: 32.6 %). This is derived from the prevailing 15 % corporate tax rate, the solidarity surcharge of 5.5 %, and the Group's average local trade tax rate.

Notes to the Balance Sheet

(10) Intangible assets

Intangible assets € million	Development costs	Concessions, patent rights, licences and similar rights	Customer relationships and similar assets	Goodwill	Prepayments	Total
Cost						
Balance at 1 Jan 2020	40	3,713	310	2,549	6	6,618
Additions / disposals due to changes in the scope of consolidation		161	-1	108		268
Additions		19			4	23
Transfers	-1	6				5
Currency translation adjustments	-1	-98	-13	-46		-158
Disposals	1	38		8		47
Balance at 31 Dec 2020	37	3,763	296	2,603	10	6,709
Accumulated amortisation / impairment losses						
Balance at 1 Jan 2020	36	1,799	6			1,841
Additions / disposals due to changes in the scope of consolidation		-155	-1			-156
Amortisation / impairment losses in the reporting period	2	138	16			156
Transfers	-2	2				
Currency translation adjustments	-1	-6	-1			-8
Disposals	1	36				37
Balance at 31 Dec 2020	34	1,742	20			1,796
Carrying amounts						
Balance at 31 Dec 2020	3	2,021	276	2,603	10	4,913

Intangible assets € million	Development costs	Concessions, patent rights, licences and similar rights	Customer relationships and similar assets	Goodwill	Prepayments	Total
Cost						
Balance at 1 Jan 2019	36	2,214	1	1,718	9	3,978
Additions / disposals due to changes in the scope of consolidation	1	1,404	304	794		2,503
Additions	2	22			2	26
Transfers	1	5			-5	1
Currency translation adjustments		73	5	37		115
Disposals		5				5
Balance at 31 Dec 2019	40	3,713	310	2,549	6	6,618
Accumulated amortisation / impairment losses						
Balance at 1 Jan 2019	33	1,751	1			1,785
Additions / disposals due to changes in the scope of consolidation	-2	-57				-59
Amortisation / impairment losses in the reporting period	4	98	5			107
Currency translation adjustments	1	7				8
Balance at 31 Dec 2019	36	1,799	6			1,841
Carrying amounts						
Balance at 31 Dec 2019	4	1,914	304	2,549	6	4,777

In the reporting period, the RWE Group's total expenditures on research and development amounted to €20 million (previous year: €25 million).

Goodwill breaks down as follows:

Goodwill € million	31 Dec 2020	31 Dec 2019[1]
Offshore Wind	1,376	1,422
Onshore Wind / Solar	108	
Hydro / Biomass / Gas	113	121
Supply & Trading	1,006	1,006
	2,603	**2,549**

1 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

New cash-generating units were formed as of 1 January 2020. In doing so, goodwill in the amount of €606 was transferred from the former cash-generating unit innogy - continuing operations to the new cash-generating unit Offshore Wind and in the amount of €121 million to the new cash-generating unit Hydro / Biomass / Gas. Goodwill of €816 million was transferred from the former cash-generating unit 'operations acquired from E.ON' to the new cash-generating unit Offshore Wind.

The impairment test carried out in relation to the formation of new cash-generating units did not result in any impairments.

In the year under review, goodwill increased by €108 million as a result of the first-time consolidation of Nordex's wind and solar projects in the Onshore Wind segment. This goodwill passed the impairment test in the fourth quarter of 2020. In the previous year, goodwill increased by €794 million upon the first-time consolidation of the acquired E.ON operations. This goodwill passed the impairment test in the fourth quarter of 2019. In the year under review, goodwill declined by €8 million due to the deconsolidation of Georgia Biomass in the Hydro / Biomass / Gas cash-generating unit.

In the third quarter of every fiscal year, an impairment test is performed to determine if there is any need to write down goodwill. In doing so, goodwill is allocated to the cash-generating units.

The recoverable amount of the cash-generating unit is determined, which is defined as the higher of fair value less costs to sell or value in use. Fair value is the best estimate of the price that an independent third party would pay to purchase the cash-generating unit as of the balance-sheet date. Value in use reflects the present value of the future cash flows which are expected to be generated with the cash-generating unit.

Fair value less costs to sell is assessed from an external perspective and value in use from a company-internal perspective. Values are determined using a business valuation model, based on planned future cash flows. These cash flows, in turn, are based on the business plan, as approved by the Executive Board and valid at the time of the impairment test. They pertain to a detailed planning period of three years. In certain justifiable cases, a longer detailed planning period is taken as a basis, insofar as it is necessary due to economic or regulatory conditions. The cash flow plans are based on experience as well as on expected market trends in the future. If available, market transactions in the same sector or third-party valuations are taken as a basis for determining fair value. Based on the use of internal planning assumptions, the determined fair values are assigned to Level 3 of the fair value hierarchy.

Mid-term business plans are based on country-specific assumptions regarding the development of key economic indicators such as gross domestic product, consumer prices, interest rate levels and nominal wages. These estimates are, amongst others, derived from macro- economic and financial studies.

Our key planning assumptions for the business segments active in electricity and gas markets relate to the development of wholesale prices of electricity, crude oil, natural gas, coal and CO_2 emission allowances, market shares and regulatory framework conditions.

The discount rates used for business valuations are determined on the basis of market data. During the period under review, they were 4.25 % (previous year: 5.50 %) for the cash-generating unit Supply & Trading, 4.25 % for Offshore Wind (in the previous year: 4.00 % for the former segment innogy – continuing operations) and 3.75 % for Hydro / Biomass / Gas.

In the Offshore Wind cash-generating unit, we used a growth rate of 0.5 % as a basis for extrapolating future cash flows going beyond the detailed planning period. For all of the other cash-generating units, we do not base the extrapolation of future cash flows going beyond the detailed planning period on growth rates. In the previous year, no growth rates were used as a basis. The growth rate for each division is generally derived from experience and expectations of the future and does not exceed the long-term average growth rates of the respective markets in which the Group companies are active. The annual cash flows assumed for the years after the detailed planning period include as a deduction capital expenditure in the amount necessary to maintain the scope of business.

As of the balance-sheet date, the recoverable amounts of the cash-generating units, which are determined as the fair value less costs to sell, were higher than their carrying amounts. The surpluses react especially sensitively to changes in the discount rate, the growth rate – insofar as such are used in the model – and cash flows in terminal value.

Of all of the cash-generating units, the Hydro / Biomass / Gas cash-generating unit exhibited the smallest surplus of recoverable amount over the carrying amounts. The recoverable amount was €0.2 billion higher than the carrying amount. Impairment would have been necessary if the calculations had used an after-tax discount rate increased by more than 0.7 percentage points to above 4.4 %, or long-term cash flows reduced by more than 9 %.

(11) Property, plant and equipment

Property, plant and equipment € million	Land, land rights and buildings incl, buildings on third-party land	Technical plant and machinery	Other equipment, factory and office equipment	Prepayments and plants under construction	Total
Cost					
Balance at 1 Jan 2020	5,323	48,756	989	4,224	59,292
Additions / disposals due to changes in the scope of consolidation	51	1,880	15	-236	1,710
Additions	443	872	69	2,389	3,773
Transfers	23	1,290	7	-1,326	-6
Currency translation adjustments	-58	-808	-10	-185	-1,061
Disposals	90	721	36	15	862
Balance at 31 Dec 2020	5,692	51,269	1,034	4,851	62,846
Accumulated depreciation / impairment losses					
Balance at 1 Jan 2020	3,128	35,505	770	873	40,276
Additions / disposals due to changes in the scope of consolidation	66	2,557	17		2,640
Amortisation / impairment losses in the reporting period	511	2,284	115	88	2,998
Transfers		24		-24	
Currency translation adjustments	-13	-263	-6	-1	-283
Disposals	22	564	34	3	623
Additions	9	54			63
Balance at 31 Dec 2020	3,661	39,489	862	933	44,945
Carrying amounts					
Balance at 31 Dec 2020	2,031	11,780	172	3,918	17,901

Property, plant and equipment € million	Land, land rights and buildings incl, buildings on third-party land	Technical plant and machinery	Other equipment, factory and office equipment	Prepayments and plants under construction	Total
Cost					
Balance at 1 Jan 2019	4,868	43,733	934	2,061	51,596[1]
Additions / disposals due to changes in the scope of consolidation	282	3,935	19	1,295	5,531
Additions	300	1,153	66	1,077	2,596
Transfers	1	217	13	-239	-8
Currency translation adjustments	23	401	4	45	473
Disposals	151	683	47	15	896
Balance at 31 Dec 2019	5,323	48,756	989	4,224	59,292
Accumulated depreciation / impairment losses					
Balance at 1 Jan 2019	3,073	34,214	756	791	38,834
Additions / disposals due to changes in the scope of consolidation	-51	-640	-12		-703
Amortisation / impairment losses in the reporting period	222	2,685	64	88	3,059
Transfers	-6	-2	5	-1	-4
Currency translation adjustments	8	169	4		181
Disposals	91	509	47	5	652
Additions	27	412			439
Balance at 31 Dec 2019	3,128	35,505	770	873	40,276
Carrying amounts					
Balance at 31 Dec 2019	2,195	13,251	219	3,351	19,016

1 Including the effect of the initial adoption of IFRS 16 in the amount of €353 million.

Property, plant and equipment in the amount of €1,590 million (previous year: €1,024 million) were subject to restrictions from land charges, chattel mortgages or other restrictions. Disposals of property, plant and equipment resulted from sale or decommissioning.

Property, plant and equipment includes owned assets as well as right-of-use assets from leases of which RWE is the lessee.

These leases primarily comprise long-term rights of use to leased office buildings and land (e.g. leaseholds, properties for renewable energy production) and rights of use to leased assets relating to vehicle fleets and power plants.

During the reporting period, RWE sold an office building to an external investor within the framework of a sale-and-leaseback transaction. The fixed lease term of the leasing contract is 17.5 years.

The following table shows the development of right-of-use assets recognised in property, plant and equipment:

Right-of-use assets Development in 2020 € million	Balance at 1 Jan 2020	Additions	Depreciation, amortisation and impairments	Disposals	Other changes[1]	Balance at 31 Dec 2020
Cost						
Buildings	70	121	17	7	-6	161
Land	666	49	38	2	-44	631
Technical plant and machinery	43	2	6	1	-9	29
Pumped storage power stations	261	13	10			264
Vehicle fleet	18	17	11	1	-1	22
Other plant, factory and office equipment	23	7	13	1		16
	1,081	**209**	**95**	**12**	**-60**	**1,123**

1 Other changes comprise transfers, additions, currency translation adjustments as well as additions and disposals in the scope of consolidation.

Right-of-use assets Development in 2019 € million	Balance at 1 Jan 2019	Additions	Depreciation, amortisation and impairments	Disposals	Other changes[1]	Balance at 31 Dec 2019
Cost						
Buildings	51	30	12		1	70
Land	274	142	25	4	279	666
Technical plant and machinery	8	37	5	4	7	43
Pumped storage power stations	27	31	1		204	261
Vehicle fleet	8	7	6		9	18
Other plant, factory and office equipment	12	23	12			23
	380	**270**	**61**	**8**	**500**	**1,081**

1 Other changes comprise transfers, additions, currency translation adjustments as well as additions and disposals in the scope of consolidation.

Disclosure on the corresponding lease liabilities and interest expenses can be found in Notes (8) Financial result, (23) Financial liabilities and (27) Reporting on financial instruments.

In addition, leases had the following effect on the RWE Group's earnings and cash flows in the year under review:

Effects of leases on income and cash flows € million	2020	2019
RWE as lessee		
Expenses from short-term leases	79	14
Expenses from leases for low-value assets	1	
Expenses from variable lease payments not considered in the measurement of lease liabilities	21	18
Income from subleases	6	
Gains or losses on sale-and-leaseback transactions	2	
Total cash outflows from leases	107	60
RWE as lessor		
Income from operating leases	20	13

Leases primarily relating to office buildings and wind farm sites that have been contractually agreed, but not begun yet, lead to future lease payments of €187 million (previous year: €195 million). Moreover, potential lease payments predominantly relating to leases of wind farm space were disregarded when valuing lease liabilities. This relates to €405 million (previous year: €471 million) in variable payments which may come due depending on generation volumes and €97 million (previous year: €100 million) in potential payments associated with extension and termination options.

In addition to right-of-use assets, property, plant and equipment also include land and buildings leased as operating leases by RWE as lessor. The carrying amount of these assets totalled €180 million (previous year: €193 million) as of 31 December 2020.

The following payment claims resulted from these operating leases:

Nominal lease payments from operating leases € million	31 Dec 2020	31 Dec 2019
Due in up to 1 year	8	4
Due in > 1 to 2 years	7	7
Due in > 2 to 3 years	5	6
Due in > 3 to 4 years	5	6
Due in > 4 to 5 years	4	6
Due after 5 years	37	55

(12) Investments accounted for using the equity method

Information on material and non-material investments in associates and joint ventures accounted for using the equity method is presented in the following summaries:

Material investments accounted for using the equity method	Amprion GmbH, Dortmund		KELAG-Kärntner Elektrizitäts-AG / Kärntner Energieholding Beteiligungs GmbH (KEH), Klagenfurt (Austria)	
€ million	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Balance sheet[1]				
Non-current assets	5,953	5,225	1,780	1,664
Current assets	2,838	1,825	349	383
Non-current liabilities	2,001	2,012	946	869
Current liabilities	3,488	2,496	266	285
Share of equity[2]	829	638	393	383
Goodwill			198	198
Carrying amounts	829	638	591	581
Statement of comprehensive income[1]				
Revenue	12,622	14,773	1,300	1,285
Income	701	523	112	93
Other comprehensive income	-35	-22	-47	-15
Total comprehensive income	666	501	65	78
Dividends (prorated)	25	25	19	15
RWE shareholding	25 %	25 %	49 %	49 %

1 Figures based on a shareholding of 100 % in KEH.
2 Figures based on proportional share of equity in KEH and KELAG.

Amprion GmbH, headquartered in Dortmund, Germany, is a transmission system operator (TSO) for the electricity sector, pursuant to the German Energy Act (EnwG). Amprion's main shareholder is a consortium of financial investors led by Commerz Real, a subsidiary of Commerzbank.

KELAG-Kärntner Elektrizitäts-AG, headquartered in Klagenfurt, Austria, is a leading Austrian energy supplier in the fields of electricity, district heating and natural gas. RWE has an interest of 49 % in Kärntner Energieholding Beteiligungs GmbH (KEH), KELAG's largest shareholder.

Non-material investments accounted for using the equity method	Associates		Joint ventures	
€ million	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Income (pro-rata)	21	58	184	88
Other comprehensive income	-28	41	-2	16
Total comprehensive income	-7	99	182	104
Carrying amounts	172	246	1,658	1,771

The RWE Group holds shares with a book value of €3 million (previous year: €3 million) in associates and joint ventures, which are subject to temporary restrictions or conditions in relation to their distributions of profits, due to provisions of loan agreements.

(13) Other non-current financial assets

Other financial assets encompass non-consolidated subsidiaries, other investments and non-current securities.

Non-current securities amounting to €29 million and €4 million (previous year: €29 million and €4 million) were deposited in trust for RWE AG and its subsidiaries, in order to cover credit balances stemming from the block model for pre-retirement part-time work, pursuant to Sec. 8a of the Pre-Retirement Part-Time Work Act (AltTZG) and from the management of long-term working hours accounts pursuant to Sec. 7e of the German Code of Social Law (SGB IV), respectively. This coverage applies to the employees of RWE AG as well as to the employees of Group companies.

(14) Financial receivables

Financial receivables	31 Dec 2020		31 Dec 2019	
€ million	Non-current	Current	Non-current	Current
Loans to non-consolidated subsidiaries and investments	105	1	103	1
Collateral for trading activities		2,154		1,638
Other financial receivables				
Accrued interest		43		39
Miscellaneous other financial receivables	26	284	25	681
	131	**2,482**	**128**	**2,359**

Companies of the RWE Group deposited collateral for the trading activities stated above for exchange-based and over-the-counter transactions. These are to guarantee that the obligations from the transactions are discharged even if the development of prices is not favourable for RWE. Regular replacement of the deposited collateral depends on the contractually agreed thresholds, above which collateral must be provided for the market value of the trading activities.

(15) Other receivables and other assets

Other receivables and other assets	31 Dec 2020		31 Dec 2019	
€ million	Non-current	Current	Non-current	Current
Derivatives	675	8,109	661	11,447
Capitalised surplus of plan assets over benefit obligations	172		153	
Prepayments for items other than inventories		148		144
CO_2 emission allowances		446		407
Miscellaneous other assets[1]	2,588	1,117	2,462	758
	3,435	**9,820**	**3,276**	**12,756**
of which: financial assets	855	8,452	824	11,564
of which: non-financial assets	2,580	1,368	2,452	1,192

1 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

The financial instruments reported under miscellaneous other assets are measured at amortised cost. Derivative financial instruments are stated at fair value. The carrying values of exchange-traded derivatives with netting agreements are offset.

€2,600 million of the miscellaneous other assets comprise the compensatory payments for our early exit from the lignite business awarded by the German government (previous year: €2,600 million).

Furthermore, €86 million of the miscellaneous other assets (previous year: €43 million) were allocable to government grants awarded in relation with co-firing biomass in two Dutch power plants.

(16) Deferred taxes

Deferred tax assets and liabilities principally stem from the fact that measurements in the IFRS statements differ from those in the tax bases. As of 31 December 2020, no deferred tax liabilities were recognised for the difference between net assets and the carrying value of the subsidiaries and associates for tax purposes (known as 'outside basis differences') in the amount of €820 million (previous year: €969 million), as it is neither probable that there will be any distributions in the foreseeable future, nor will the temporary differences reduce in the foreseeable future. €3,415 million and €4,058 million of the gross deferred tax assets and liabilities, respectively, will be realised within twelve months (previous year: €5,316 million and €6,166 million).

The following is a breakdown of deferred tax assets and liabilities by item:

Deferred taxes	31 Dec 2020		31 Dec 2019[1]	
€ million	Assets	Liabilities	Assets	Liabilities
Non-current assets	687	1,465	1,166	2,437
Current assets	1,382	2,539	1,450	3,876
Exceptional tax items		58		47
Non-current liabilities				
Provisions for pensions	85	3	148	40
Other non-current liabilities	653	848	487	50
Current liabilities	2,033	1,519	3,866	2,290
	4,840	**6,432**	**7,117**	**8,740**
Tax loss carryforwards				
Corporate income tax (or comparable foreign income tax)	67		125	
Trade tax	14		23	
Gross total	**4,921**	**6,432**	**7,265**	**8,740**
Netting	-4,524	-4,524	-6,576	-6,576
Net total	**397**	**1,908**	**689**	**2,164**

1 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

As of 31 December 2020, RWE reported deferred tax claims which exceeded the deferred tax liabilities by €73 million (previous year: €144 million), in relation to companies which suffered a loss in the current or previous period. The basis for the recognition of deferred tax assets is the judgement of the management that it is likely that the companies in question will generate taxable earnings, against which unutilised tax losses and deductible temporary differences can be applied.

The capitalised tax reduction claims from loss carryforwards result from the expected utilisation of previously unused tax loss carryforwards in subsequent years.

It is sufficiently certain that these tax carryforwards will be realised. At the end of the reporting period, corporate income tax loss carryforwards and trade tax loss carryforwards for which no deferred tax claims have been recognised amounted to €3,065 million and €2,166 million, respectively (previous year: €1,492 million and €879 million).

€828 million in corporate income tax loss carryforwards for which no deferred tax claims have been recognised will apply to the following six years. The other loss carryforwards do not have any time limits, but they are mostly not expected to be used.

As of 31 December 2020, temporary differences for which no deferred tax assets were recognised amounted to €13,216 million (previous year: €12,791 million).

In the year under review, deferred tax income of €42 million arising from the currency translation of foreign financial statements was offset against equity (previous year: deferred tax expenses of €14 million).

(17) Inventories

Inventories € million	31 Dec 2020	31 Dec 2019
Raw materials, incl. nuclear fuel assemblies and earth excavated for lignite mining	579	728
Work in progress – goods / services	50	33
Finished goods and goods for resale	999	839
Prepayments	4	-15
	1,632	**1,585**

The carrying amount of inventories acquired for resale purposes was €964 million (previous year: €605 million). As in the previous year, this entire amount related to gas inventories in the reporting period.

The fair value of gas and coal inventories is determined every month on the basis of the current price curves of the relevant indices for gas (e.g. NCG) and coal (e.g. API#2). The valuations are based on prices which can be observed directly or indirectly (Level 2 of the fair value hierarchy). Differences between the fair value and the carrying value of inventories acquired for resale purposes are recognised on the income statement at the end of the month.

(18) Marketable securities

Of the current marketable securities, €4,216 million were fixed-interest marketable securities (previous year: €2,809 million) with a maturity of more than three months from the date of acquisition, and €3 million were stocks and profit-participation certificates (previous year: €449 million). Marketable securities are stated at fair value.

(19) Cash and cash equivalents

Cash and cash equivalents € million	31 Dec 2020	31 Dec 2019
Cash and demand deposits	4,764	3,192
Marketable securities and other cash investments (maturity less than three months from the date of acquisition)	10	
	4,774	**3,192**

RWE keeps demand deposits exclusively for short-term cash positions. For cash investments, banks are selected on the basis of various creditworthiness criteria, including their rating from one of the three renowned rating agencies – Moody's, Standard & Poor's and Fitch – as well as their equity capital and prices for credit default swaps. As in the previous year, interest rates on cash and cash equivalents were at market levels in 2020.

(20) Equity

A breakdown of fully paid-up equity is shown on page 106 et seq. The subscribed capital of RWE AG is structured as follows:

Subscribed capital	31 Dec 2020 Number of shares		31 Dec 2019 Number of shares		31 Dec 2020 Carrying amount	31 Dec 2019 Carrying amount
	in '000	in %	in '000	in %	€ million	€ million
Shares	676,220	100.0	614,745	100.0	1,731	1,574

On 18 August 2020, RWE AG decided on a capital increase in return for cash contributions with partial utilisation of the approved capital. The company's capital stock was thus increased by 10% via the issue of 61,474,549 new bearer shares, under the exclusion of existing shareholders' subscription rights. The new shares were placed with institutional investors at a price of €32.55 per share in an accelerated bookbuilding process. As a result of the capital increase, the subscribed capital of RWE AG rose by €157,374,845.44 and its paid-in capital rose to €1,843,621,724.51. Transaction expenses of €11,070,500.71 were offset against retained earnings.

Following this partial utilisation of the approved capital, based on the resolution passed by the General Meeting on 26 April 2018, the Executive Board is still authorised to increase the company's capital stock with the Supervisory Board's approval by up to €157,374,848.00 until 25 April 2023 through the issue of up to 61,474,550 bearer shares in return for contributions in cash and / or in kind (approved capital). In certain cases, with the approval of the Supervisory Board, the subscription rights of shareholders can be excluded, but this is no longer possible for cash capital increases following the partial utilisation of the authorised capital.

Pursuant to a resolution passed by the Annual General Meeting on 26 April 2018, the Company was further authorised until 25 April 2023 to acquire shares of the Company up to a volume of 10% of the capital stock when the resolution on this authorisation was passed, or if the following is lower, when this authorisation is exercised. Based on the authorisation, the Executive Board is also authorised to cancel treasury shares without a further resolution by the Annual General Meeting. Moreover, the Executive Board is authorised to transfer or sell such shares to third parties under certain conditions and excluding shareholders' subscription rights. Furthermore, treasury shares may be issued to holders of option or convertible bonds. The Executive Board is also authorised to use the treasury shares to discharge obligations from future employee share schemes; in this regard, shareholders' subscription rights shall be excluded.

No treasury shares were held as of 31 December 2020.

In fiscal 2020, RWE AG purchased a total of 314,808 RWE shares for a purchase price of €10,633,444.15 on the capital market. This is equivalent to €805,908.48 of the capital stock (0.05% of subscribed capital). Employees of RWE AG and its subsidiaries received a total of 314,808 shares for capital formation under the employee share plan. This resulted in total proceeds of €10,516,392.73. The difference to the purchase price was offset against freely available retained earnings.

In the previous year, RWE cancelled the hybrid bond issued by Group companies that was previously classified as equity pursuant to IAS 32 on 6 February 2019. The redemption in the amount of €869 million was effected on 20 March 2019 without refinancing the hybrid bond with fresh hybrid capital. The hybrid bond had a 7% coupon and a theoretically perpetual tenor.

As a result of equity capital transactions with subsidiary companies which did not lead to a change of control, the share of equity attributable to RWE AG's shareholders changed by a total of –€145 million (previous year: – €149 million) and the share of equity attributable to other shareholders changed by a total of €395 million (previous year: – €746 million). This includes the subsequent effects of last year's acquisition of the 23.2% minority interest in the continuing innogy operations (change in RWE AG shareholders' interest in Group equity of –€298 million) as well as effects from the sale of a 49% stake in the offshore UK wind farm Humber Gateway (€163 million change in the share of equity attributable to RWE AG's shareholders).

Accumulated other comprehensive income (OCI) reflects changes in the fair values of debt instruments measured at fair value through other comprehensive income, cash flow hedges and hedges of the net investment in foreign operations, as well as changes stemming from foreign currency translation adjustments from foreign financial statements.

As of 31 December 2020, the share of accumulated other comprehensive income attributable to investments accounted for using the equity method amounted to – €29 million (previous year: – €22 million).

During the reporting year, €3 million in differences from currency translation which had originally been recognised without an effect on income were realised as income (previous year: expense of €523 million).

Dividend proposal

We propose to the Annual General Meeting that RWE AG's distributable profit for fiscal 2020 be appropriated as follows:

Distribution of a dividend of €0.85 per share.

Dividend	€574,787,040.80
Profit carryforward	€25,220.47
Distributable profit	€574,812,261.27

Based on a resolution of RWE AG's Annual General Meeting on 26 June 2020, the dividend for fiscal 2019 amounted to €0.80 per dividend-bearing share. The dividend payment to shareholders of RWE AG amounted to €492 million (previous year: €430 million).

Non-controlling interests

The share ownership of third parties in Group entities is presented in this item.

The income and expenses recognised directly in equity (OCI) include the following non-controlling interests:

Non-controlling interests in OCI € million	2020	2019
Actuarial gains and losses of defined benefit pension plans and similar obligations		-138
Pro-rata income and expenses of investments accounted for using the equity method		43
Fair valuation of equity instruments		-10
Income and expenses recognised directly in equity, not to be reclassified through profit or loss		**-105**
Currency translation adjustment	-25	267
Fair valuation of debt instruments		-3
Fair valuation of financial instruments used for hedging purposes	-17	-29
Pro-rata income and expenses of investments accounted for using the equity method		2
Income and expenses recognised directly in equity, to be reclassified through profit or loss in the future	**-42**	**237**
	-42	**132**

(21) Share-based payment

For executives of RWE AG as well as of affiliated companies, Long Term Incentive Plans (LTIPs) are in place as share-based payment systems known as Strategic Performance Plans (SPPs). The expenses associated with these are borne by the Group companies which employ the persons holding notional stocks.

The LTIP SPP was introduced in 2016. It uses an internal performance target (net income of relevance to remuneration) derived from the mid-term planning and takes into account the development of RWE AG's share price. Executives receive conditionally granted virtual shares (performance shares). The final number of virtual shares in a tranche is determined based on the achievement of the adjusted net income target. Each of the issued LTIP SPP tranches has a term of four years before payment is possible.

RWE AG SPP	2016 tranche	2017 tranche	2018 tranche	2019 tranche	2020 tranche
Start of term	1 Jan 2016	1 Jan 2017	1 Jan 2018	1 Jan 2019	1 Jan 2020
Number of conditionally granted performance shares	486,436	1,338,027	883,974	932,889	935,331
Term	4 years	4 years	4 years	4 years	4 years
Performance target	Adjusted net income	Adjusted net income	Adjusted net income	Adjusted net income	Adjusted net income
Cap / number of performance shares	150 %	150 %	150 %	150 %	150 %
Cap / payment amount	200 %	200 %	200 %	200 %	200 %
Determination of payment	The payment amount is calculated on the basis of the determined number of performance shares multiplied by the sum of a) the mathematical average of the closing share price of the RWE share (ISIN DE 000703129), with all available decimal places, in Xetra trading of Deutsche Börse AG (or a successor trading system which subsequently takes the place of the Xetra system) for the last 30 trading days prior to the end of the vesting period rounded according to standard commercial practice to two decimal places, and b) the dividends paid per share for the fiscal years between the determination of the final number of performance shares and the end of the vesting period. Dividends do not bear interest and are not reinvested. If a dividend payment occurs during the 30-day period for calculating the share price in accordance with item a), the share prices of the trading days leading up to the payment (CUM share prices) are adjusted by the dividend, as the dividend would otherwise be considered twice. Payment amount = (number of finally granted performance shares) x (mathematical average of the share price + dividends paid) The payment amount calculated in this manner is limited to no more than 200 % of the grant amount.				
Change in corporate control / merger	A change in corporate control ('change of control') shall occur if a) a shareholder gains control in accordance with Sec. 29 of the German Securities Acquisition and Takeover Act (WpÜG) by holding at least 30 % of the voting rights including third-party voting rights attributable to it in accordance with Sec. 30 WpÜG, or b) a control agreement in accordance with Sec. 291 of the Stock Corporation Act (AktG) is concluded with RWE AG as the dependent company, or c) RWE AG is merged with another legal entity that does not belong to the Group in accordance with Sec. 2 of the German Company Transformation Act (UmwG), unless the value of the other legal entity is less than 50 % of the value of RWE AG based on the agreed conversion rate; in such a case, item a) shall not apply. In the event of a change of control, all of the performance shares which have been fully granted and have not been paid out shall be paid out early. The payment amount is determined according to the exercise conditions, with the deviation that the last 30 trading days prior to the announcement of the change in control is to be used; plus the dividends paid per share in the fiscal years between the determination of the final number of performance shares and the time of the change in control. The payment amount calculated in this manner shall be paid to the plan participant together with his or her next salary payment. All conditionally granted performance shares as of the effective date of the change of control shall lapse without consideration.				
Form of settlement	Cash settlement	Cash settlement	Cash settlement	Cash settlement	Cash settlement
Payment date	2020	2021	2022	2023	2024

The fair value of the performance shares conditionally granted under SPP included the following sums on the grant date:

Performance Shares from the RWE AG SPP €	2016 tranche	2017 tranche	2018 tranche	2019 tranche	2020 tranche
Fair value per share	13.78	11.62	18.80	19.10	26.41

The fair values of the tranches of the RWE AG SPP are based on RWE AG's current share price plus the dividends per share which have already been paid to the shareholders during the term of the corresponding tranche. The limited payment per SPP was implemented via a sold call option. The option value calculated using the Black Scholes Model was deducted. The maximum payments per conditionally granted SPP (= option strike) established in the plan conditions, the discount rates relative to the remaining term as well as the volatilities and expected dividends of RWE AG were considered in determining the option price.

The performance shares displayed the following development in the fiscal year that just came to a close:

Performance Shares from the RWE AG SPP	2016 tranche	2017 tranche	2018 tranche	2019 tranche	2020 tranche
Outstanding at the start of the fiscal year	528,513	1,632,128	1,090,995	932,889	
Granted					935,331
Change[1]		11,503	-2,505	470,643	
Paid out	-528,513				
Outstanding at the end of the fiscal year		1,643,631	1,088,490	1,403,532	935,331
Payable at the end of the fiscal year		1,643,631			

1 'Change' pertains to the final grant based on target achievement or the subsequent grant or lapse of performance shares.

For the SPP options exercised in the previous fiscal year, the average weighted daily share price on the day of exercise was €34.07.

During the period under review, expenses for the share-based payment system totalled €38 million (previous year: €34 million). As of the balance-sheet date, provisions for cash-settled share-based payment programmes amounted to €85 million (previous year: €60 million).

(22) Provisions

Provisions € million	31 Dec 2020 Non-current	31 Dec 2020 Current	31 Dec 2020 Total	31 Dec 2019 Non-current	31 Dec 2019 Current	31 Dec 2019 Total
Provisions for pensions and similar obligations	3,864		3,864	3,446		3,446
Provisions for nuclear waste management	6,113	338	6,451	6,355	368	6,723
Provisions for mining damage	4,729	85	4,814	4,559	59	4,618
	14,706	**423**	**15,129**	**14,360**	**427**	**14,787**
Other provisions						
Staff-related obligations (excluding restructuring)	339	651	990	361	622	983
Restructuring obligations	624	18	642	591	31	622
Purchase and sales obligations	1,366	124	1,490	1,390	116	1,506
Provisions for dismantling wind farms	1,125	11	1,136	948	4	952
Other dismantling and retrofitting obligations	648	70	718	557	77	634
Environmental protection obligations	76	2	78	78	2	80
Interest payment obligations	223		223	281		281
Obligations to deliver CO_2 emission allowances / certificates for renewable energies		1,332	1,332		771	771
Miscellaneous other provisions	363	373	736	370	588	958
	4,764	**2,581**	**7,345**	**4,576**	**2,211**	**6,787**
	19,470	**3,004**	**22,474**	**18,936**	**2,638**	**21,574**

Provisions for pensions and similar obligations. The company pension plan consists of defined contribution and defined benefit plans. The defined benefit commitments mainly relate to pension benefits based on final salary. These are exposed to the typical risks of longevity, inflation and salary increases.

In the reporting period, €32 million (previous year: €24 million) was paid into defined contribution plans. This includes payments made by RWE for a benefit plan in the Netherlands which covers the commitments of various employers. This fund does not provide the participating companies with information allowing for the pro-rata allocation of defined benefit obligations, plan assets and service cost. In the consolidated financial statements, the contributions are thus recognised analogously to a defined contribution plan, although this is a defined benefit plan. The pension plan for employees in the Netherlands is administered by Stichting Pensioenfonds ABP (see www.abp.nl). Contributions to the pension plan are calculated as a percentage rate of employees' salaries and are paid by the employees and employers. The rate of the contributions is determined by ABP. There are no minimum funding obligations. Approximately €9 million in employer contributions are expected to be paid to the ABP pension fund in the following fiscal 2021 (prior-year figure for fiscal 2020: €9 million). The contributions are used for all of the beneficiaries. If ABP's funds are insufficient, it can either curtail pension benefits and future post-employment benefits, or increase the contributions of the employer and employees. In the event that RWE terminates the ABP pension plan, ABP will charge a termination fee. Amongst other things, its level depends on the number of participants in the plan, the amount of salary and the age structure of the participants. As of 31 December 2020, we had around 600 active participants in the plan (previous year: approximately 600).

RWE transferred assets to RWE Pensionstreuhand e.V. within the framework of a contractual trust arrangement (CTA) in order to finance the pension commitments of German Group companies. There is no obligation to provide further funds. From the assets held in trust, funds were transferred to RWE Pensionsfonds AG to cover pension commitments to most of the employees who have already retired. RWE Pensionsfonds AG falls under the scope of the Act on the Supervision of Insurance Undertakings and oversight by the Federal Financial Supervisory Agency (BaFin). Insofar as a regulatory deficit occurs in the pension fund, supplementary payment shall be requested from the employer. Independently of the aforementioned rules, the liability of the employer shall remain in place. The boards of RWE Pensionstreuhand e.V. and RWE Pensionsfonds AG are responsible for ensuring that the funds under management are used in compliance with the contract and thus fulfil the requirements for recognition as plan assets.

In the United Kingdom, it is legally mandated that defined benefit plans are provided with adequate and suitable assets to cover pension obligations. The corporate pension system is managed by the sector-wide Electricity Supply Pension Scheme (ESPS). Following completion of the E.ON transaction, dedicated independent sections were formed for RWE for the conventional generation business, for the continuing innogy operations and for the renewables business acquired from E.ON. The sections are managed by trustees which are elected by members of the pension plans or appointed by the sponsoring employers. The trustees are responsible for managing the pension plans. This includes investments, pension payments and financing plans. The pension plans comprise the benefit obligations and plan assets for the subsidiaries of the RWE Group. It is required by law to assess the required financing of the pension plans once every three years. This involves measuring pension obligations on the basis of conservative assumptions, which deviate from the requirements imposed by IFRS. The underlying actuarial assumptions primarily include the projected life expectancies of the members of the pension plans as well as assumptions relating to inflation, imputed interest rates and the market returns on the plan assets.

The last funding valuations of the RWE section and the continuing innogy operations section were carried out on 31 March 2019. They showed that the RWE section had a financing deficit of £44.3 million, which was rectified with a payment of £48.3 million as of 31 March 2020. The next funding valuation must occur by 31 March 2022. A technical financing deficit of £103.4 million was revealed for the section of the continuing innogy operations. It was subsequently agreed with the trustees to rectify this deficit with annual payments of £37.5 million, £36.3 million, £17.0 million and £17.0 million from 2020 to 2023. Following compleition of the E.ON transaction, an agreement was reached with the trustees to draw forward the next valuation to 31 March 2021. A valuation was carried out for the section of the renewables business acquired from E.ON on 31 March 2020. It revealed a financing deficit of £7 million. From the valuation date, the sponsoring employers and the trustees have 15 months to approve the funding valuation.

The payments to settle the deficit are charged to the participating companies on the basis of a contractual agreement. Above and beyond this, payments are regularly made to finance the newly arising benefit obligations of active employees which increase the pension claims.

Provisions for defined benefit plans are determined using actuarial methods. We apply the following assumptions:

Calculation assumptions	31 Dec 2020		31 Dec 2019	
in %	Germany	Foreign[1]	Germany	Foreign[1]
Discount rate	0.80	1.30	1.20	2.00
Wage and salary growth rate	2.35	3.00	2.35	3.00
Pension increase rate	1.00, 1.60 and 1.75	2.10 and 2.90	1.00, 1.60 and 1.75	1.90 and 2.80

1 Pertains to benefit commitments to employees of the RWE Group in the UK.

The method for deriving the benchmark interest rate for domestic pension commitments pursuant to IFRS was adjusted at the end of the year. In the bond universe, bonds with a nominal volume of more than €100 million are now taken as a basis. Previously, bonds with a nominal volume of more than €50 million were also taken into account. The resulting benchmark interest rate amounts to 0.80 %. Compared to the previous method, this is 10 basis points higher and results in the recognition of pension commitments which are lower by around €180 million. In the following year, this leads to a decline of €5 million in the service cost and an increase of €2 million in the interest cost.

Composition of plan assets (fair value)	31 Dec 2020				31 Dec 2019			
€ million	Germany[1]	Of which: Level 1 pursuant to IFRS 13	Foreign[2]	Of which: Level 1 pursuant to IFRS 13	Germany[1]	Of which: Level 1 pursuant to IFRS 13	Foreign[2]	Of which: Level 1 pursuant to IFRS 13
Equity instruments, exchange-traded funds	1,472	1,449	485	69	1,539	1,519	468	131
Interest-bearing instruments	3,785		3,956		3,620	91	3,502	33
Real estate	1				3			
Mixed funds[3]	645	324	1,509	116	705	375	1,539	160
Alternative investments	711	542	412		685	438	661	
Other[4]	56	23	477	85	64	30	407	69
	6,670	**2,338**	**6,839**	**270**	**6,616**	**2,453**	**6,577**	**393**

1 Plan assets in Germany primarily pertain to assets of RWE AG and other Group companies which are managed by RWE Pensionstreuhand e.V. as a trust, as well as to assets of RWE Pensionsfonds AG.
2 Foreign plan assets pertain to the assets of the RWE Group within the British ESPS to cover benefit commitments to employees of the RWE Group in the UK.
3 Includes equity and interest-bearing instruments.
4 Includes reinsurance claims against insurance companies and other fund assets.

Our investment policy in Germany is based on a detailed analysis of the plan assets and the pension commitments and the relation of these two items to each other, in order to determine the best possible investment strategy (Asset Liability Management Study). Using an optimisation process, portfolios are identified which can earn the best targeted results at a defined level of risk. One of these efficient portfolios is selected and the strategic asset allocation is determined; furthermore, the related risks are analysed in detail.

The focus of RWE's strategic investment policy is on domestic and foreign government bonds. In order to increase the average yield, corporate bonds with a higher yield are also included in the portfolio. The ratio of equities in the portfolio is lower than that of bonds. Investment occurs in various regions. The investment position in equities is intended to earn a risk premium over bond investments over the long term. Furthermore, in order to achieve consistently high returns, there is also investment in products which are more likely to offer relatively regular positive returns over time. This involves products with returns which fluctuate like those of bond investments, but which achieve an additional return over the medium term, such as so-called absolute return products (including funds of hedge funds).

In the United Kingdom, our capital investment takes account of the structure of the pension obligations as well as liquidity and risk matters. The goal of the investment strategy in this context is to maintain the level of pension plan funding and ensure the full financing of the pension plans over time. To reduce financing costs and earn surplus returns, we also include higher-risk investments in our portfolio. The capital investment focusses on government and corporate bonds.

Pension provisions for pension commitments changed as follows:

Changes in pension provisions € million	Present value of pension commitments	Fair value of plan assets	Capitalised surplus of plan assets	Total
Balance at 1 Jan 2020	**16,486**	**13,193**	**153**	**3,446**
Current service cost	148			148
Interest cost / income	238	201		37
Return on fund assets less interest components		859		-859
Gain / loss on change in demographic assumptions	-17			-17
Gain / loss on change in financial assumptions	1,435			1,435
Experience-based gains / losses	-106			-106
Currency translation adjustments	-352	-361	-10	-1
Employee contributions	8	8		
Employer contributions [1]		245		-245
Benefits paid [2]	-718	-690		-28
Changes in the scope of consolidation / transfers	71	62		9
Past service cost	8			8
General administration expenses		-8		8
Change in capitalised surplus of plan assets			29	29
Balance at 31 Dec 2020	**17,201**	**13,509**	**172**	**3,864**
of which: domestic	10,503	6,670		3,833
of which: foreign	6,698	6,839	172	31

1 Of which: €96 million from initial and subsequent transfers to plan assets and €149 million in cash flows from operating activities.
2 Contained in cash flows from operating activities.

Changes in pension provisions € million	Present value of pension commitments	Fair value of plan assets	Capitalised surplus of plan assets	Total
Balance at 1 Jan 2019	**14,987**	**11,913**	**213**	**3,287**
Current service cost	123			123
Interest cost / income	312	262		50
Return on fund assets less interest components		1,096		-1,096
Gain / loss on change in demographic assumptions	-49			-49
Gain / loss on change in financial assumptions	1,272			1,272
Experience-based gains / losses	43			43
Currency translation adjustments	308	315	10	3
Employee contributions	6	6		
Employer contributions[1]		157		-157
Benefits paid [2]	-718	-694		-24
Changes in the scope of consolidation	209	145		64
Past service cost	-7			-7
General administration expenses		-7		7
Change in capitalised surplus of plan assets			-70	-70
Balance at 31 Dec 2019	**16,486**	**13,193**	**153**	**3,446**
of which: domestic	10,041	6,616		3,425
of which: foreign	6,445	6,577	153	21

1 Of which: €42 million from initial and subsequent transfers to plan assets and €115 million in cash flows from operating activities.
2 Contained in cash flows from operating activities.

Changes in the actuarial assumptions would lead to the following changes in the present value of the defined benefit obligations:

Sensitivity analysis of pension provisions	Changes in the present value of defined benefit obligations			
€ million	31 Dec 2020		31 Dec 2019	
Change in the discount rate by + 50 / - 50 basis points				
– Domestic	-792	903	- 734	833
– Foreign	-486	552	- 433	489
Change in the wage and salary growth rate by - 50 / + 50 basis points				
– Domestic	-63	65	- 55	57
– Foreign	-41	47	- 35	41
Change in the pension increase rate by - 50 / + 50 basis points				
– Domestic	-518	569	- 489	537
– Foreign	-339	382	- 300	407
Increase of one year in life expectancy				
– Domestic		523		482
– Foreign		210		259

The sensitivity analyses are based on the change of one assumption each, with all other assumptions remaining unchanged. Actual developments will probably be different than this. The methods of calculating the aforementioned sensitivities and for calculating the pension provisions are in agreement. The dependence of pension provisions on market interest rates is limited by an opposite effect. The background of this is that the commitments stemming from company pension plans are primarily covered by funds, and mostly plan assets exhibit negative correlation with the market yields of fixed-interest securities. Consequently, declines in market interest rates are typically reflected in an increase in plan assets, whereas rising market interest rates are typically reflected in a reduction in plan assets.

The present value of pension obligations, less the fair value of the plan assets, equals the net amount of funded and unfunded pension obligations.

As of the balance-sheet date, the recognised amount of pension provisions totalled €3,265 million for funded pension plans (previous year: €2,889 million) and €599 million for unfunded pension plans (previous year: €557 million).

As in the previous year, a substantial portion of the past service cost related to effects in connection with restructuring measures in Germany and severance payments in Great Britain.

Domestic company pensions are subject to an obligation to review for adjustment every three years pursuant to the Act on the Improvement of Company Pensions (Sec 16 of the German Company Pension Act (BetrAVG)). Additionally, some commitments grant annual adjustments of pensions, which may exceed the adjustments in compliance with the legally mandated adjustment obligation.

Some domestic pension plans guarantee a certain pension level, taking into account the statutory pension (total retirement earnings schemes). As a result, future reductions in the statutory pension can result in higher pension payments by RWE.

The weighted average duration of the pension obligations was 16 years in Germany (previous year: 16 years) and 17 years outside of Germany (previous year: 15 years).

In fiscal 2021, RWE expects to make €240 million in payments for defined benefit plans of continuing operations (previous-year target: €275 million), as direct benefits and contributions to plan assets.

Provisions for nuclear energy and mining € million	Balance at 1 Jan 2020	Additions	Unused amounts released	Interest accretion	Amounts used	Balance at 31 Dec 2020
Provisions for nuclear waste management	6,723	29	-3	17	-315	6,451
Provisions for mining damage	4,618	44	-15	212	-45	4,814
	11,341	**73**	**-18**	**229**	**-360**	**11,265**

Provisions for nuclear waste management are recognised in the full amount for the nuclear power plants Biblis A and B, Emsland and Gundremmingen A, B and C, as well as Lingen and Mülheim-Kärlich. Provisions for waste disposal for the Dutch nuclear power plant Borssele are included at a rate of 30%, in line with RWE's stake.

Provisions for nuclear waste disposal are almost exclusively reported as non-current provisions, and their settlement amount is discounted to the balance-sheet date. Based on the current state of planning, these provisions will essentially be used by the beginning of the 2040s. The discount rate calculated on the basis of the current level of market interest rates for no-risk cash investments was 0.0% as of the balance-sheet date (previous year: 0.0%). The escalation rate based on expectations with regard to general increases in wages and prices and productivity growth was 1.5% (previous year: 1.5%). As a result, the real discount rate used for nuclear waste management purposes, which is the difference between the discount rate and the escalation rate, amounted to – 1.5% (previous year: – 1.5%). An increase (decrease) in this rate by 0.1 percentage point would reduce (increase) the present value of the provision by roughly €45 million.

Excluding the interest accretion, additions to provisions for nuclear waste management are based on quantity-related increases in the provisions and amount to €29 million. In the previous year, €719 million was allocable to the nuclear energy obligations assumed from the E.ON subsidiary PreußenElektra within the scope of the acquisition of the minority interests in the Gundremmingen nuclear power plant units. Of the changes in provisions, €14 million was offset against the corresponding costs of nuclear power plants still in operation and the fuel elements. Prepayments for services in the amount of €8 million were deducted from these provisions. In the reporting period, we also used provisions of €242 million for the decommissioning of nuclear power plants. Decommissioning and dismantling costs had originally been capitalised in a corresponding amount and reported under the cost of the respective nuclear power plants.

The provisions of the law on the reassignment of responsibility for nuclear waste disposal stipulate that accountability for the shutdown and dismantling of the assets as well as for packaging radioactive waste remains with the companies. The shutdown and dismantling process encompasses all activities following the final termination of production by the nuclear power plant until the plant site is removed from the regulatory scope of the Nuclear Energy Act. A request to decommission and dismantle the nuclear power plant will be filed with the nuclear licensing authority during its operating period so that the decommissioning and dismantling work can be performed in time after the expiry of the operating permit. Dismantling operations essentially consist of dismantling and removal of the radioactive contamination from the facilities and structures, radiation protection, and regulatory monitoring of the dismantling measures and residual operations.

We thus subdivide our provisions for nuclear waste management into the residual operation of nuclear power plants, the dismantling of nuclear power station facilities as well as the cost of residual material processing and radioactive waste treatment facilities.

Provisions for nuclear waste management € million	31 Dec 2020	31 Dec 2019
Residual operation	2,707	2,840
Dismantling	2,007	2,086
Processing of residual material and waste management	1,737	1,797
	6,451	**6,723**

Provisions for the residual operation of nuclear power station facilities cover all steps that must be taken largely independent of dismantling and disposal but are necessary to ensure that the assets are safe and in compliance with permits or are required by the authorities. In addition to works monitoring and facility protection, these mainly include service, recurrent audits, maintenance, radiation and fire protection as well as infrastructural adjustments.

Provisions for the dismantling of nuclear power plant facilities include all work done to dismantle plants, parts of plants, systems and components as well as on buildings that must be dismantled to comply with the Nuclear Energy Act. They also consider the conventional dismantling of nuclear power plant facilities to fulfil legal or other obligations.

Provisions for residual material processing and waste management include the costs of processing radioactive residual material for non-hazardous recycling and the costs of treating radioactive waste produced during the plant's service life and dismantling operations. This includes the various processes for conditioning, proper packaging of the low-level and intermediate-level radioactive waste in suitable containers and the transportation of such waste to BGZ Gesellschaft für Zwischenlagerung mbH (BGZ), which has been commissioned by the Federal government for intermediate storage. This item also contains the cost of transporting the waste produced by recycling and of the proper packaging of spent nuclear fuel elements, i.e. the cost of procuring and loading freight and interim storage containers.

Commissioned by the plant operator, the internationally renowned company NIS Ingenieurgesellschaft mbH, Alzenau, assesses the prospective residual operation and dismantling costs for the nuclear power plants on an annual basis. The costs are determined specifically for each facility and take into consideration the current state of the art, regulatory requirements and previous practical experience from ongoing and completed dismantling projects. Additionally, current developments are also incorporated into the cost calculations. They also include the cost of conditioning and packaging radioactive waste generated during dismantling operations and the transportation of such waste to BGZ. Further cost estimates for the disposal of radioactive waste are based on contracts with foreign reprocessing companies and other disposal companies. Furthermore, the cost estimates are based on plans by internal and external experts, in particular GNS Gesellschaft für Nuklear-Service mbH, (GNS) Essen.

In terms of their contractual definition, provisions for nuclear waste management break down as follows:

Provisions for nuclear waste management € million	31 Dec 2020	31 Dec 2019
Provisions for nuclear obligations, not yet contractually defined	4,623	4,849
Provisions for nuclear obligations, contractually defined	1,828	1,874
	6,451	**6,723**

The provision for obligations which are not yet contractually defined covers the costs of the remaining operational phase of the operating plants, the costs of dismantling as well as the residual material processing and waste treatment costs incurred in connection with waste produced as a result of shutdowns.

Provisions for contractually defined nuclear obligations relate to all obligations the value of which is specified in contracts under civil law. The obligations include the anticipated residual costs of reprocessing and returning the resulting radioactive waste. These costs stem from existing contracts with foreign reprocessing companies and with GNS. Moreover, these provisions also include the costs for transport and intermediate storage containers for and the loading of spent fuel assemblies within the framework of final direct storage. Furthermore, this item also includes the amounts for the professional packaging of radioactive operational waste as well as the in-house personnel costs incurred for the residual operation of plants which are permanently decommissioned.

Provisions for mining damage also consist almost entirely of non-current provisions and fully covered the volume of obligations as of the balance-sheet date. They are reported at their settlement amount discounted to the balance-sheet date. To a large degree, the cost estimates are backed by external expert opinions.

In discounting the amounts used in the coming 30 years, we have oriented ourselves towards the current market interest rates for risk-free cash investments. Since no market interest rates are available for later periods, a sustainable, long-term interest rate is used to discount the amounts used after the next 30 years. As in the previous year, the average discount rate was 2.0 %. The effects from the lower level of market interest rates were compensated by changes in the timing of the structure of the series of payments. The majority of the provisions still pertains to claims that are expected to materialise over the next 30 years. Based on the currently expected price and cost increases, the escalation rate was 1.5 % as in the previous year. The real discount rate applied for mining purposes, which is the difference between the discount rate and the escalation rate, was thus 0.5 % as in the previous year. An increase (decline) in the real discount rate by 0.1 percentage point would reduce (increase) the present value of the provision by around €140 million.

Excluding the interest accretion, additions to provisions for mining damage amounted to €44 million in the reporting period. The reason for this was quantity-induced increases in the obligatory volume, of which €16 million was capitalised in the item Property, plant and equipment. Releases of provisions in the amount of €15 million mainly resulted from the fact that current estimates led to a reduction in the anticipated costs of restoration. The interest accretion increased provisions for mining damage by €212 million.

Other provisions € million	Balance at 1 Jan 2020	Additions	Unused amounts released	Interest accretion	Changes in the scope of consolidation, currency adjustments, transfers	Amounts used	Balance at 31 Dec 2020
Staff-related obligations (excluding restructuring)	983	550	-46	1	23	-521	990
Restructuring obligations	622	90	-36		-21	-13	642
Purchase and sales obligations	1,506	242	-95			-163	1,490
Provisions for dismantling wind farms	952	171	-6	113	-92	-2	1,136
Other dismantling and retrofitting obligations	634	110	-89	81	-3	-15	718
Environmental protection obligations	80	2	-1	1	-2	-2	78
Interest payment obligations	281		-58				223
Obligations to deliver CO_2 emission allowances / certificates for renewable energies	771	1,337	-16		-13	-747	1,332
Miscellaneous other provisions	958	293	-213	1	-14	-289	736
	6,787	**2,795**	**-560**	**197**	**-122**	**-1,752**	**7,345**

Provisions for staff-related obligations mainly consist of provisions for pre-retirement part-time work arrangements, severance, outstanding vacation and service jubilees and performance-based pay components. Based on current estimates, we expect most of these to be used from 2021 to 2025.

Provisions for restructuring obligations pertain mainly to measures for socially acceptable payroll downsizing. We currently expect most of these to be used from 2021 to 2038. In so doing, sums earmarked for personnel measures are reclassified from provisions for restructuring obligations to provisions for staff-related obligations as soon as the underlying restructuring measure has been specified. This is the case if individual contracts governing socially acceptable payroll downsizing are signed by affected employees.

Provisions for purchase and sales obligations primarily relate to contingent losses from pending transactions.

From the current perspective, we expect that the majority of the **provisions for the dismantling of wind farms** will be used from 2021 to 2045, and the **provisions for other dismantling and retrofitting obligations** will be used from 2021 to 2060.

(23) Financial liabilities

Financial liabilities	31 Dec 2020		31 Dec 2019	
€ million	Non-current	Current	Non-current	Current
Bonds payable[1]	549		1,110	
Bank debt	1,528	83	965	391
Other financial liabilities				
Collateral for trading activities		716		400
Miscellaneous other financial liabilities[2]	1,874	448	1,849	898
	3,951	**1,247**	**3,924**	**1,689**

1 Including hybrid bonds classified as debt as per IFRS.
2 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

The following overview shows the key data on the bonds of the RWE Group as of 31 December 2020:

Bonds payable Issuer	Outstanding amount	Carrying amount € million	Coupon in %	Maturity
RWE AG	€ 12 million	12	3.5	October 2037
RWE AG	€ 282 million[1]	281	3.5	April 2075
RWE AG	US$ 317 million[1]	256	6.625	July 2075
Bonds payable		**549**		

1 Hybrid bonds classified as debt as per IFRS.

On 4 September 2020, a hybrid bond issued by RWE AG which was previously classified as equity pursuant to IAS 32 was cancelled. The redemption in the amount of €539 million was effected on 21 October 2020 without refinancing the hybrid bond with fresh hybrid capital. The hybrid bond had a 2.75 % coupon and a tenor ending in April 2075.

€31 million of the financial liabilities are secured by mortgages (previous year: €39 million). Other financial liabilities contain lease liabilities.

(24) Income tax liabilities

Income tax liabilities contain uncertain income tax items in the amount of €939 million (previous year: €1,174 million). This item primarily includes income taxes for periods for which the tax authorities have not yet finalised a tax assessment and for the current year.

(25) Other liabilities

Other liabilities	31 Dec 2020		31 Dec 2019	
€ million	Non-current	Current	Non-current[1]	Current
Tax liabilities		158		129
Social security liabilities	1	14	2	17
Derivatives	554	8,106	391	10,088
Miscellaneous other liabilities	599	725	469	1,354
	1,154	**9,003**	**862**	**11,588**
of which: financial debt	640	8,414	415	10,303
of which: non-financial debt	514	589	447	1,285

1 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

The principal component of social security liabilities are the amounts payable to social security institutions.

Miscellaneous other liabilities contain €221 million in contract liabilities (previous year: €269 million).

Moreover, €43 million (previous year: €46 million) in miscellaneous other liabilities were allocable to state investment subsidies primarily granted in connection with the construction of wind farms.

Other information

(26) Earnings per share

Basic and diluted earnings per share are calculated by dividing the portion of net income attributable to RWE shareholders by the average number of shares outstanding; treasury shares are not taken into account in this calculation.

Earnings per share		2020	2019
Net income for RWE AG shareholders	€ million	995	8,498
of which: from continuing operations		808	-691
of which: from discontinued operations		187	9,189
Number of shares outstanding (weighted average)	in '000	637,286	614,745
Basic and diluted earnings per share	€	1.56	13.82
of which: from continuing operations		1.27	-1.13
of which: from discontinued operations		0.29	14.95
Dividend per share	€	0.85[1]	0.80

1 Dividend proposal for fiscal 2020, subject to the resolution of the Annual General Meeting on 28 April 2021.

(27) Reporting on financial instruments

Financial instruments are divided into non-derivative and derivative. Non-derivative financial assets essentially include other non-current financial assets, accounts receivable, marketable securities and cash and cash equivalents. Financial instruments are recognised either at amortised cost or at fair value, depending on their classification. Financial instruments are recognised in the following categories:

- Debt instruments measured at amortised cost: the contractual cash flows solely consist of interest and principal on the outstanding capital: there is an intention to hold the financial instrument until maturity.
- Debt instruments measured at fair value through other comprehensive income: the contractual cash flows solely consist of interest and principal on the outstanding capital: there is an intention to hold and sell the financial instrument.
- Equity instruments measured at fair value through other comprehensive income: the option to recognise changes in fair value directly in equity is exercised.
- Financial assets measured at fair value through profit or loss: the contractual cash flows of a debt instrument do not solely consist of interest and principal on the outstanding capital or the option to recognise changes in the fair value of equity instruments in other comprehensive income is not exercised.

On the liabilities side, non-derivative financial instruments principally include liabilities measured at amortised cost.

Financial instruments recognised at fair value are measured based on the published exchange price, insofar as the financial instruments are traded on an active market. The fair value of non-quoted debt and equity instruments is generally determined on the basis of discounted expected payment flows, taking into consideration macro-economic developments and corporate business plan data. Current market interest rates corresponding to the remaining maturity are used for discounting.

Derivative financial instruments are recognised at their fair values as of the balance-sheet date, insofar as they fall under the scope of IFRS 9. Exchange-traded products are measured using the published closing prices of the relevant exchange. Non-exchange traded products are measured on the basis of publicly available broker quotations or, if such quotations are not available, on generally accepted valuation methods. In doing so, we draw on prices on active markets as much as possible. If such prices are not available, company-specific planning estimates are used in the measurement process. These estimates encompass all of the market factors which other market participants would take into account in the course of price determination. Assumptions pertaining to the energy sector and economy are made within the scope of a comprehensive process with the involvement of both in-house and external experts.

Measurement of the fair value of a group of financial assets and financial liabilities is conducted on the basis of the net risk exposure per business partner.

The following overview presents the classifications of financial instruments measured at fair value in the fair value hierarchy prescribed by IFRS 13. The individual levels of the fair value hierarchy are defined as follows:

- Level 1: Measurement using (unadjusted) prices of identical financial instruments formed on active markets,
- Level 2: Measurement on the basis of input parameters which are not the prices from Level 1, but which can be observed for the financial instrument either directly (i.e. as price) or indirectly (i.e. derived from prices),
- Level 3: Measurement using factors which cannot be observed on the basis of market data.

Fair value hierarchy € million	Total 2020	Level 1	Level 2	Level 3	Total 2019	Level 1	Level 2	Level 3
Other financial assets[1]	4,244	3,659	214	371	4,320	3,853	171	296
Derivatives (assets)	8,784		8,085	699	12,108		11,443	665
of which: used for hedging purposes	1,634		1,634		2,961		2,961	
Securities	4,219	1,269	2,950		3,258	1,829	1,429	
Assets held for sale					9		1	8
Derivatives (liabilities)	8,660		8,404	256	10,479		9,902	577
of which: used for hedging purposes	1,498		1,498		1,513		1,513	
Liabilities held for sale					4			4

1 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

Due to the higher number of price quotations on active markets, financial assets with a fair value of €43 million (previous year: €24 million) were reclassified from Level 2 to Level 1. Conversely, due to a drop in the number of price quotations, financial assets with a fair value of €93 million (previous year: €25 million) were reclassified from Level 1 to Level 2. Furthermore, in the previous year, derivatives with a fair value of €44 million were reclassified from Level 2 to Level 3.

The development of the fair values of Level 3 financial instruments is presented in the following table:

Level 3 financial instruments: Development in 2020 € million	Balance at 1 Jan 2020	Changes in the scope of consolidation, currency adjustments and other	Changes: Recognised in profit or loss	Changes: Recognised in OCI	Changes: With a cash effect	Balance at 31 Dec 2020
Other financial assets	296	9	-85	98	53	371
Derivatives (assets)	665	-9	42		1	699
Assets held for sale	8	-9			1	
Derivatives (liabilities)	577	-8	-313			256
Liabilities held for sale	4	-5			1	

Level 3 financial instruments: Development in 2019 € million	Balance at 1 Jan 2019	Changes in the scope of consolidation, currency adjustments and other	Changes: Recognised in profit or loss	Changes: Recognised in OCI	Changes: With a cash effect	Balance at 31 Dec 2019
Other financial assets[1]	148	101	-23	-9	79	296
Derivatives (assets)	156	182	434		-107	665
Assets held for sale	804	-819	-8		31	8
Derivatives (liabilities)	35	138	432		-28	577
Liabilities held for sale					4	4

1 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

Amounts recognised in profit or loss generated through Level 3 financial instruments relate to the following line items on the income statement:

Level 3 financial instruments: Amounts recognised in profit or loss[1] € million	Total 2020	Of which: attributable to financial instruments held at the balance-sheet date	Total 2019	Of which: attributable to financial instruments held at the balance-sheet date
Other operating income / expenses	356	852	12	12
Income from investments	-86	-85	-34	-20
	270	**767**	**-22**	**-8**

1 Prior-year figures restated.

Level 3 derivative financial instruments essentially consist of energy purchase and commodity agreements, which relate to trading periods for which there are no active markets yet. The valuation of such depends on the development of electricity, oil and gas prices in particular. All other things being equal, rising market prices cause the fair values to increase, whereas declining gas prices cause them to drop. A change in pricing by + / – 10 % would cause the market value to rise by €95 million (previous year: €61 million) or decline by €95 million (previous year: €61 million).

Financial assets and liabilities can be broken down into the measurement categories with the following carrying amounts according to IFRS 9 in the year under review:

Carrying amounts by category € million	31 Dec 2020	31 Dec 2019
Financial assets measured at fair value through profit or loss	10,573	10,775
of which: obligatorily measured at fair value – continuing operations	10,573	10,767
of which: obligatorily measured at fair value – held for sale		8
Debt instruments measured at amortised cost	13,366	9,543
of which: held for sale	2	112
Debt instruments measured at fair value through other comprehensive income	1,338	1,727
Equity instruments measured at fair value through other comprehensive income	3,702	4,247
Financial liabilities measured at fair value through profit or loss	7,163	8,970
of which: obligatorily measured at fair value – continuing operations	7,163	8,966
of which: obligatorily measured at fair value – held for sale		4
Financial liabilities measured at (amortised) cost	7,013	7,950
of which: held for sale	315	311

The carrying amounts of financial assets and liabilities within the scope of IFRS 7 basically correspond to their fair values. The only deviations are for financial liabilities. The carrying amount of these is €4,011 million (previous year: €4,632 million), while the fair value amounts to €4,281 million (previous year: €4,798 million). Of this, €607 million (previous year: €1,180 million) is related to Level 1 and €3,674 million (previous year: €3,618 million) to Level 2 of the fair value hierarchy.

The following net results from financial instruments as per IFRS 7 were recognised on the income statement, depending on the category:

Net gain / loss by category € million	2020	2019
Financial assets and liabilities measured at fair value through profit or loss	3,318	941
of which: obligatorily measured at fair value	3,318	941
Debt instruments measured at amortised cost	-248	137
Debt instruments measured at fair value through other comprehensive income	-7	38
Equity instruments measured at fair value through other comprehensive income	193	27
Financial liabilities measured at (amortised) cost	-303	-317

The net result as per IFRS 7 essentially includes interest, dividends and results from the measurement of financial instruments at fair value.

The option to recognise changes in fair value in OCI is exercised for a portion of the investments in equity instruments. These are strategic investments and other long-term investments as well as securities in special funds.

Fair value of equity instruments measured at fair value through other comprehensive income € million	31 Dec 2020	31 Dec 2019
Securities in special funds		444
Nordsee One GmbH	120	22
E.ON SE	3,582	3,780

In the 2020 fiscal year, €193 million (previous year: €27 million) in income from dividends from these financial instruments was recognised, of which €5 million (previous year: €5 million) is attributable to equity instruments sold during the same year. Moreover, in the year under review, equity instruments measured through other comprehensive income were sold in line with the existing investment strategy. Their fair value at the derecognition date amounted to €782 million (previous year: €738 million). The resulting loss amounted to €18 million (previous year: gain of €5 million).

The following is an overview of the financial assets and financial liabilities which are netted out in accordance with IAS 32 or are subject to enforceable master netting agreements or similar agreements. The netted financial assets and liabilities essentially consist of collateral for stock market transactions due on a daily basis.

Netting of financial assets and financial liabilities as of 31 Dec 2020	Gross amounts recognised	Netting	Net amounts recognised	Related amounts not set off		Net amount
€ million				Financial instruments	Cash collateral received / pledged	
Derivatives (assets)	10,111	-9,209	902		-495	407
Derivatives (liabilities)	8,024	-7,439	585	-267	-310	8

Netting of financial assets and financial liabilities as of 31 Dec 2019	Gross amounts recognised	Netting	Net amounts recognised	Related amounts not set off		Net amount
€ million				Financial instruments	Cash collateral received / pledged	
Derivatives (assets)	10,381	-9,801	580		-318	262
Derivatives (liabilities)	9,031	-8,185	846	-119	-727	

The related amounts not set off include cash collateral received and pledged for over-the-counter transactions as well as collateral pledged in advance for stock market transactions.

As an energy producer with international operations, the RWE Group is exposed to market, credit and liquidity risks in its ordinary business activity. We limit these risks via systematic, groupwide risk management. The range of action, responsibilities and controls are defined in binding internal directives.

Market risks stem from changes in exchange rates and share prices as well as interest rates and commodity prices, which can have an influence on business results.

Due to the RWE Group's international profile, currency management is a key issue. Fuels are traded in British pounds and US dollars as well as in other currencies. In addition, RWE does business in a number of currency areas. The companies of the RWE Group are required to hedge their foreign currency risks via RWE AG. Foreign currency risks arising from the involvement in and the financing of the renewable energy business are hedged by RWE Renewables International Participations B.V.

Interest rate risks stem primarily from financial debt and the Group's interest-bearing investments. We hedge against negative changes in value caused by unexpected interest-rate movements using non-derivative and derivative financial instruments.

Opportunities and risks from changes in the values of non-current securities are centrally controlled by a professional fund management system operated by RWE AG.

The Group's other financial transactions are recorded using centralised risk management software and monitored by RWE AG.

For commodity operations, risk management directives have been established by RWE AG's Controlling & Risk Management Department. These regulations stipulate that derivatives may be used to hedge price risks. Furthermore, commodity derivatives may be traded, subject to limits. Compliance with limits is monitored daily.

Risks stemming from fluctuations in commodity prices and financial market risks (foreign currency risks, interest rate risks, securities risks) are monitored and managed by RWE using indicators such as the Value at Risk (VaR), amongst other things. In addition, for the management of interest rate risk, a Cash Flow at Risk (CFaR) is determined.

Using the VaR method, RWE determines and monitors the maximum expected loss arising from changes in market prices with a specific level of probability during specific periods. Historical price volatility is taken as a basis in the calculations. With the exception of the CFaR data, all VaR figures are based on a confidence interval of 95 % and a holding period of one day. For the CFaR, a confidence interval of 95 % and a holding period of one year is taken as a basis.

In respect of interest rate risks, RWE distinguishes between two risk categories: on the one hand, increases in interest rates can result in declines in the prices of securities from the holdings of RWE. This pertains primarily to fixed-rate instruments. A VaR is determined to quantify securities price risk. As of the balance-sheet date, it amounted to €2.5 million (previous year: €4.8 million). On the other hand, financing costs also increase along with the level of interest rates. The sensitivity of interest expenses to increases in market interest rates is measured with the CFaR. As of 31 December 2020 this amounted to €18.6 million (previous year: €34.8 million). RWE calculates the CFaR based on the assumption of the refinancing of maturing debt.

As of 31 December 2020, the VaR for foreign currency positions was €0.2 million (previous year: €1.6 million). This corresponds to the figure used internally, which also includes the underlying transactions for cash flow hedges. The VaR also reflects the risk of timing differences.

As of 31 December 2020, the VaR for risks related to the RWE share portfolio amounted to €0 million (previous year: €3.7 million).

The key internal control parameters for commodity positions at RWE Supply & Trading are the VaR for the trading business and the VaR for the pooled gas and liquefied natural gas (LNG) business. Here, the maximum VaR is €40 million and €14 million, respectively. As of 31 December 2020, the VaR was €25.0 million in the trading business (previous year: €12.0 million) and €6.7 million for the pooled gas and LNG business (previous year: €4.7 million).

Additionally, stress tests are carried out on a monthly basis in relation to the trading and pooled LNG and gas business of RWE Supply & Trading to model the impact of commodity price changes on the earnings conditions and take risk-mitigating measures if necessary. In these stress tests, market price curves are modified, and the commodity position is revalued on this basis. Historical scenarios of extreme prices and realistic, fictitious price scenarios are modelled. In the event that the stress tests exceed internal thresholds, these scenarios are then analysed in detail in relation to their impact and probability, and – if necessary – risk-mitigating measures are considered.

Commodity risks of the Group's power generation companies belonging to the Coal / Nuclear and Hydro / Biomass / Gas segments are hedged by the Supply & Trading segment on the basis of available market liquidity in accordance with Group guidelines. In accordance with the approach for long-term investments for example, it is not possible to manage commodity risks from long-term positions or positions which cannot be hedged due to their size and the prevailing market liquidity using the VaR concept. As a result, these positions are not included in the VaR figures. Above and beyond open production positions which have not yet been transferred, the Group companies belonging to the Coal / Nuclear and Hydro / Biomass / Gas segments are not allowed to maintain significant risk positions, according to a Group guideline. Furthermore, commodity price risks can exist in relation to the renewable generation positions and in the gas storage business. The commodity price risks associated with the renewable generation positions are managed by the Renewables Commodity Management Committee (RES CMC). The subsidiaries owning the gas storage facilities also manage their positions independently, in compliance with unbundling regulations.

One of our most important instruments to limit market risk is the conclusion of hedging transactions. The instruments most commonly used are forwards and options with foreign currency, interest rate swaps, interest rate currency swaps, and forwards, options, futures and swaps with commodities.

Maturities of derivatives related to interest rates, currencies, equities, indices and commodities for the purpose of hedging are based on the maturities of the underlying transactions and are thus primarily short term and medium term in nature. Hedges of the foreign currency risks of foreign investments have maturities of up to eleven years.

All derivative financial instruments are recognised as assets or liabilities and are measured at fair value. When interpreting their positive and negative fair values, it should be taken into account that, with the exception of trading in commodities, these financial instruments are generally matched with underlying transactions that carry offsetting risks.

Hedge accounting pursuant to IFRS 9 is used primarily for mitigating currency risks from net investments in foreign functional currencies, commodity market price risks, interest risks from non-current liabilities and currency and price risks from sales and purchase transactions.

Fair value hedges are used to limit the market price risk exposure related to CO_2 emission allowances. In the case of fair value hedges, both the derivative as well as the underlying hedged transaction (in relation to the hedged risk) are recorded at fair value with an effect on income.

RWE held the following instruments to hedge the fair value of commodity price risks:

Fair value hedges as of 31 Dec 2020	Maturity		
	1 – 6 months	7 – 12 months	>12 months
CO_2 derivatives			
Nominal volume (€ million)			39
Secured average price (€ / metric ton)			5.57

Fair value hedges as of 31 Dec 2019	Maturity		
	1 – 6 months	7 – 12 months	>12 months
CO_2 derivatives			
Nominal volume (€ million)			39
Secured average price (€ / metric ton)			5.57

Cash flow hedges are primarily used to hedge against interest risks from non-current liabilities as well as currency and price risks from sales and purchase transactions. Hedging instruments consist of forwards, swaps and options with foreign currency and interest rates, and forwards, futures and swaps with commodities. Changes in the fair value of the hedging instruments – insofar as they affect the effective portion – are recorded in OCI until the underlying transaction is realised. The ineffective portion of changes in value is recognised in profit or loss. When hedging commodities, underlying and hedging transactions are based on the same price index. This generally does not result in ineffectiveness. When hedging foreign currency risks, ineffectiveness can result from the difference in timing between the origination of the hedged item and the hedging instrument. Ineffectiveness can likewise stem from hedges containing material foreign currency basis spreads. Upon realisation of the underlying transaction, the hedge's contribution to income from accumulated other comprehensive income is recognised on the income statement or is offset against the initial value recognition of an asset or a liability.

RWE held the following instruments to hedge future cash flows relating to foreign currency risks:

Cash flow hedges as of 31 Dec 2020	Maturity		
	1 – 6 months	7 – 12 months	>12 months
Currency forwards – purchases			
Nominal volume (€ million)	522	258	234
Avg. EUR / USD exchange rate	1.19	1.19	1.20
Avg. EUR / GBP exchange rate	0.91	0.91	0.92
Avg. EUR / CAD exchange rate	1.54	1.63	1.64
Currency forwards – sales			
Nominal volume (€ million)	-945	-319	-447
Avg. EUR / USD exchange rate	1.20	1.21	1.20
Avg. EUR / GBP exchange rate	0.90	0.91	0.91
Avg. EUR / CAD exchange rate	1.55	1.57	

Cash flow hedges as of 31 Dec 2019	Maturity		
	1 – 6 months	7 – 12 months	>12 months
Currency forwards – purchases			
Nominal volume (€ million)	2,276	134	61
Avg. EUR / USD exchange rate	1.15	1.18	1.19
Avg. EUR / GBP exchange rate	0.87	0.89	
Avg. EUR / CAD exchange rate	1.54	1.56	1.64
Currency forwards – sales			
Nominal volume (€ million)	-2,947	-401	-112
Avg. EUR / USD exchange rate	1.13	1.18	1.26
Avg. EUR / GBP exchange rate	0.87	0.88	0.86
Avg. EUR / CAD exchange rate	1.51		1.57

RWE held the following instruments to hedge future cash flows relating to interest risks:

Cash flow hedges as of 31 Dec 2020	Maturity		
	1 – 6 months	7 – 12 months	>12 months
Interest swaps			
Nominal volume (£ million)			1,215
Secured average interest rate (%)			1.55

Cash flow hedges as of 31 Dec 2019	Maturity		
	1 – 6 months	7 – 12 months	>12 months
Interest swaps			
Nominal volume (£ million)			808
Secured average interest rate (%)			1.55

The commercial optimisation of the power plant portfolio is based on a dynamic hedging strategy. Hedged items and hedging instruments are constantly adjusted based on changes in market prices, market liquidity and the sales business with consumers. Commodity prices are hedged if this leads to a positive margin. Proprietary commodities trading is strictly separated from this when managing risks.

Hedges of net investment in a foreign operation are used to hedge the foreign currency risks of net investment in foreign entities whose functional currency is not the euro. We use interest rate currency swaps and other currency derivatives as hedging instruments. If there are changes in the fair value of interest rate currency swaps, this is recorded under foreign currency translation adjustments in OCI.

RWE held the following instruments to hedge net investments in foreign operations:

Net investment hedges as of 31 Dec 2020	Maturity		
	1 - 6 months	7 - 12 months	>12 months
Currency forwards – purchases			
Nominal volume (€ million)	277		
Avg. EUR / GBP exchange rate	0.90		
Currency forwards – sales			
Nominal volume (€ million)	- 5,737		- 631
Avg. EUR / GBP exchange rate	0.91		0.63

Net investment hedges as of 31 Dec 2019	Maturity		
	1 - 6 months	7 - 12 months	>12 months
Currency forwards – sales			
Nominal volume (€ million)	- 1,037	- 349	- 631
Avg. EUR / GBP exchange rate	0.90	0.86	0.63

The hedging instruments designated in hedging relationships had the following effects on the company's net asset, financial and earnings position:

Hedging instruments – effects on the net asset, financial and earnings position as of 31 Dec 2020 € million	Nominal amount	Carrying amount Assets	Carrying amount Liabilities	Fair value changes in the current period	Recognised ineffectiveness
Fair value hedges					
Commodity price risks	39		192	56	
Cash Flow Hedges					
Foreign currency risks	729		177	-90	
Commodity price risks	2,444[1]	3,020	1,104	614	
Net investment hedges					
Foreign currency risks		6	366	122	67

1 The net nominal amount stated is made up of purchases in the amount of €1,086 million and sales in the amount of –€3,530 million.

Hedging instruments – effects on the net asset, financial and earnings position as of 31 Dec 2019 € million	Nominal amount	Carrying amount Assets	Carrying amount Liabilities	Fair value changes in the current period	Recognised ineffectiveness
Fair value hedges					
Commodity price risks	39		135	11	
Cash Flow Hedges					
Interest risks	931		105	69	
Foreign currency risks	296	52	87	26	
Commodity price risks	-4,125[1]	2,337	1,046	-571	
Net investment hedges					
Foreign currency risks			328	55	35

1 The net nominal amount stated is made up of purchases in the amount of €3,494 million and sales in the amount of €7,619 million.

The carrying amounts of the hedging instruments are recognised in the 'Other receivables and other assets' and 'Other liabilities' balance-sheet items.

The hedged items designated in hedging relationships had the following effects on the company's net asset, financial and earnings position:

Fair value hedges as of 31 Dec 2020	Carrying amount		Of which: cumulative fair value adjustments		Changes in fair value in the reporting year
€ million	Assets	Liabilities	Assets	Liabilities	
Commodity price risks	231		192		56

Fair value hedges as of 31 Dec 2019	Carrying amount		Of which: cumulative fair value adjustments		Changes in fair value in the reporting year
€ million	Assets	Liabilities	Assets	Liabilities	
Commodity price risks	174		135		11

Cash flow hedges and net investment hedges as of 31 Dec 2020 € million	Changes in fair value during the current period	Reserve for current hedges	Reserve for terminated hedges
Cash flow hedges			
Interest risks	44	-50	
Foreign currency risks	-78	-59	-14
Commodity price risks	-1,528	3,094	-11
Net investment hedges			
Foreign currency risks	117	1,275	350

Cash flow hedges and net investment hedges as of 31 Dec 2019 € million	Changes in fair value during the current period	Reserve for current hedges	Reserve for terminated hedges
Cash flow hedges			
Interest risks		-94	
Foreign currency risks	67	107	
Commodity price risks	623	4,574	-15
Net investment hedges			
Foreign currency risks	55	1,151	328

The carrying amounts of the hedged items for fair value hedges are stated in the 'Other receivables and other assets' balance-sheet item. Amounts realised from OCI and any ineffectiveness are recognised in the items on the income statement in which the underlying transactions are also recognised with an effect on income. The amounts realised from OCI are recognised in revenue and the cost of materials, whereas any ineffectiveness is recognised in other operating income and expenses. Amounts recognised and any ineffectiveness of hedging interest risks are recognised in financial income and financial expenses on the income statement.

The reconciliation of the changes in the hedge reserve in relation to the various risk categories of hedge accounting follows below:

Hedge reserve 2020 € million	
Balance at 1 Jan 2020	**2,979**
Cash flow hedges	
Effective portion of changes in market value	-1,777
Interest risks	-35
Foreign currency risks	37
Commodity price risks	-1,779
Gain or loss reclassified from OCI to the income statement – realisation of underlying transactions	1,256
Foreign currency risks	
Commodity price risks	1,256
Gain or loss recognised as a basis adjustment	-982
Interest risks	
Foreign currency risks	1
Commodity price risks	-983
Tax effect of the change in the hedge reserve	412
Net investment hedges	
Effective portion of changes in market value	-147
Foreign currency risks	-147
Ofsetting against currency adjustments	147
Balance at 31 Dec 2020	**1,888**

Hedge reserve 2019 € million	
Balance at 1 Jan 2019	**3,344**
Cash flow hedges	
Effective portion of changes in market value	332
Interest risks	-53
Foreign currency risks	-223
Commodity price risks	608
Gain or loss reclassified from OCI to the income statement – realisation of underlying transactions	136
Foreign currency risks	-127
Commodity price risks	263
Gain or loss recognised as a basis adjustment	-1,267
Interest risks	38
Foreign currency risks	2
Commodity price risks	-1,307
Tax effect of the change in the hedge reserve	434
Net investment hedges	
Effective portion of changes in market value	95
Foreign currency risks	95
Ofsetting against currency adjustments	-95
Balance at 31 Dec 2019	**2,979**

As part of the reform of the existing system for determining benchmark interest rates (the so-called IBOR reform), the prevailing benchmark rates and methods for their determination are being replaced with alternative interest rates and methods. This is expected to occur by 31 December 2021 in the EU and the United Kingdom. However, at the time that these Notes were prepared the precise timing and scope of the changes were not certain.

RWE is managing the transition to the new benchmark rates by way of an interdisciplinary working group headed by the Finance & Credit Risk Department. Its focus is on supplementing, amending and reassessing the relevant contracts and carrying out the technically necessary system adjustments.

With regard to the RWE Group, the IBOR reform impacts hedging relationships which serve to reduce the interest rate risks associated with non-current liabilities. These hedging relationships are based on the 1-month GBP LIBOR and the 6-month GBP LIBOR. As of the balance-sheet date, they account for a nominal volume von €1,366 million. Transition to the benchmark interest rates which will be replacing the LIBOR is expected to occur by the end of 2021, prior to the end of the hedging relationships involved.

RWE applied the amendments published in IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform in September 2019 starting from 1 January 2020. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs primarily mean that the uncertainties arising from the IBOR reform do not result in discontinuation of the hedging relationships. Hedge ineffectiveness continues to be recognised in the profit or loss.

Credit risks. In the fields of finance and commodities, RWE primarily has credit relationships with banks that have good creditworthiness and other trading partners, most of which have good creditworthiness. Furthermore, RWE has credit relationships primarily with banks and other business partners with good creditworthiness within the scope of large-scale projects such as the construction of wind farms. RWE reviews counterparty default risks before contracts are concluded. RWE mitigates such risks by establishing limits which are adjusted during the business relationships if the creditworthiness of the business partners changes. Counterparty risks are monitored constantly so that countermeasures can be initiated early on. Furthermore, RWE is exposed to credit risks due to the possibility of customers failing to meet their payment obligations. We identify these risks by conducting regular analyses of the creditworthiness of our customers and initiate countermeasures if necessary.

Due to the coronavirus crisis, the economic situation of many companies has deteriorated. This may have an impact on RWE's business partners, competitors and customers. Consequently, RWE is monitoring critical industries even more closely and exercising greater caution in conducting new transactions or extending existing ones. If necessary, previously approved limits are being lowered.

Amongst other things, RWE demands guarantees, cash collateral and other forms of security in order to mitigate credit risks. Furthermore, RWE takes out credit insurance policies to protect against defaults. Bank guarantees received as collateral are from financial institutions with the required good ratings. Collateral for credit insurance is pledged by insurers with an investment-grade rating.

The maximum balance-sheet default risk is derived from the carrying amounts of the financial assets stated on the balance sheet. The default risks for derivatives correspond to their positive fair values. Risks can also stem from financial guarantees and loan commitments which we have to fulfil vis-à-vis external creditors in the event of a default of a certain debtor. As of 31 December 2020, these obligations amounted to €163 million (previous year: €174 million). As of 31 December 2020, default risks were balanced against credit collateral, financial guarantees, bank guarantees and other collaterals amounting to €3.6 billion (previous year: €5.5 billion). Of this, €0.8 billion relates to trade receivables (previous year: €1.1 billion), €0.6 billion to derivatives used for hedging purposes (previous year: €1.1 billion), and €2.2 billion to other derivatives (previous year: €3.3 billion). There were no material defaults in fiscal 2020 or the previous year.

In the RWE Group, the risk provision for financial assets is determined on the basis of expected credit losses. These are determined on the basis of the probability of default, loss given default and the exposure at default. We determine the probability of default and loss given default using historical data and forward-looking information. The exposure at default date for financial assets is the gross carrying amount on the balance-sheet date. The expected credit loss for financial assets determined on this basis corresponds to the difference between the contractually agreed payments and the payments expected by RWE, discounted by the original effective interest rate. The assignment to one of the levels described below influences the level of the expected losses and the effective interest income recognised.

- Stage 1 – Expected 12-month credit losses: At initial recognition, financial assets are generally assigned to this stage – with the exception of those that have been purchased or originated credit impaired, which are thus considered separately. The level of impairment results from the cash flows expected for the entire term of the financial instrument, multiplied by the probability of a default within 12 months from the reporting date. The effective interest rate used for measurement is determined on the basis of the carrying amount before impairment (gross).
- Stage 2 – Lifetime expected credit losses (gross): If the credit risk has risen significantly between initial recognition and the reporting date, the financial instrument is assigned to this stage. Unlike Stage 1, default events expected beyond the 12-month period from the reporting date are also considered in calculating the impairment. The effective interest rate used for measurement is still determined on the basis of the carrying amount before impairment (gross).
- Stage 3 – Lifetime expected credit losses (net): If in addition to the criteria for Stage 2 there is an objective indication of an impairment, the financial asset is assigned to Stage 3. The impairment is calculated analogously to Stage 2. In this case, however, the effective interest rate used for measurement is applied to the carrying amount after impairment (net).

In the RWE Group, risk provisions are formed for financial instruments in the following categories:

- debt instruments measured at amortised cost,
- debt instruments measured at fair value through other comprehensive income.

For debt instruments for which there has been no significant rise in credit risk since initial recognition, a risk provision is recognised in the amount of the expected 12-month credit losses (Stage 1). In addition, a financial instrument is assigned to Stage 1 of the impairment model if the absolute credit risk is low on the balance-sheet date. The credit risk is classified as low if the debtor's internal or external rating is investment-grade. For trade accounts receivable, the risk provision corresponds to the lifetime expected credit losses (Stage 2).

To determine whether a financial instrument is assigned to Stage 2 of the impairment model, it must be determined whether the credit risk has increased significantly since initial recognition. To make this assessment, we consider quantitative and qualitative information supported by our experience and assumptions regarding future developments. In so doing, special importance is accorded to the sector in which the RWE Group's debtors are active. Our experience is based on studies and data from financial analysts and government authorities, amongst others.

Special attention is paid to the following developments:

- significant deterioration of the internal or external rating of the financial instrument,
- unfavourable changes in risk indicators, e. g. credit spreads or debtor-related credit default swaps,
- negative development of the debtor's regulatory, technological or economic environment,
- danger of an unfavourable development of business resulting in a significant reduction in operating income.

Independent thereof, a significant rise in credit risk and thus an assignment of the financial instrument to Stage 2 are assumed if the contractually agreed payments are more than 30 days overdue and there is no information that contradicts the assumption of a payment default.

We draw conclusions about the potential default of a counterparty from information from internal credit risk management. If internal or external information indicates that the counterparty cannot fulfil its obligations, the associated receivables are classified as unrecoverable and assigned to Stage 3 of the impairment model. Examples of such information are:

- The debtor of the receivable has apparent financial difficulties.
- The debtor has already committed a breach of contract by missing or delaying payments.
- Concessions already had to be made to the debtor.
- An insolvency or another restructuring procedure is impending.
- The market for the financial asset is no longer active.
- A sale is only possible at a high discount, which reflects the debtor's reduced creditworthiness.

A payment default and an associated assignment of the financial asset to Stage 3 is also assumed if the contractually agreed payments are more than 90 days overdue and there is no information disproving the assumption of a payment default. Based on our experience, we generally assume that this assumption does not apply to trade accounts receivable.

A financial asset is depreciated if there are indications that the counterparty is in serious financial difficulty and the situation is unlikely to improve. We may also take legal recourse and other measures in order to enforce the contractually agreed payments in the event of an impairment.

The following impairments were recognised for financial assets stated under the following balance-sheet items within the scope of IFRS 7:

Impairment of financial assets € million	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Total
Financial receivables				
Balance at 1 Jan 2020	**11**	**3**	**11**	**25**
Remeasurement due to new measurement parameters	-5			-5
Transfer from Level 2 to Level 1		-3	2	-1
Balance at 31 Dec 2020	**6**		**13**	**19**

Impairment of financial assets € million	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Total
Financial receivables				
Balance at 1 Jan 2019	**23**	**6**	**11**	**40**
Remeasurement due to new measurement parameters	4			4
Newly acquired / issued financial assets	2	1		3
Redeemed or derecognised financial assets	-18			-18
Transfer from Level 2 to Level 1		-4		-4
Balance at 31 Dec 2019	**11**	**3**	**11**	**25**

For trade accounts receivable, the expected credit loss is determined by applying the simplified approach taking account of the entire lifetime of the financial instruments.

In the RWE Group, there are no cases where a risk provision for trade accounts receivable was not recognised due to the collateral on the books.

The following tables show the development of the risk provisions for trade accounts receivable:

Risk provision for trade accounts receivable € million	
Balance at 1 Jan 2020	**32**
Addition	13
Changes in the scope of consolidation	-3
Balance at 31 Dec 2020	**42**

Risk provision for trade accounts receivable € million	
Balance at 1 Jan 2019	**27**
Addition	9
Changes in the scope of consolidation	-4
Balance at 31 Dec 201	**32**

The following table presents the gross carrying amounts of the financial instruments under the scope of the impairment model:

Gross carrying amounts of financial assets as of 31 Dec 2020 € million	Equivalent to S&P scale	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Trade accounts receivable	Total
Class 1 – 5: low risk	AAA to BBB–	11,600	42		2,779	14,421
Class 6 – 9: medium risk	BB+ to BB–	59		11	153	223
Class 10: high risk	B+ to B–	19			85	104
Class 11: doubtful	CCC to C				14	14
Class 12: loss	D			1	37	38
		11,678	**42**	**12**	**3,068**	**14,800**

Gross carrying amounts of financial assets as of 31 Dec 2019 € million	Equivalent to S&P scale	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Trade accounts receivable	Total
Class 1 – 5: low risk	AAA to BBB–	7,262	39		3,261	10,562
Class 6 – 9: medium risk	BB+ to BB–	121	1	12	95	229
Class 10: high risk	B+ to B–	43	10		67	120
Class 11: doubtful	CCC to C				6	6
Class 12: loss	D			1	36	37
		7,426	**50**	**13**	**3,465**	**10,954**

Liquidity risks. As a rule, RWE Group companies refinance with RWE AG. In this regard, there is a risk that liquidity reserves will prove to be insufficient to meet financial obligations in a timely manner. In 2021, liabilities owed to banks of €0.1 billion (previous year: €0.4 billion) are due. In addition, short-term debt must be repaid. Above and beyond this, no other capital market debt matures in 2021 (previous year: €0.5 billion, taking account of the earliest possible call date of the hybrid bond, which is classified as debt pursuant to IFRS).

As of 31 December 2020, holdings of cash and cash equivalents and current marketable securities amounted to €8,993 million (previous year: €6,450 million).

RWE AG's credit line was increased to €5 billion in April 2019. Its two tranches expire in April 2021 (€2 billion) and April 2024 (€3 billion). The commercial paper programme was extended during the year and now allows for issuance up to a maximum amount of €5 billion (previous year: US$5 billion). As in the previous year, this programme was not used as of the balance-sheet date. Above and beyond this, RWE AG can finance itself using a €10 billion debt issuance programme; as of the balance-sheet date, outstanding bonds from this programme amounted to €0 billion (previous year: €0 billion) at RWE AG. Accordingly, the RWE Group's medium-term liquidity risk can be classified as low.

Financial liabilities falling under the scope of IFRS 7 are expected to result in the following (undiscounted) payments in the coming years:

Redemption and interest payments on financial liabilities € million	Carrying amounts 31 Dec 2020	Redemption payments			Interest payments		
		2021	2022 to 2025	From 2026	2021	2022 to 2025	From 2026
Bonds payable[1]	549		282	267	27	110	22
Bank debt	1,611	85	140	1,385	26	44	9
Lease liabilities	1,187	86	263	957	22	91	404
Other financial liabilities	1,135	350	324	476	50	149	472
Derivative financial liabilities	8,661	7,857	201	605	20	78	151
Collateral for trading activities	716	716					
Miscellaneous other financial liabilities	2,687	2,645	82	2			

1 Including hybrid bonds classified as debt as per IFRS, taking into account the earliest possible call date.

Redemption and interest payments on financial liabilities € million	Carrying amounts 31 Dec 2019	Redemption payments 2020	Redemption payments 2021 to 2024	Redemption payments From 2025	Interest payments 2020	Interest payments 2021 to 2024	Interest payments From 2025
Bonds payable[1]	1,110	539		571	44	116	53
Bank debt	1,356	393	70	894	23	90	94
Lease liabilities	1,102	83	244	784	24	89	200
Other financial liabilities[2]	1,645	800	329	541	57	164	508
Derivative financial liabilities	10,479	10,092	85	302	22	64	153
Collateral for trading activities	400	400					
Miscellaneous other financial liabilities	3,127	3,123	9	4			

1 Including hybrid bonds classified as debt as per IFRS, taking into account the earliest possible call date.
2 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

Above and beyond this, as of 31 December 2020, there were financial guarantees for external creditors in the amount of €110 million (previous year: €121 million), which are to be allocated to the first year of repayment. Additionally, Group companies have provided loan commitments to third-party companies amounting to €53 million (previous year: €53 million), which are callable in 2021.

Detailed information on the risks of the RWE Group and on the objectives and procedures of the risk management is presented on page 69 et seqq. in the review of operations.

(28) Contingent liabilities and financial commitments

As of 31 December 2020, the amount of capital commitments totalled €2,071 million (previous year: €1,989 million). This mainly consisted of investment in property, plant and equipment.

We have made long-term contractual purchase commitments for supplies of fuels, including natural gas in particular. Payment obligations stemming from the major long-term purchase contracts amounted to €23.6 billion as of 31 December 2020 (previous year: €27.1 billion), of which €0.3 billion is due within one year (previous year: €0.3 billion).

Gas purchases by the RWE Group are partially based on long-term take-or-pay contracts. The conditions in these contracts, which have terms up to 2036 in some cases, are renegotiated by the contractual partners at certain intervals, which may result in changes in the reported payment obligations. Calculation of the payment obligations resulting from the purchase contracts is based on parameters from the internal planning.

Furthermore, RWE has long-term financial commitments for purchases of electricity. As of 31 December 2020, the minimum payment obligations stemming from the major purchase contracts totalled €7.1 billion (previous year: €7.1 billion), of which €0.3 billion is due within one year (previous year: €0.2 billion). Above and beyond this, there are also long-term purchase and service contracts for uranium, conversion, enrichment and fabrication.

We bear legal and contractual liability from our membership in various associations which exist in connection with power plant projects, profit- and loss-pooling agreements and for the provision of liability cover for nuclear risks, amongst others.

On the basis of a mutual benefit agreement, RWE AG and other parent companies of German nuclear power plant operators undertook to provide approximately €2,244 million in funding to liable nuclear power plant operators to ensure that they are able to meet their payment obligations in the event of nuclear damages. From 1 January 2021 onwards, RWE AG has a 37.299 % contractual share in the liability (30.452 % until 31 December 2020) plus 5 % for damage settlement costs.

As part of the Group restructuring that occurred in fiscal 2016, a large portion of the pension commitments which up to then had been reported at the holding level were transferred to former Group companies (former subsidiaries innogy SE, Essen, and affiliated companies) by cancelling the performance obligation existing on an intra-group basis. The guarantees remaining vis-à-vis external parties were cancelled. The Group is liable for the accrued claims of the active and former employees of these companies in the amount of €6,404 million.

RWE AG and its subsidiaries are involved in official, regulatory and antitrust proceedings, litigation and arbitration proceedings related to their operations and are affected by the results of such. In some cases, out-of-court claims are also filed. However, RWE does not expect any material negative repercussions from these proceedings on the RWE Group's economic or financial position.

(29) Segment reporting

RWE is divided into five segments, which are separated from each other based on functional criteria.

In the Offshore Wind segment, we report on our business in offshore wind, which is overseen by RWE Renewables. The main production sites are located in the United Kingdom and Germany. In addition to electricity generation, activities in this field also include the development and realisation of projects to expand capacity.

Onshore Wind / Solar encompasses our activities with onshore wind, solar power and battery storage. Here again, in addition to electricity generation, the focus is on expanding capacities. RWE Renewables has operating responsibility. Along with the USA, the main production sites are located in the United Kingdom, Germany, Italy, Spain, Poland and the Netherlands, as well as in Australia in the field of solar power.

Activities with run-of-river, pumped storage, biomass, and gas-fired power plants are bundled in the Hydro / Biomass / Gas segment. It also contains the Dutch hard coal power stations Amer 9 and Eemshaven, which are increasingly co-firing biomass, and the company RWE Technology International, which specialises in project management and engineering services. This segment is the responsibility of RWE Generation. The 37.9 % stake in the Austrian energy utility KELAG is also reported in the Hydro / Biomass / Gas segment.

The Supply & Trading segment contains energy and commodities trading, the marketing and hedging of the RWE Group's electricity position and the gas midstream business. This segment is the responsibility of RWE Supply & Trading, which also supplies certain major industrial and commercial customers with electricity and natural gas. Additionally, gas storage facilities in Germany and the Czech Republic also belong to this segment.

The Coal / Nuclear segment covers German electricity production using lignite, hard coal and nuclear power, as well as lignite mining operations in the Rhineland. It also includes the investment in the Dutch power plant operator EPZ (30 %) and URANIT (50 %), which holds a 33 % stake in Urenco, a uranium enrichment specialist. The aforementioned activities and investments are the responsibility of the group companies RWE Power (lignite, nuclear) and RWE Generation (hard coal).

'Other, consolidation' covers RWE AG, consolidation effects and the activities of other business areas which are not presented separately. These activities primarily include our non-controlling interests in the German transmission system operator Amprion and in E.ON; the E.ON dividend is reported in the financial result.

Segment reporting Divisions 2020 € million	Offshore Wind	Onshore Wind / Solar	Hydro / Biomass / Gas	Supply & Trading	Other, consolidation	Core business	Coal / Nuclear	Consoli-dation	RWE Group
External revenue (incl. natural gas tax / electricity tax)	**332**	**1,855**	**1,059**	**9,789**	**7**	**13,042**	**854**		**13,896**
Intra-group revenue	959	304	3,144	2,778	-6,803	382	3,075	-3,457	
Total revenue	1,291	2,159	4,203	12,567	-6,796	13,424	3,929	-3,457	13,896
Adjusted EBIT	697	86	283	496	-25	1,537	234		1,771
Operating income from investments	127	9	53	-57	124	256	95		351
Operating income from investments accounted for using the equity method	120	-2	52	6	125	301	95		396
Operating depreciation, amortisation and impairment losses	372	386	338	43		1,139	325		1,464
Impairment losses		97	561	64		722	1,097		1,819
Adjusted EBITDA	**1,069**	**472**	**621**	**539**	**-25**	**2,676**	**559**		**3,235**
Carrying amount of investments accounted for using the equity method	1,490	193	655	3	829	3,170	127		3,297
Capital expenditure on intangible assets, property, plant and equipment	756	1,154	153	43		2,106	183	-4	2,285

Regions 2020 € million	Germany	UK	Rest of Europe	North America	Other	RWE Group
External revenue[1,2]	3,988	3,909	3,958	1,146	687	13,688
Intangible assets and property, plant and equipment	5,714	10,812	3,063	2,953	273	22,815

1 Excluding natural gas tax / electricity tax.
2 Broken down by the region in which the service was provided.

Segment reporting Divisions 2019 € million	Offshore Wind	Onshore Wind / Solar	Hydro / Biomass / Gas	Supply & Trading	Other, consolidation	Core business	Coal / Nuclear	Consoli- dation	RWE Group
External revenue (incl. natural gas tax / electricity tax)	**85**	**1,265**	**1,202**	**9,689**	**7**	**12,248**	**1,029**		**13,277**
Intra-group revenue	682	271	3,409	3,267	-6,901	728	2,385	-3,113	
Total revenue	767	1,536	4,611	12,956	-6,894	12,976	3,414	-3,113	13,277
Adjusted EBIT	377	59	342	691	-128	1,341	-74		1,267
Operating income from investments	32	11	53	1	132	229	76		305
Operating income from investments accounted for using the equity method	19	13	51	34	131	248	75		323
Operating depreciation, amortisation and impairment losses	237	236	330	40	-1	842	380		1,222
Impairment losses	272	83	772	88	1	1,216	785		2,001
Adjusted EBITDA	**614**	**295**	**672**	**731**	**-129**	**2,183**	**306**		**2,489**
Carrying amount of investments accounted for using the equity method	1,622	230	720	3	639	3,214	68	-1	3,281
Capital expenditure on intangible assets and property, plant and equipment[1]	492	752	212	29	-3	1,482	281	4	1,767

1 Prior-year figures restated; only cash-effective investments are shown.

Regions 2019 € million	Germany	UK	Rest of Europe	North America	Other	RWE Group
External revenue[1,2,3]	4,840	5,035	2,852	92	306	13,125
Intangible assets and property, plant and equipment	6,457	10,192	3,363	3,500	281	23,793

1 Revised presentation due to the UK exiting the EU; prior-year figures were restated accordingly.
2 Excluding natural gas tax / electricity tax.
3 Broken down by the region in which the service was provided.

External revenue by product in 2020 € million	Offshore Wind	Onshore Wind / Solar	Hydro / Biomass / Gas	Supply & Trading	Other	Core business	Coal / Nuclear	RWE Group
External revenue[1]	**332**	**1,855**	**1,056**	**9,597**	**9**	**12,849**	**839**	**13,688**
of which: electricity	332	1,676	684	8,775	1	11,468	233	11,701
of which: gas			5	529		534		534
of which: other revenue		179	367	293	8	847	606	1,453

1 Excluding natural gas tax / electricity tax.

.

External revenue by product in 2019 € million	Offshore Wind	Onshore Wind / Solar	Hydro / Biomass / Gas	Supply & Trading	Other	Core business	Coal / Nuclear	RWE Group
External revenue[1,2]	**85**	**1,265**	**1,200**	**9,554**	**6**	**12,110**	**1,015**	**13,125**
of which: electricity	85	943	671	8,259	1	9,959	291	10,250
of which: gas			22	1,134		1,156		1,156
of which: other revenue		322	507	161	5	995	724	1,719

1 Excluding natural gas tax / electricity tax.
2 Some prior-year figures adjusted.

Notes on segment data. We report revenue between the segments as RWE intra-group revenue. Internal supply of goods and services is settled at arm's length conditions. Adjusted EBITDA is used for internal management. The following table presents the reconciliation of adjusted EBITDA to adjusted EBIT and income from continuing operations before tax:

Reconciliation of income items € million	2020	2019
Adjusted EBITDA	**3,235**	**2,489**
– Operating depreciation, amortisation and impairment losses	-1,464	-1,222
Adjusted EBIT	**1,771**	**1,267**
+ Non-operating result	-121	-1,081
+ Financial result	-454	-938
Income from continuing operations before tax	**1,196**	**-752**

Income and expenses that are unusual from an economic perspective, or stem from exceptional events, prejudice the assessment of operating activities. They are reclassified to the non-operating result. Amongst other things, these can include book gains or losses from the disposal of investments or non-current assets not required for operations, impairment of the goodwill of fully consolidated companies, as well as effects of the fair valuation of certain derivatives.

Non-operating result € million	2020	2019
Disposal result	13	48
Impact of the valuation of derivatives and inventories on earnings	1,886	81
Other	-2,020	-1,210
Non-operating result	**-121**	**-1,081**

Further commentary on the non-operating result can be found on page 55 et seq. of the review of operations.

(30) Notes to the cash flow statement

The cash flow statement classifies cash flows according to operating, investing and financing activities. Cash and cash equivalents in the cash flow statement correspond to the amount stated on the balance sheet. Cash and cash equivalents consist of cash on hand, demand deposits and fixed-interest marketable securities with a maturity of three months or less from the date of acquisition.

Among other things, cash flows from operating activities include:

- cash flows from interest and dividends of €281 million (previous year: €184 million) and cash flows used for interest expenses of €299 million (previous year: €257 million),
- -€72 million (previous year: €325 million) in taxes on income paid (less refunds),
- income from investments, corrected for items without an effect on cash flows, in particular from accounting using the equity method, which amounted to €323 million (previous year: €187 million).

Flows of funds from the acquisition and sale of consolidated companies are included in cash flows from investing activities. Effects of foreign exchange rate changes and other changes in value are stated separately.

Cash flows from financing activities of continuing operations include €492 million (previous year: €430 million) which was distributed to RWE shareholders, €30 million (previous year: €51 million) which was distributed to non-controlling shareholders, and €0 million (previous year: €61 million) which was distributed to hybrid capital investors. Furthermore, cash flows from financing activities include purchases of €485 million (previous year: €86 million) and sales in the amount of €562 million (previous year: €0 million) of shares in subsidiaries and other business units which did not lead to a change of control.

Changes in liabilities from financing activities are presented in the following table:

Statement of changes in financial liabilities € million	1 Jan 2020	Increase / repayment	Changes in the scope of consolidation	Currency effects	Changes in fair values	Other changes	31 Dec 2020
Current financial liabilities	1,689	15	38	15	-276	-234	1,247
Non-current financial liabilities	3,924	592	-289	-183		-93	3,951
Other items		-546					

Statement of changes in financial liabilities € million	1 Jan 2019[1]	Increase / repayment	Changes in the scope of consolidation	Currency effects	Changes in fair values	Other changes	31 Dec 2019
Current financial liabilities[2]	787	986	6,961	-392	137	-6,790	1,689
Non-current financial liabilities	2,330	218	2,468	17		-1,109	3,924
Other items		474					

1 Including the effect of the initial adoption of IFRS 16 in the amount of €353 million.
2 Figures restated due to retroactive adjustments to the first-time consolidation of the acquired E.ON operations; see page 109 in the Notes.

The amount stated in the 'Other items' line item contains cash-effective changes resulting from derivative financial instruments and margin payments, which are recognised in cash flows from financing activities in the cash flow statement.

Restrictions on the disposal of cash and cash equivalents amounted to €45 million (previous year: €51 million).

(31) Related party disclosures

Within the framework of their ordinary business activities, RWE AG and its subsidiaries have business relationships with numerous companies. These include associated companies and joint ventures, which are classified as related parties. In particular, this category includes material investments of the RWE Group, which are accounted for using the equity method.

Business transactions were concluded with major associates and joint ventures, resulting in the following items in RWE's consolidated financial statements:

Key items from transactions with associates and joint ventures € million	Associated companies 2020	Associated companies 2019	Joint ventures 2020	Joint ventures 2019
Income	320	258	182	74
Expenses	187	142	46	45
Receivables	119	88	49	59
Liabilities	134	123	72	7

The key items from transactions with associates and joint ventures mainly stem from supply and service transactions. In addition to supply and service transactions, there are also financial links with joint ventures. During the reporting period, income of €0 million (previous year: €2 million) was recorded from interest-bearing loans to joint ventures. As of the balance-sheet date, financial receivables accounted for €42 million of the receivables from joint ventures (previous year: €55 million). All transactions were completed at arm's length conditions, i.e. on principle the conditions of these transactions did not differ from those with other enterprises. €124 million of the receivables (previous year: €108 million) and €162 million of the liabilities (previous year: €10 million) fall due within one year. Other obligations from executory contracts amounted to €112 million (previous year: €99 million).

Above and beyond this, the RWE Group did not execute any material transactions with related companies or persons.

For fiscal 2020, the members of the Executive Board and Supervisory Board of RWE AG were deemed to be key management personnel for the RWE Group. In the previous year, until 18 September 2019, this also included the Executive Board and Supervisory Board members of innogy SE. The following information pertains to total compensation pursuant to IAS 24.

Key management personnel (Executive and Supervisory Board members) received €8,357,000 in short-term compensation components for fiscal 2020 (previous year: €16,457,000). Additionally, share-based payments within the framework of LTIP SPP amounted to €4,731,000 (previous year: €8,386,000) and the pension service cost amounted to €595,000 (previous year: €554,000). Provisions totalling €32,959,000 (previous year: €29,351,000) were formed for obligations vis-à-vis key management personnel.

The remuneration model and remuneration of the Executive and Supervisory Boards of RWE AG calculated pursuant to the German Commercial Code is presented in the remuneration report, which is included in the review of operations.

In total, the remuneration of the Executive Board amounted to €8,501,000 (previous year: €7,571,000). This contains share-based payments amounting to €2,934,000 (111,070 RWE performance shares) granted within the framework of the LTIP SPP. In the previous year, share-based payments amounting to €2,350,000 (123,037 RWE performance shares) were granted.

Including remuneration from subsidiaries for the exercise of mandates, the Supervisory Board received total remuneration of €2,880,000 (previous year: €3,304,000) in fiscal 2020. The employee representatives on the Supervisory Board have labour contracts with the respective Group companies. Remuneration occurs in accordance with the relevant contractual conditions.

During the period under review, no loans or advances were granted to members of the Executive Board. Two employee representatives on the Supervisory Board had employee loans totalling €2,000.

Former members of the Executive Board and their surviving dependants received €10,962,000 (previous year: €10,623,000), of which €671,000 came from subsidiaries (previous year: €651,000). As of the balance-sheet date, € 145,620,000 (previous year: €146,568,000) were accrued for defined benefit obligations to former members of the Executive Board and their surviving dependants. Of this, €6,925,000 was set aside at subsidiaries (previous year: €6,980,000).

Information on the members of the Executive and Supervisory Boards is presented on page 226 et seqq. of the Notes.

(32) Auditors‘ fees

The fees for audit services primarily contain the fees for the audit of the consolidated financial statements and for the audit of the financial statements of RWE AG and its subsidiaries, along with the review of the interim statements. Other assurance services include fees for review of the internal controlling system, as well as expenses related to statutory or court-ordered requirements. In particular, the fees for tax services include compensation for consultation in the preparation of tax returns and other national and international tax-related matters as well as review of resolutions of the tax authorities. Other services primarily include compensation for M&A activity and IT project consulting.

RWE recognised the following fees as expenses for the services rendered by the auditors of the consolidated financial statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) and companies belonging to PwC's international network:

PwC network fees	2020		2019	
€ million	Total	Of which: Germany	Total	Of which: Germany
Audit services	10.7	5.8	17.5	12.9
Other assurance services	1.2	1.0	2.5	2.3
Tax services	1.3	0.2	0.9	0.3
Other services	2.5	2.5	5.8	5.6
	15.7	**9.5**	**26.7**	**21.1**

(33) Application of the exemption rule pursuant to Sec. 264, Para. 3 and Sec. 264b of the German Commercial Code

In fiscal 2020, the following German subsidiaries made partial use of the exemption clause pursuant to Sec. 264, Para. 3 and Sec. 264b of the German Commercial Code (HGB):

- BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen,
- GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen,
- Kernkraftwerk Lingen Gesellschaft mit beschränkter Haftung, Lingen (Ems),
- KMG Kernbrennstoff-Management Gesellschaft mit beschränkter Haftung, Essen,
- Rheinbraun Brennstoff GmbH, Cologne,
- Rheinische Baustoffwerke GmbH, Bergheim,
- RV Rheinbraun Handel und Dienstleistungen GmbH, Cologne,
- RWE Nuclear Beteiligungs-GmbH, Essen,
- RWE Technology International GmbH, Essen,
- RWE Trading Services GmbH, Essen.

(34) Events after the balance-sheet date

In the period from 1 January 2021 until the completion of the consolidated financial statements on 5 March 2021, the following significant events occurred:

Sale of 75 % of the shares of the onshore wind farms Stella, Cranell and East and West Raymond

In January 2021, the sale of a total of 75 % of the shares in the three onshore wind farms Stella, Cranell and East Raymond in Texas was completed. In this transaction, 51 % of the shares were sold to Algonquin Power Fund (America) Inc., USA, a subsidiary of Algonquin Power & Utilities Corp., Canada and another 24 % of the shares to the UL investment firm Greencoat Capital. The underlying contracts were concluded in December 2020 and cover the sale of a total of 75 % of the shares in the onshore wind farm West Raymond, which is expected to be completed in the second quarter of 2021.

These wind farms are part of the Onshore Wind / Solar segment. Upon completion of the transaction in January 2021, RWE deconsolidated the above wind farms and reports its remaining 25 % stake as an investment accounted for using the equity method. RWE expects a profit in the medium to high double-digit million euro range from this sale.

RWE successful in auction to acquire rights to use new wind power sites in UK North Sea

In February 2021, RWE secured two neighbouring locations in the UK North Sea by placing the winning bid in an auction for option rights to use new areas for offshore wind farms. This allows us to use the areas to develop projects with a maximum volume of 3,000 MW. In exchange, we will pay an annual option fee of £82,552 / MW (plus inflation) until we make a final investment decision. First, the British Crown Estate will perform an environmental compatibility audit for the new sites. Given a positive result, we will start developing the project. As soon as the necessary permits have been obtained, we can participate in a subsidy auction for a contract for difference (CfD), after which we can make a final investment decision. Then the option fee will be replaced by a much lower lease payment. If the project progresses on schedule, the new wind farms could be commissioned towards the end of the decade.

Considerable drop in earnings due to worst cold wave in Texas this century

In February 2021, an extraordinary cold front in parts of the USA curtailed energy supply substantially. Winter storms and icy rain forced some RWE wind farms to go offline for several days. We had sold forward a portion of the generation of these assets and therefore had to conduct short-term spot purchases in order to meet our supply obligations. Due to the tight supply situation and statutory price regulations, we had to pay up to US$9,000 / MWh for these electricity purchases. This curtailed earnings in the Onshore Wind / Solar segment by a low to medium triple-digit million euro amount.

German government and nuclear power plant operators agree on compensation for nuclear phaseout

In March 2021, the German government and the country's nuclear power station operators reached an agreement on the compensation due for the accelerated nuclear phaseout. The talks were initiated because the German Constitutional Court declared the original statutory compensation regulations null and void (see page 39). As regards RWE, this relates to unusable generation contingents of 25.9 million MWh and stranded investments of about €40 million. The government has indicated that it will pay €33.22 / MWh as compensation for the electricity contingents. Furthermore, we should be reimbursed for half of the stranded investments. We accept this solution. However, it is yet to be written into law and a public contract between the government and power plant operators. It also needs to be reviewed by the European Commission for compliance with subsidy law. The agreement with the government did not affect the Group's 2020 financial statements.

(35) Declaration according to Sec. 161 of the German Stock Corporation Act

The declaration on the German Corporate Governance Code prescribed by Sec. 161 of the German Stock Corporation Act (AktG) has been submitted for RWE AG and has been made permanently and publicly available to shareholders on the Internet pages of RWE AG[1].

Essen, 5 March 2021

The Executive Board

Schmitz Krebber Müller Seeger

1 www.rwe.com/en/statement-of-compliance-2020

4.7 List of shareholdings (part of the notes)

List of shareholdings as per Sec. 285 No. 11 and No. 11a and Sec. 313 Para. 2 (in relation to Sec. 315 e Para. 1) of HGB as of 31 December 2020

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Aktivabedrijf Wind Nederland B.V., Zwolle/Netherlands		100	10,756	-14,889
Alte Haase Bergwerks-Verwaltungs-Gesellschaft mbH, Dortmund		100	-67,688	-2,359
Amrum-Offshore West GmbH, Düsseldorf		100	2,632	164,990
An Suidhe Wind Farm Limited, Swindon/United Kingdom		100	23,642	662
Anacacho Holdco, LLC, Wilmington/USA		100	56,363	0
Anacacho Wind Farm, LLC, Wilmington/USA		100	123,706	1,727
Andromeda Wind s.r.l., Bolzano/Italy		51	10,021	2,443
Avolta Storage Limited, Kilkenny/Ireland		100	-486	-194
Belectric Australia Pty. Limited, Melbourne/Australia		100	825	2,148
Belectric Canada Solar Inc., Vancouver/Canada		100	658	668
Belectric Espana Fotovoltaica S.L., Barcelona/Spain		100	508	-45
Belectric France S.à.r.l., Vendres/France		100	57	611
BELECTRIC GmbH, Kolitzheim		100	0	-28,139
Belectric Inversiones Latinoamericana S.L., Barcelona/Spain		100	32	-13
Belectric Israel Ltd., Be'er Scheva/Israel		100	12,141	544
Belectric Italia s.r.l., Latina/Italy		100	2,725	151
Belectric Photovoltaic India Private Limited, Mumbai/India		100	791	160
Belectric Solar & Battery GmbH, Kolitzheim		100	3,094	-7,070
Belectric Solar Ltd., Slough/United Kingdom		100	1,475	144

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
BELECTRIC Solar Power, S.L., Barcelona/Spain		100	13	-37
BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen	100	100	201	[1]
Bilbster Wind Farm Limited, Swindon/United Kingdom		100	3,906	269
Blackjack Creek Wind Farm, LLC, Wilmington/USA		100	0	0
Boiling Springs Holdco, LLC, Wilmington/USA		100	0	0
Boiling Springs Wind Farm, LLC, Wilmington/USA		100	11,205	-59
Bruenning's Breeze Holdco, LLC, Wilmington/USA		100	62,905	0
Bruenning's Breeze Wind Farm, LLC, Wilmington/USA		100	209,819	-5,700
Carl Scholl GmbH, Cologne		100	614	33
Carnedd Wen Wind Farm Limited, Swindon/United Kingdom		100	-4,320	-216
Cassadaga Class B Holdings LLC, Wilmington/USA		100	187,242	-4
Cassadaga Wind Holdings LLC, Wilmington/USA		100	187,245	0
Cassadaga Wind LLC, Chicago/USA		100	118,859	-52
Champion WF Holdco, LLC, Wilmington/USA		100	97,995	-5,669
Champion Wind Farm, LLC, Wilmington/USA		100	97,995	-5,669
Cloghaneleskirt Energy Supply Limited, Kilkenny/Ireland		100	37	-38
Colbeck's Corner Holdco, LLC, Wilmington/USA		100	63,755	0
Colbeck's Corner, LLC, Wilmington/USA		100	213,667	-5,189
Cranell Holdco, LLC, Wilmington/USA		100	57,616	0
Cranell Wind Farm, LLC, Wilmington/USA		100	31,223	-63
DOTTO MORCONE S.r.l., Rome/Italy		100	162	-377
Dromadda Beg Wind Farm Limited, Kilkenny/Ireland		100	2,118	603
Edgware Energy Limited, Swindon/United Kingdom		100	129	162

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4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
El Algodon Alto Wind Farm, LLC, Wilmington/USA		100	0	0
Electra Insurance Limited, Hamilton/Bermuda		100	25,696	-2,871
Energies France S.A.S. – Group – (pre-consolidated)			33,138	-971[2]
Centrale Hydroelectrique d'Oussiat S.A.S., Paris/France		100		
Energies Charentus S.A.S., Paris/France		100		
Energies France S.A.S., Paris/France		100		
Energies Maintenance S.A.S., Paris/France		100		
Energies Saint Remy S.A.S., Paris/France		100		
Energies VAR 1 S.A.S., Paris/France		100		
Energies VAR 3 S.A.S., Paris/France		100		
SAS Île de France S.A.S., Paris/France		100		
Energy Resources Holding B.V., Geertruidenberg/Netherlands		100	113,117	16,825
Energy Resources Ventures B.V., Geertruidenberg/Netherlands		100	18,708	-68
Farma Wiatrowa Barzowice Sp. z o.o., Warsaw/Poland		100	29,022	13,681
Forest Creek Investco, Inc., Wilmington/USA		100	21,299	0
Forest Creek WF Holdco, LLC, Wilmington/USA		100	75,081	-4,988
Forest Creek Wind Farm, LLC, Wilmington/USA		100	75,081	-4,988
Fri-El Anzi Holding s.r.l., Bolzano/Italy		51	7,098	1,700
Fri-El Anzi s.r.l., Bolzano/Italy		100	7,806	1,928
Fri-El Guardionara s.r.l., Bolzano/Italy		51	10,828	2,339
GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	17,823,771	[1]
Generación Fotovoltaica De Alarcos, S.L.U., Barcelona/Spain		100	76	-92
GfV Gesellschaft für Vermögensverwaltung mbH, Dortmund	100	100	133,844	-1,437

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2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Glen Kyllachy Wind Farm Limited, Swindon/United Kingdom		100	-4,662	-4,712
Grandview Holdco, LLC, Wilmington/USA		100	88,701	0
Green Gecco GmbH & Co. KG, Essen		51	73,275	4,750
Hardin Class B Holdings LLC, Wilmington/USA		100	92,176	0
Hardin Wind Holdings LLC, Wilmington/USA		100	96,276	-35
Hardin Wind LLC, Chicago/USA		100	115,623	20,662
Harryburn Wind Farm Limited, Swindon/United Kingdom		100	-14	2,274
Hickory Park Solar, LLC, Wilmington/USA		100	-2,344	-2,508
Inadale Wind Farm, LLC, Wilmington/USA		100	41,689	-1,133
innogy indeland Windpark Eschweiler GmbH & Co. KG, Eschweiler		51	47,422	3,359
innogy Italia s.p.a., Milan/Italy		100	16,849	1,083
Inversiones Belectric Chile LTDA, Santiago de Chile/Chile		100	-38	-7,158
INVESTERG - Investimentos em Energias, SGPS, Lda. – Group – (pre-consolidated)			23,900	3,638[2]
INVESTERG - Investimentos em Energias, Sociedade Gestora de Participações Sociais, Lda., São João do Estoril/Portugal		100		
LUSITERG - Gestão e Produção Energética, Lda., São João do Estoril/Portugal		74		
Kernkraftwerk Lingen Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	20,034	[1]
Kernkraftwerke Lippe-Ems Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	432,269	[1]
Kernkraftwerksbeteiligung Lippe-Ems beschränkt haftende OHG, Lingen/Ems		100	144,433	18,171
KMG Kernbrennstoff-Management Gesellschaft mit beschränkter Haftung, Essen		100	696,225	[1]
Knabs Ridge Wind Farm Limited, Swindon/United Kingdom		100	11,886	1,118
Limondale Sun Farm Pty. Ltd., Melbourne/Australia		100	-42,917	-41,013
Little Cheyne Court Wind Farm Limited, Swindon/United Kingdom		59	35,874	5,681
MI-FONDS G50, Frankfurt am Main	100	100	1,940,959	84,296

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
ML Wind LLP, Swindon/United Kingdom		51	66,712	7,996
Munnsville Investco, LLC, Wilmington/USA		100	13,100	0
Munnsville WF Holdco, LLC, Wilmington/USA		100	34,405	- 1,192
Munnsville Wind Farm, LLC, Wilmington/USA		100	34,405	- 1,192
Nordsee Windpark Beteiligungs GmbH, Essen		100	15,318	7,231
Panther Creek Holdco, LLC, Wilmington/USA		100	199,822	0
Panther Creek Wind Farm I&II, LLC, Wilmington/USA		100	341,560	- 1,545
Panther Creek Wind Farm Three, LLC, Wilmington/USA		100	64,545	- 3,506
Park Wiatrowy Dolice Sp. z o.o., Warsaw/Poland		100	526	2,950
Park Wiatrowy Gaworzyce Sp. z o.o., Warsaw/Poland		100	1,041	1,195
Peyton Creek Holdco, LLC, Wilmington/USA		100	62,959	0
Peyton Creek Wind Farm, LLC, Wilmington/USA		100	49,644	- 620
Piecki Sp. z o.o., Warsaw/Poland		51	18,826	2,531
Pioneer Trail Wind Farm, LLC, Wilmington/USA		100	148,990	4,829
Primus Projekt GmbH & Co. KG, Hanover		100	- 1,921	- 533
Pyron Wind Farm, LLC, Wilmington/USA		100	81,539	- 2,076
Radford's Run Holdco, LLC, Wilmington/USA		100	132,598	0
Radford's Run Wind Farm, LLC, Wilmington/USA		100	402,183	15,266
Raymond Holdco, LLC, Wilmington/USA		100	10,780	0
Raymond Wind Farm, LLC, Wilmington/USA		100	53,470	0
Rheinbraun Brennstoff GmbH, Cologne		100	82,619	[1]
Rheinische Baustoffwerke GmbH, Bergheim		100	9,236	[1]
Rheinkraftwerk Albbruck-Dogern Aktiengesellschaft, Waldshut-Tiengen		77	32,016	1,757

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4 No control by virtue of company contract.
5 Significant influence via indirect investments.
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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Rhenas Insurance Limited, Sliema/Malta	100	100	59,547	75
Rhyl Flats Wind Farm Limited, Swindon/United Kingdom		50	132,198	13,822
Roscoe WF Holdco, LLC, Wilmington/USA		100	147,030	-10,945
Roscoe Wind Farm, LLC, Wilmington/USA		100	147,030	-10,945
RV Rheinbraun Handel und Dienstleistungen GmbH, Cologne		100	36,694	1
RWE & Turcas Güney Elektrik Üretim A.S., Ankara/Turkey		70	164,540	-14,933
RWE Aktiengesellschaft, Essen			7,825,951	580,251
RWE Battery Solutions GmbH, Essen		100	25	1
RWE Bergheim Windparkbetriebsgesellschaft mbH, Hanover		100	25	1
RWE Brise Windparkbetriebsgesellschaft mbH, Hanover		100	226	1
RWE Canada Ltd., Saint John/Canada		100	73,481	-83
RWE Eemshaven Holding II B.V., Geetruidenberg/Netherlands		100	-503,514	-455,118
RWE Energie Odnawialne Sp. z o.o., Szczecin/Poland		100	107,429	50,644
RWE Energy Services, LLC, Wilmington/USA		100	532	1,128
RWE Evendorf Windparkbetriebsgesellschaft mbH, Hanover		100	25	1
RWE Gas Storage CZ, s.r.o., Prague/Czech Republic		100	328,785	25,576
RWE Gas Storage West GmbH, Dortmund		100	350,087	1
RWE Generation Holding B.V., Geertruidenberg/Netherlands		100	-95,405	-84,542
RWE Generation Hydro GmbH, Essen		100	25	1
RWE Generation NL B.V., Geertruidenberg/Netherlands		100	-254,514	-234,090
RWE Generation NL Personeel B.V., Geertruidenberg/Netherlands		100	14,221	1,757
RWE Generation SE, Essen	100	100	264,673	1
RWE Generation UK Holdings Limited, Swindon/United Kingdom		100	2,865,311	183,280

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Generation UK plc, Swindon/United Kingdom		100	1,724,080	170,912
RWE Hörup Windparkbetriebsgesellschaft mbH, Hörup		100	26	[1]
RWE Investco EPC Mgmt, LLC, Wilmington/USA		100	393,255	-11,855
RWE Investco Mgmt II, LLC, Wilmington/USA		100	508,994	3,262
RWE Investco Mgmt, LLC, Wilmington/USA		100	1,540,781	-43,631
RWE Kaskasi GmbH, Hamburg		100	1,811	-288
RWE Kings Lynn Limited, Swindon/United Kingdom		100	-40,658	-17,304
RWE Lengerich Windparkbetriebsgesellschaft mbH, Gersten		100	25	[1]
RWE Limondale Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	-39,205	-76,304
RWE Lüneburger Heide Windparkbetriebsgesellschaft mbH, Walsrode		100	25	[1]
RWE Magicat Holdco, LLC, Wilmington/USA		100	69,735	3,440
RWE Markinch Limited, Swindon/United Kingdom		100	111,190	65,134
RWE Mistral Windparkbetriebsgesellschaft mbH, Hanover		100	578	[1]
RWE Nuclear Beteiligungs-GmbH, Essen		100	25	[1]
RWE Nuclear GmbH, Essen	100	100	112,689	12,689[1]
RWE Offshore Wind Netherlands B.V., Geertruidenberg/Netherlands		100	49	-572
RWE Personeel B.V., Geertruidenberg/Netherlands		100	-9	8
RWE Power Aktiengesellschaft, Cologne and Essen	100	100	2,042,043	4,834[1]
RWE Renewables Americas, LLC, Wilmington/USA		100	345,267	-133,146
RWE Renewables Asset Management, LLC, Wilmington/USA		100	88,138	14,065
RWE Renewables Australia Pty. Ltd., Melbourne/Australia		100	-23	-7
RWE Renewables Benelux B.V., 's-Hertogenbosch/Netherlands		100	-105,482	-32,676
RWE Renewables Beteiligungs GmbH, Dortmund		100	8,950	1,600

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Renewables Canada Holdings Inc., Vancouver/Canada		100	753	-644
RWE Renewables Development, LLC, Wilmington/USA		100	99,570	-15,657
RWE Renewables Energy Marketing Australia Pty. Ltd., Melbourne/Australia		100	-3	-3
RWE Renewables Energy Marketing, LLC, Wilmington/USA		100	-246,449	-9,097
RWE Renewables GmbH, Essen		100	1,109	1,084[1]
RWE Renewables GYM 2 Limited, Swindon/United Kingdom		100	-12,124	562
RWE Renewables GYM 3 Limited, Swindon/United Kingdom		100	-12,126	563
RWE Renewables GYM 4 Limited, Swindon/United Kingdom		100	-34,204	3,910
RWE Renewables HoldCo B.V., Geertruidenberg/Netherlands		100	294,381	-29
RWE Renewables Iberia, S.A.U. - Group - (pre-consolidated)			162,287	11,322[2]
Danta de Energías, S.A., Soria/Spain		99		
Explotaciones Eólicas de Aldehuelas, S.L., Soria/Spain		95		
General de Mantenimiento 21, S.L.U., Barcelona/Spain		100		
Hidroeléctrica del Trasvase, S.A., Barcelona/Spain		60		
RWE Renewables Iberia, S.A.U., Barcelona/Spain		100		
RWE Renewables International Participations B.V., Geertruidenberg/Netherlands		100	-114,300	-114,300
RWE Renewables Ireland Limited, Kilkenny/Ireland		100	-5,891	-2,654
RWE Renewables Italia S.r.l., Rome/Italy		100	494,451	30,662
RWE Renewables Management UK Limited, Swindon/United Kingdom		100	138,042	-1
RWE Renewables O&M, LLC, Wilmington/USA		100	-3,308	13,014
RWE Renewables Poland Sp. z o.o., Warsaw/Poland		100	248,891	19,748
RWE Renewables QSE, LLC, Wilmington/USA		100	-13,528	530
RWE Renewables Services, LLC, Wilmington/USA		100	106,527	-53,859

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Renewables Sweden AB, Malmö/Sweden		100	55,143	9,540
RWE Renewables UK Blyth Limited, Coventry/United Kingdom		100	570	-66
RWE Renewables UK Developments Limited, Coventry/United Kingdom		100	69,331	16,251
RWE Renewables UK Holdings Limited, Swindon/United Kingdom		100	1,744,746	79,459
RWE Renewables UK Humber Wind Limited, Coventry/United Kingdom		51	162,529	52,747
RWE Renewables UK Limited, Coventry/United Kingdom		100	73,526	12,298
RWE Renewables UK London Array Limited, Coventry/United Kingdom		100	111,477	15,521
RWE Renewables UK Offshore Wind Limited, Coventry/United Kingdom		100	54,472	5,347
RWE Renewables UK Operations Limited, Coventry/United Kingdom		100	37,431	5,464
RWE Renewables UK Robin Rigg East Limited, Coventry/United Kingdom		100	72,962	20,987
RWE Renewables UK Robin Rigg West Limited, Coventry/United Kingdom		100	68,527	10,960
RWE Renewables UK Swindon Limited, Swindon/United Kingdom		100	2,274,519	150,823
RWE Renewables UK Wind Limited, Coventry/United Kingdom		100	25,282	10,202
RWE Renewables UK Zone Six Limited, Coventry/United Kingdom		100	0	0
RWE Renouvelables France SAS, La Plaine St. Denis/France		100	79,136	-2
RWE Seabreeze II GmbH & Co. KG, Essen		100	46,397	-1,655
RWE Slovak Holding B.V., Geertruidenberg/Netherlands	100	100	704,084	-316
RWE Solar Development, LLC, Wilmington/USA		100	45,224	-8,031
RWE Solar NC Lessee LLC, Wilmington/USA		100	13,647	-65
RWE Solar NC Pledgor LLC, Wilmington/USA		100	13,708	0
RWE Solar PV, LLC, Wilmington/USA		100	157,648	-2,906
RWE Sommerland Windparkbetriebsgesellschaft mbH, Sommerland		100	26	[1]
RWE Süderdeich Windparkbetriebsgesellschaft mbH, Süderdeich		100	106	[1]

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
RWE Supply & Trading Asia-Pacific PTE. LTD., Singapore/Singapore		100	40,476	10,476
RWE Supply & Trading CZ, a.s., Prague/Czech Republic		100	330,845	79,983
RWE Supply & Trading GmbH, Essen	100	100	446,778	1
RWE Supply & Trading (India) Private Limited, Mumbai/India		100	817	107
RWE Supply & Trading Participations Limited, London/United Kingdom		100	13,392	10,087
RWE Supply and Trading (Shanghai) Co. Ltd, Shanghai/China		100	8,123	-1,101
RWE Technology International GmbH, Essen		100	12,463	1
RWE Technology Tasarim ve Mühendislik Danismanlik Ticaret Limited Sirketi, Istanbul/Turkey		100	64	1
RWE Technology UK Limited, Swindon/United Kingdom		100	1,999	325
RWE Titz Windparkbetriebsgesellschaft mbH, Essen		100	25	1
RWE Trading Americas Inc., New York City/USA		100	9,468	768
RWE Trading Services GmbH, Essen		100	5,735	1
RWE Wind Karehamn AB, Malmö/Sweden		100	34,319	-187
RWE Wind Onshore Deutschland GmbH, Hanover		100	77,660	1
RWE Wind Services Denmark A/S, Rødby/Denmark		100	8,436	5,692
RWE Windpark Bedburg GmbH & Co. KG, Bedburg		51	75,613	510
RWE Windpark Garzweiler GmbH & Co. KG, Essen		51	13,412	-84
RWE Windparks Deutschland GmbH, Essen		100	24	1
RWE Windpower Netherlands B.V., 's-Hertogenbosch/Netherlands		100	4,761	3,602
RWEST Middle East Holdings B.V., 's-Hertogenbosch/Netherlands		100	9,654	33,559
Sand Bluff WF Holdco, LLC, Wilmington/USA		100	-1,973	-8,828
Sand Bluff Wind Farm, LLC, Wilmington/USA		100	-1,882	-8,697
Settlers Trail Wind Farm, LLC, Wilmington/USA		100	162,819	-11,820

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Sofia Offshore Wind Farm Holdings Limited, Swindon/United Kingdom		100	0	0
Sofia Offshore Wind Farm Limited, Swindon/United Kingdom		100	-389	-16
Solar Holding India GmbH, Kolitzheim		100	5,926	-7
Solar Holding Poland GmbH, Kolitzheim		100	16	-2
SOLARENGO Energia, Unipessoal, Lda., Cascais/Portugal		100	-151	-70
SRS EcoTherm GmbH, Salzbergen		90	17,194	3,435
Stella Holdco, LLC, Wilmington/USA		100	83,308	0
Stella Wind Farm, LLC, Wilmington/USA		100	207,716	-1,961
Taber Solar 1 Inc., Vancouver/Canada		100	8,890	-66
Taber Solar 2 Inc., Vancouver/Canada		100	9,534	-62
Tamworth Holdings, LLC, Raleigh/USA		100	7,367	-2
Tanager Holdings, LLC, Raleigh/USA		100	6,891	3
Tech Park Solar, LLC, Wilmington/USA		100	17,617	686
The Hollies Wind Farm Limited, Swindon/United Kingdom		100	528	-44
Triton Knoll HoldCo Limited, Swindon/United Kingdom		59	92,254	0
Triton Knoll Offshore Wind Farm Limited, Swindon/United Kingdom		100	-94,320	-511
Valencia Solar, LLC, Tucson/USA		100	17,594	1,281
Vela Wind Holdco, LLC, Wilmington/USA		100	138,043	0
West of the Pecos Holdco, LLC, Wilmington/USA		100	87,811	0
West of the Pecos Solar, LLC, Wilmington/USA		100	124,904	-5,948
West Raymond Holdco, LLC, Wilmington/USA		100	28,748	0
West Raymond Wind Farm, LLC, Wilmington/USA		100	60,577	0
Wind Farm Deliceto s.r.l., Bolzano/Italy		100	25,558	2,455

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Windpark Eekerpolder B.V., 's-Hertogenbosch/Netherlands		100	-196	-194
Windpark Kattenberg B.V., 's-Hertogenbosch/Netherlands		100	765	245
Windpark Nordsee Ost GmbH, Heligoland		100	256	[1]
Windpark Oostpolderdijk B.V., 's-Hertogenbosch/Netherlands		100	-30	30
Windpark Zuidwester B.V., 's-Hertogenbosch/Netherlands		100	8,748	-588
WKN Windkraft Nord GmbH & Co. Windpark Wönkhausen KG, Hanover		100	2,198	182

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Adensis GmbH, Dresden		100	872	322
Agenzia Carboni S.r.l., Genua/Italy		100	207	16
Aktiebolaget Grundstenen 167184, Malmö/Sweden		100		3
Alcamo II S.r.l., Milan/Italy		100	25	-11
Alvarado Solar S.L., Barcelona/Spain		100	15	-11
Ashwood Solar I, LLC, Wilmington/USA		100	0	0
Auzoberri Desarrollo, S.L.U., Barasoain/Spain		100	2	-232
Azagra Energy Quel, S.L.U., Barasoain/Spain		100	1	-383
Baltic Trade and Invest Sp. z o.o., Slupsk/Poland		100	9,309	-5,135
Baron Winds II LLC, Chicago/USA		100	0	0
Baron Winds LLC, Chicago/USA		100	0	0
Belectric International GmbH, Kolitzheim		100	159	-496
BELECTRIC JV GmbH, Kolitzheim		100	53	-2
Belectric Mexico Fotovoltaica S.de R.L. de C.V., Bosques de las Lomas/Mexico		100	-24	-19
Belectric Polska Sp. z o.o., Warsaw/Poland		100	-136	-42
Belectric SP Solarprojekte 17 GmbH & Co. KG, Kolitzheim		100		3
Belectric SP Solarprojekte 18 GmbH & Co. KG, Kolitzheim		100		3
Belectric SP Solarprojekte 19 GmbH & Co. KG, Kolitzheim		100		3
Belectric SP Solarprojekte 20 GmbH & Co. KG, Kolitzheim		100		3
Benbrack Wind Farm Limited, Swindon/United Kingdom		100		3
Big Star Solar, LLC, Wilmington/USA		100	0	0
Blackbeard Solar, LLC, Wilmington/USA		100	0	0
Blackbriar Battery, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Blueberry Hills LLC, Chicago/USA		100	0	0
BO Baltic Offshore GmbH, Hamburg		98	9	-4
Bowler Flats Energy Hub LLC, Chicago/USA		100	0	0
Bright Arrow Solar, LLC, Wilmington/USA		100	0	0
Buckeye Wind LLC, Chicago/USA		100	0	0
Burgar Hill Wind Farm Limited, Swindon/United Kingdom		100	0	0
Bursjöliden Vind AB, Malmö/Sweden		100	585	0
Camaiore Sp. z o.o., Warsaw/Poland		100		3
Camellia Solar LLC, Wilmington/USA		100	0	0
Camellia Solar Member LLC, Wilmington/USA		100	0	0
Cardinal Wind Farm, LLC, Wilmington/USA		100	0	0
Carmagnola Sp. z o.o., Warsaw/Poland		100		3
Casarano Sp. z o.o., Warsaw/Poland		100		3
Casey Fork Solar, LLC, Wilmington/USA		100	0	0
Cattleman Wind Farm II, LLC, Wilmington/USA		100	0	0
Cattleman Wind Farm, LLC, Wilmington/USA		100	0	0
Cecina Sp. z o.o., Warsaw/Poland		100		3
Cercola Sp. z o.o., Warsaw/Poland		100		3
Cerignola Sp. z o.o., Warsaw/Poland		100		3
Champaign Wind LLC, Chicago/USA		100	0	0
Ciriè Centrale PV s.a.s. (s.r.l.), Rome/Italy		100	-4	0
Clavellinas Solar, S.L., Barcelona/Spain		100	14	-10
Climagy Photovoltaikprojekt Verwaltungs-GmbH, Kolitzheim		100	28	-1

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	Direct	Total	€ '000	€ '000
Climagy PV-Sonnenanlage GmbH & Co. KG, Kolitzheim		100	0	-2
Climagy PV-Sonnenanlage Verwaltungs-GmbH, Kolitzheim		100	29	0
Climagy Sonnenkraft Verwaltungs-GmbH, Kolitzheim		100	26	-1
Climagy Stromertrag GmbH & Co. KG, Kolitzheim		100	-20	-2
Climagy Stromertrag Verwaltungs-GmbH, Kolitzheim		100	28	0
Clinton Wind, LLC, Wilmington/USA		100	0	0
Clocaenog Wind Farm Limited, Swindon/United Kingdom		100	0	0
Cordeneos Sp. z o.o., Warsaw/Poland		100		[3]
Cordova Wind Farm, LLC, Wilmington/USA		100	0	0
Cormano Sp. z o.o., Warsaw/Poland		100		[3]
Cremona Sp. z o.o., Warsaw/Poland		100		[3]
Curns Energy Limited, Kilkenny/Ireland		70	-643	-142
Decadia GmbH, Essen	100	100	2,290	1,398
E & Z Industrie-Lösungen GmbH, Essen		100	18,074	1,200
Eko-En 1 Sp. z o.o., Warsaw/Poland		100	24	-69
Eko-En 2 Sp. z o.o., Warsaw/Poland		100	417	-98
Eko-En 3 Sp. z o.o., Warsaw/Poland		100	80	-46
Eko-En 4 Sp. z o.o., Warsaw/Poland		100	447	-53
Eko-En 5 Sp. z o.o., Warsaw/Poland		100	4	-2
El Navajo Solar, S.L., Barcelona/Spain		100	6	-4
Enchant Solar 3 Inc., Vancouver/Canada		100	0	0
Enchant Solar 4 Inc., Vancouver/Canada		100	0	0
Eólica de Sarnago, S.A., Soria/Spain		52	1,583	-17

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	Direct	Total	€ '000	€ '000
EverPower Maine LLC, Chicago/USA		100	0	0
EverPower Ohio LLC, Chicago/USA		100	0	0
EverPower Solar LLC, Chicago/USA		100	0	0
EverPower Wind Development, LLC, Chicago/USA		100	0	0
Extension Du Parc Eolien De L'Epine Marie Madeleine SAS, Paris/France		100	1	-28
Extension Du Parc Eolien Des Nouvions SAS, Paris/France		100	29	-2
Extension Du Parc Eolien Du Douiche SAS, Paris/France		100	9	-3
Farma Wiatrowa Rozdrazew sp. z o.o., Warsaw/Poland		100	-632	-136
Fifth Standard Solar PV, LLC, Wilmington/USA		100	0	0
Flatlands Wind Farm, LLC, Wilmington/USA		100	0	0
Flexilis Power Limited, Kilkenny/Ireland		100	0	-1
Florida Solar and Power Group LLC, Wilmington/USA		100	0	0
Frazier Solar, LLC, Wilmington/USA		100	0	0
Gazules I Fotovoltaica, S.L., Barcelona/Spain		100	41	-24
Gazules II Solar, S.L., Barcelona/Spain		100	12	-24
GBV Achtunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	[1]
GBV Dreiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	25	[1]
GBV Einunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	30	[1]
GBV Sechsunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	[1]
GBV Siebenunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	[1]
GBV Siebte Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	100	[1]
Generación Fotovoltaica Castellano Manchega, S.L., Murcia/Spain		100	36	-29
Generación Fotovoltaica Puerta del Sol, S.L.U., Murcia/Spain		100	3	0

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5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Goole Fields II Wind Farm Limited, Swindon/United Kingdom		100	0	0
Grandview Wind Farm III, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm IV, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm V, LLC, Wilmington/USA		100	0	0
Green Gecco Verwaltungs GmbH, Essen		51	37	1
Haube Wind Sp. z o.o., Slupsk/Poland		100	163	-76
Highland III LLC, Chicago/USA		100	0	0
Horse Thief Wind Project LLC, Chicago/USA		100	0	0
INDI Energie B.V., 's-Hertogenbosch/Netherlands		100	-13	-60
INDI Solar-Projects 1 B.V., Utrecht/Netherlands		100	7	-31
Infraestructuras de Aldehuelas, S.A., Barcelona/Spain		100	428	0
Infrastrukturgesellschaft Netz Lübz mit beschränkter Haftung, Hanover		100	18	-24
Iron Horse Battery Storage, LLC, Wilmington/USA		100	9,689	-306
Jerez Fotovoltaica S.L., Barcelona/Spain		100	16	-23
Jugondo Desarrollo, S.L.U., Barasoain/Spain		100	1	-1,186
Kasson Manteca Solar, LLC, Wilmington/USA		100	0	0
Kieswerk Kaarst GmbH & Co. KG, Bergheim		51	2,899	700
Kieswerk Kaarst Verwaltungs GmbH, Bergheim		51	31	0
Kiln Pit Hill Wind Farm Limited, Swindon/United Kingdom		100	0	0
Lake Fork Wind Farm, LLC, Wilmington/USA		100	0	0
Lampasas Wind LLC, Chicago/USA		100	0	0
Las Vaguadas I Fotovoltaica S.L., Barcelona/Spain		100	155	-61
Las Vaguadas II Solar S.L., Barcelona/Spain		100	12	-6

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Lochelbank Wind Farm Limited, Swindon/United Kingdom		100	0	0
Lorg Wind Farm Limited, Swindon/United Kingdom		100		3
Mahanoy Mountain, LLC, Chicago/USA		100	0	0
Major Wind Farm, LLC, Wilmington/USA		100	0	0
March Road Solar, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV 2, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV, LLC, Wilmington/USA		100	0	0
Maricopa Land Holding, LLC, Wilmington/USA		100	0	0
Maricopa West Solar PV 2, LLC, Wilmington/USA		100	0	0
Maryland Sunlight 1 LLC, Wilmington/USA		100	0	0
Mason Dixon Wind LLC, Chicago/USA		100	0	0
Morska Farma Wiatrowa Antares sp. z o.o., Warsaw/Poland		100	84	-12
Mud Springs Wind Project LLC, Chicago/USA		100	0	0
Muñegre Desarrollo, S.L.U., Barasoain/Spain		100	2	-201
Nordex Energy Judas, S.L.U., Barasoain/Spain		100	1	-359
Northern Orchard Solar PV 2, LLC, Wilmington/USA		100	0	0
Northern Orchard Solar PV 3, LLC, Wilmington/USA		100	0	0
Northern Orchard Solar PV, LLC, Wilmington/USA		100	0	0
Nouvions Poste de Raccordement SAS, Paris/France		100	-2	-2
Novar Two Wind Farm Limited, Swindon/United Kingdom		100	0	0
Offshore-Windpark Delta Nordsee GmbH, Hamburg		100	246	1
Ohio Sunlight 1 LLC, Wilmington/USA		100	0	0
Oranje Wind Power B.V., 's-Hertogenbosch/Netherlands		100	0	0

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Oranje Wind Power C.V., 's-Hertogenbosch/Netherlands		100	0	0
Orcoien Energy Orcoien, S.L.U., Barasoain/Spain		100	13	-215
Owen Prairie Wind Farm, LLC, Wilmington/USA		100	0	0
Painter Energy Storage, LLC, Wilmington/USA		100	0	0
Panther Creek Solar, LLC, Wilmington/USA		100	0	0
Parc Eolien 101 SAS, Paris/France		100		[3]
Parc Eolien 102 SAS, Paris/France		100		[3]
Parc Eolien 103 SAS, Paris/France		100		[3]
Parc Eolien 104 SAS, Paris/France		100		[3]
Parc Eolien 105 SAS, Paris/France		100		[3]
Parc Eolien 106 SAS, Paris/France		100		[3]
Parc Eolien 107 SAS, Paris/France		100		[3]
Parc Eolien 108 SAS, Paris/France		100		[3]
Parc Eolien 109 SAS, Paris/France		100		[3]
Parc Eolien 110 SAS, Paris/France		100		[3]
Parc Eolien D'Allerey SAS, Paris/France		100	-23	-48
Parc Eolien De Beg Ar C'hra SAS, Paris/France		100	28	-2
Parc Eolien De Canny SAS, Paris/France		100	35	-2
Parc Eolien De Catillon-Fumechon SAS, Paris/France		100	28	-2
Parc Eolien De Foissy-Sur-Vanne SAS, Paris/France		100	35	-2
Parc Eolien De Ganochaud SAS, Paris/France		100	23	-3
Parc Eolien De La Brie Nangissienne SAS, Paris/France		100	27	-2
Parc Eolien De La Butte Aux Chiens SAS, Paris/France		100	29	-2

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2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Parc Eolien De La Cabane Blanche SAS, Paris/France		100	25	-3
Parc Eolien De La Croix Blanche SAS, Paris/France		100	29	-2
Parc Eolien De La Jarrie-Audouin SAS, Paris/France		100	35	-2
Parc Eolien De La Plaine De Beaulieu SAS, Paris/France		100	35	-2
Parc Eolien De La Voie Corette SAS, Paris/France		100	-57	-39
Parc Eolien De Langeron SAS, Paris/France		100	24	-3
Parc Eolien De L'Avre SAS, Paris/France		100	25	-2
Parc Eolien De Luçay-Le-Libre Et De Giroux SAS, Paris/France		100	24	-4
Parc Eolien De Martinpuich SAS, Paris/France		100	5	-6
Parc Eolien De Mesbrecourt-Richecourt SAS, Paris/France		100	35	-2
Parc Eolien De Nuisement Et Cheniers SAS, Paris/France		100	35	-2
Parc Eolien De Soudron SAS, Paris/France		100	35	-2
Parc Eolien De Villeneuve Minervois SAS, Paris/France		100	35	-2
Parc Eolien Des Ailes Du Gótinâis SAS, Paris/France		100	35	-2
Parc Eolien Des Grands Lazards SAS, Paris/France		100	28	-2
Parc Eolien Des Hauts-Bouleaux SAS, Paris/France		100	-75	-38
Parc Eolien Des Nouvions SAS, Paris/France		100	-103	-58
Parc Eolien Des Raisinières SAS, Paris/France		100	36	-1
Parc Eolien Du Balinot SAS, Paris/France		100	28	-2
Parc Eolien Du Ban Saint-Jean SAS, Paris/France		100	27	-2
Parc Eolien Du Bocage SAS, Paris/France		100	-77	-38
Parc Eolien Du Catesis SAS, Paris/France		100	-2	-26
Parc Eolien Du Champ Madame SAS, Paris/France		100	35	-2

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Parc Eolien Du Chemin De Chálons SAS, Paris/France		100	9	-3
Parc Eolien Du Chemin De Saint-Gilles SAS, Paris/France		100	-5	-9
Parc Eolien Du Chemin Vert SAS, Paris/France		100	35	-2
Parc Eolien Du Mirebalais SAS, Paris/France		100	28	-2
Parc Eolien Du Mont Hellet SAS, Paris/France		100	35	-2
Parc Eolien Du Mont Herbé SAS, Paris/France		100	28	-2
Parc Eolien Du Moulin De Thiau SAS, Paris/France		100	29	-3
Parc Eolien Du Moulin Du Bocage SAS, Paris/France		100	28	-2
Parc Eolien Du Plateau De La Chapelle-Surchésy SAS, Paris/France		100	35	-2
Parc Eolien Du Ru Garnier SAS, Paris/France		100	29	-2
Parc Eolien Les Pierrots SAS, Paris/France		100	-331	-232
Parc Ynni Cymunedol Alwen Cyfyngedig, Swindon/United Kingdom		100	0	0
Pawnee Spirit Wind Farm, LLC, Wilmington/USA		100	0	0
Paz 'Éole SAS, Paris/France		100	28	-2
Pe Ell North LLC, Chicago/USA		100	0	0
Photovoltaikkraftwerk Götz Verwaltungs-GmbH, Kolitzheim		100	27	-1
Photovoltaikkraftwerk Groß Dölln Infrastruktur GmbH & Co. KG, Templin		100	-18	-2
Photovoltaikkraftwerk Groß Dölln Infrastruktur Verwaltungs-GmbH, Templin		100	29	0
Photovoltaikkraftwerk Reinsdorf GmbH & Co. KG, Kolitzheim		100	-29	-2
Photovoltaikkraftwerk Reinsdorf Verwaltungs-GmbH, Kolitzheim		100	30	0
PI E&P Holding Limited, George Town/Cayman Islands		100	42,240	-4
PI E&P US Holding LLC, New York City/USA		100	41,845	-301
Pinckard Solar LLC, Wilmington/USA		100	0	0

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Pinckard Solar Member LLC, Wilmington/USA		100	0	0
Pinto Pass, LLC, Wilmington/USA		100	0	0
Pipkin Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
Proyectos Solares Iberia I, S.L., Barcelona/Spain		100	27	-4
Proyectos Solares Iberia II, S.L., Barcelona/Spain		100	38	-27
Proyectos Solares Iberia III, S.L., Barcelona/Spain		100	25	-5
Proyectos Solares Iberia IV, S.L., Barcelona/Spain		100	26	-4
Proyectos Solares Iberia V, S.L., Barcelona/Spain		100	26	-4
Pryor Caves Wind Project LLC, Chicago/USA		100	0	0
PT Rheincoal Supply & Trading Indonesia, PT, Jakarta/Indonesia		100	246	-9
Quartz Solar, LLC, Wilmington/USA		100		[3]
Quintana Fotovoltaica S.L.U., Barcelona/Spain		100	8	-4
RD Hanau GmbH, Hanau		100	0	0
Ribaforada Energy Ribaforada, S.L.U., Barasoain/Spain		100	1	-213
Roadrunner Crossing Wind Farm, LLC, Wilmington/USA		100	0	0
Rose Rock Wind Farm, LLC, Wilmington/USA		100	0	0
Rowantree Wind Farm Ltd., Swindon/United Kingdom		100	0	0
RWE & Turcas Dogalgaz Ithalat ve Ihracat A.S., Istanbul/Turkey		100	688	67
RWE AUSTRALIA PTY LTD, Brisbane/Australia		100	37	-12
RWE Belgium BVBA, Brussels/Belgium		100	1,419	-32
RWE Carbon Sourcing North America, LLC, Wilmington/USA		100	0	0
RWE Czech Gas Grid Holding B.V., Geertruidenberg/Netherlands	100	100	0	1,526
RWE Dhabi Union Energy LLC, Abu Dhabi/UAE		49	33	0

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Eemshydrogen B.V., Geertruidenberg/Netherlands		100		3
RWE Energy APAC Co. Ltd., Chengdu/China		100	1,798	-131
RWE Enerji Toptan Satis A.S., Istanbul/Turkey		100	3,243	104
RWE Gas Storage Beteiligungsverwaltungs GmbH, Essen		100	10,989	0
RWE Hillston Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	-231	-59
RWE indeland Windpark Eschweiler Verwaltungs GmbH, Eschweiler		100	54	6
RWE Ingen!us Limited, Swindon/United Kingdom		100	2,537	91
RWE NSW PTY LTD, Sydney/Australia		100	77	-137
RWE Offshore Wind A/S, Rødby/Denmark		100		3
RWE Offshore Wind Holdings LLC, Dover/USA		100	277	-96
RWE Offshore Wind Netherlands Participations I B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations II B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations III B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations IV B.V., Geertruidenberg/Netherlands		100	0	0
RWE Pensionsfonds AG, Essen	100	100	3,872	178
RWE Power Climate Protection GmbH, Essen		100	23	1
RWE Principal Investments UK Limited, Swindon/United Kingdom		100	103	-61
RWE Principal Investments USA, LLC, New York City/USA		100	2,324	13,962
RWE Renewables Australia Holdings Pty Ltd., Brisbane/Australia		100	-219	-406
RWE Renewables Chile SpA, Santiago/Chile		100	1,095	-497
RWE Renewables Denmark A/S, Rødby/Denmark		100		3
RWE Renewables France SAS, Levallois-Perret/France		100	4,483	1,015
RWE Renewables Japan G.K., Tokyo/Japan		100	-172	-384

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Renewables Korea LLC, Seoul/South Korea		100		[3]
RWE Renewables Mexico, S. de R.L. de C.V., Mexico City/Mexico		100	1,014	-157
RWE Renewables Services GmbH, Essen		100	25	-6
RWE Renewables Services Mexico, S. de R.L. de C.V., Mexico City/Mexico		100	-3	-3
RWE Renewables Taiwan Ltd., Taipei City/Taiwan		100		[3]
RWE Seabreeze II Verwaltungs GmbH, Essen		100	71	6
RWE Solar Netherlands B.V., 's-Hertogenbosch/Netherlands		100	0	0
RWE Solar Poland Sp. z o.o., Warsaw/Poland		100	-144	-168
RWE Stallingborough Limited, Swindon/United Kingdom		100	0	0
RWE Supply & Trading Japan KK, Tokyo/Japan		100	-2	0
RWE SUPPLY TRADING TURKEY ENERJI ANONIM SIRKETI, Istanbul/Turkey		100	894	161
RWE Technology International Energy Environment Engineering GmbH, Essen		100	25	[1]
RWE TECNOLOGIA LTDA, Rio de Janeiro/Brazil		100	94	0
RWE Trading Services Limited, Swindon/United Kingdom		100	1,310	34
RWE Wind Development AS, Oslo/Norway		100	3,328	-17
RWE Wind Holding A/S, Rødby/Denmark		100		[3]
RWE Wind Norway AB, Malmö/Sweden		100	4,228	-2,313
RWE Wind Projects AB, Malmö/Sweden		100	5	1
RWE Wind Service Italia S.r.l., Milan/Italy		100	-82	-184
RWE Wind Services GmbH, Neubukow		100	2,165	-1,022
RWE Wind Services Norway AS, Oslo/Norway		100	1,427	-8
RWE Wind Transmission AB, Malmö/Sweden		100	715	3
RWE Windpark Bedburg Verwaltungs GmbH, Bedburg		51	48	2

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Windpark Garzweiler Verwaltungs GmbH, Essen		100	27	-4
RWE Windpark Papenhagen GmbH & Co. KG, Hanover		100	576	-125
RWE Windpark Papenhagen Verwaltungs GmbH, Hanover		100	33	8
RWEST NA Investments GmbH, Essen		100	40,522	-120
RWEST PI Bras Limited, London/United Kingdom		100	22,135	-926
RWEST PI FRE Holding LLC, New York City/USA		100	2	-13
Santa Severa Centrale PV s.a.s. (s.r.l.), Rome/Italy		100	-152	0
SB Retrofit, LLC, Dallas/USA		100		[3]
Scioto Solar LLC, Wilmington/USA		100	0	0
Shay Solar, LLC, Wilmington/USA		100	0	0
Snow Shoe Wind Farm, LLC, Wilmington/USA		100	0	0
SP Solarprojekte 1 Verwaltungs-GmbH, Kolitzheim		100	24	-1
SP Solarprojekte 11 Verwaltungs-GmbH, Kolitzheim		100	29	0
SP Solarprojekte 12 Verwaltungs-GmbH, Kolitzheim		100	29	0
SP Solarprojekte 17 Verwaltungs-GmbH, Kolitzheim		100		[3]
SP Solarprojekte 18 Verwaltungs-GmbH, Kolitzheim		100		[3]
SP Solarprojekte 19 Verwaltungs-GmbH, Kolitzheim		100		[3]
SP Solarprojekte 2 GmbH & Co. KG, Kolitzheim		100	-5	-2
SP Solarprojekte 2 Verwaltungs-GmbH, Kolitzheim		100	26	0
SP Solarprojekte 20 Verwaltungs-GmbH, Kolitzheim		100		[3]
SP Solarprojekte 3 GmbH & Co. KG, Kolitzheim		100	-6	-2
SP Solarprojekte 3 Verwaltungs-GmbH, Kolitzheim		100	26	0
Sparta North, LLC, Wilmington/USA		100	0	0

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Sparta South, LLC, Wilmington/USA		100	0	0
Stillwater Energy Storage, LLC, Wilmington/USA		100	0	0
Storage Facility 1 Ltd., Slough/United Kingdom		100	-51	-32
Sun Data GmbH (i.L.), Kolitzheim		100	60	-7
Sunpow 1 Sp. z o.o., Warsaw/Poland		100	0	0
Sunrise Energy Generation Pvt. Ltd., Mumbai/India		100	69	3
Sunrise Wind Holdings, LLC, Chicago/USA		100	0	0
Tafalla Energy Tafalla, S.L.U., Barasoain/Spain		100	1	-213
Terrapin Hills LLC, Chicago/USA		100	0	0
Thor Wind Farm I/S, Rødby/Denmark		100		[3]
Three Rocks Solar, LLC, Wilmington/USA		100	0	0
Tierra Blanca Wind Farm, LLC, Wilmington/USA		100	0	0
Tipton Wind, LLC, Wilmington/USA		100	0	0
Valverde Wind Farm, LLC, Wilmington/USA		100	0	0
VDE Komplementär GmbH, Kassel		100	30	-24
VDE Projects GmbH, Kassel		100	16,080	-7,035
Venado Wind Farm, LLC, Wilmington/USA		100	0	0
Versuchsatomkraftwerk Kahl GmbH, Karlstein am Main		80	634	31
Vici Wind Farm II, LLC, Wilmington/USA		100	0	0
Vici Wind Farm III, LLC, Wilmington/USA		100	0	0
Vici Wind Farm, LLC, Wilmington/USA		100	0	0
Villarrobledo Desarrollo 2, S.L.U., Barasoain/Spain		100	1	-1,186
Vindkraftpark Aurvandil AB, Uppsala/Sweden		100	6	0

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Vindkraftpark Brynhild AB, Uppsala/Sweden		100	4	0
Vortex Energy Deutschland GmbH, Kassel		100	4,397	-265
Vortex Energy Windpark GmbH & Co. KG, Kassel		100	1,651	-1,029
West Fork Solar, LLC, Wilmington/USA		100	0	0
Wildcat Wind Farm II, LLC, Wilmington/USA		100	0	0
Wildcat Wind Farm III, LLC, Wilmington/USA		100	0	0
Willowbrook Solar I, LLC, Wilmington/USA		100	0	0
Windpark Bedburg A44n GmbH & Co. KG, Essen		100		[3]
Windpark Bedburg A44n Verwaltungs GmbH, Essen		100		[3]
Windpark Winterlingen-Alb GmbH & Co. KG, Kassel		100	2,501	-2,606
WIT Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
WR Graceland Solar, LLC, Wilmington/USA		100	0	0
Zielone Glówczyce Sp. z o.o., Glówczyce/Poland		100	419	-527

III. Joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Greater Gabbard Offshore Winds Limited, Reading/United Kingdom		50	1,062,256	100,186
N.V. Elektriciteits-Produktiemaatschappij Zuid-Nederland EPZ, Borssele/Netherlands		30	81,302	5,609

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4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

IV. Affiliated companies of joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Enzee B.V., Borssele/Netherlands		100		[3]

V. Associated companies of joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
B.V. NEA, Arnhem/Netherlands		28	73,099	1,385

VI. Joint ventures accounted for using the equity method	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
AS 3 Beteiligungs GmbH, Essen		51[4]	31,308	1,489
AWE-Arkona-Windpark Entwicklungs-GmbH, Hamburg		50	1,073,377	139,732
C-Power N.V., Oostende/Belgium		27	262,772	16,589
Elevate Wind Holdco, LLC, Wilmington/USA		50	138,730	-94,126
Galloper Wind Farm Holding Company Limited, Swindon/United Kingdom		25	70,218	48,653
Grandview Wind Farm, LLC, Wilmington/USA		50	256,827	-9,497
Gwynt y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		50	-3,002	-1,023
Innogy Venture Capital GmbH, Dortmund		75[4]	842	128
Rampion Renewables Limited, Coventry/United Kingdom		60[4]		[3]
Société Electrique de l'Our S.A., Luxembourg/Luxembourg		40	13,396	3,699[2]
TCP Petcoke Corporation, Dover/USA		50	30,952	2,176[2]
URANIT GmbH, Jülich		50	72,136	98,103

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VII. Associates accounted for using the equity method	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Amprion GmbH, Dortmund	25	25	1,946,300	220,200
ATBERG - Eólicas do Alto Tâmega e Barroso, Lda., Ribeira de Pena/Portugal		40	5,319	468
Belectric Gulf Limited, Abu Dhabi/UAE		49	7,764	1,525
Bray Offshore Wind Limited, Kilkenny/Ireland		50	-99	-16
DOTI Deutsche Offshore-Testfeld- und Infrastruktur-GmbH & Co. KG, Oldenburg		26	57,925	-23,919
GNS Gesellschaft für Nuklear-Service mbH, Essen		28	45,538	24,960[2]
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim		40	134,082	6,647
HIDROERG - Projectos Energéticos, Lda., Lissabon/Portugal		32	12,956	1,692
Innogy Renewables Technology Fund I GmbH & Co. KG, Dortmund		78[4]	18,880	670
Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Austria		49	918,203	111,525[2]
KELAG-Kärntner Elektrizitäts-AG, Klagenfurt/Austria		13[5]	917,666	111,723
Kish Offshore Wind Limited, Kilkenny/Ireland		50	-119	-16
Magicat Holdco, LLC, Wilmington/USA		20	251,381	-6,840
Mingas-Power GmbH, Essen		40	4,550	3,881
Nysäter Wind AB, Malmö/Sweden		20	49,579	-96,341
PEARL PETROLEUM COMPANY LIMITED, Road Town/British Virgin Islands		10[6]	1,748,102	259,854
Rødsand 2 Offshore Wind Farm AB, Malmö/Sweden		20	156,564	16,001
Schluchseewerk Aktiengesellschaft, Laufenburg Baden		50	67,766	2,809
Vliegasunie B.V., De Bilt/Netherlands		75[4]	8,323	1,644

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VIII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Abwasser-Gesellschaft Knapsack, Gesellschaft mit beschränkter Haftung, Hürth		33	453	223
Alfred Thiel-Gedächtnis-Unterstützungskasse GmbH, Essen		50	5,113	0
Anemos Ala Segarra, S.L., Reus/Spain		40		[3]
Ascent Energy LLC, Wilmington/USA		50	83,373	6,656
Awel y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		60		[3]
CARBON Climate Protection GmbH, Langenlois/Austria		50	5,106	4,054
CARBON Egypt Ltd. (under liquidation), Cairo/Egypt		49	-2,127	-253
DBO Energia S.A., Rio de Janeiro/Brazil		49	15,199	-1,063
Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, Essen		31	861	350
DOTI Management GmbH, Oldenburg		26	119	0
Dunkerque Eoliennes En Mer SAS, Montpellier/France		32	10	0
EMDO S.A.S., Paris/France		30	-12,965	-2,075
Eólica Alta Anoia, S.L., Reus/Spain		40		[3]
Eólica La Conca, S.L., Reus/Spain		40		[3]
Eólica La Conca 3, S.L., Reus/Spain		40		[3]
Eoliennes en mer de Dunkerque (EMD) S.A.S., Paris/France		30	10	-5
Fassi Coal Pty. Ltd., Rutherford/Australia		47	-10,016	-2,887
First River Energy LLC, Denver/USA		40	-1,291	-7,414
Five Estuaries Offshore Wind Farm Limited, Swindon/United Kingdom		25		[3]
Focal Energy Photovoltaic Holdings Limited, Nicosia/Cyprus		50	1,621	227
Fond du Moulin SAS, Asnières sur Seine/France		25	35	-2
Gemeinschaftswerk Hattingen Gesellschaft mit beschränkter Haftung, Essen		52	2,045	-815
GfS Gesellschaft für Simulatorschulung mbH, Essen		33	64	3

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VIII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Kraftwerk Buer GbR, Gelsenkirchen		50	5,113	0
KSG Kraftwerks-Simulator-Gesellschaft mbH, Essen		33	641	26
KÜCKHOVENER Deponiebetrieb GmbH & Co. Kommanditgesellschaft, Bergheim		50	32	-1
KÜCKHOVENER Deponiebetrieb Verwaltungs-GmbH, Bergheim		50	39	0
LDO Coal Pty. Ltd., Rutherford/Australia		47	-101	74
Limetree Bay Preferred Holdings LLC, Boston/USA		28	14,750	0
London Array Limited, Tunbridge Wells/United Kingdom		30	0	0
Moravske Hidroelektrane d.o.o., Belgrade/Serbia		51	3,532	-6
Netzanbindung Tewel OHG, Cuxhaven		25	588	-39
New England Aqua Ventus, LLC, Los Angeles/USA		50		[3]
North Falls Offshore Wind Farm HoldCo Limited, Swindon/United Kingdom		50	0	0
Parc Eolien De Sepmes SAS, Angers/France		50		[3]
PV Projects Komplementär GmbH (i.L.), Kolitzheim		50	26	-1
Q-Portal GmbH, Grevenbroich		49		[3]
Rampion Extension Development Limited, Swindon/United Kingdom		50		[3]
Scarweather Sands Limited, Coventry/United Kingdom		50	0	0
TetraSpar Demonstrator ApS, Copenhagen/Denmark		33	7,969	-2,124
Toledo PV A.E.I.E., Madrid/Spain		33	1,330	723
TPG Wind Limited, Coventry/United Kingdom		50	317	726
Umspannwerk Putlitz GmbH & Co. KG, Oldenburg		25	0	-109
Versorium Energy LP, Calgary, Alberta/Canada		50		[3]
Walden Renewables Development LLC, New York City/USA		76	1,683	-1,045
Windesco Inc, Boston/USA		21	-1,757	-871

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VIII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Windpark Fresenhede GmbH & Co. KG, Kassel		50	1	- 572
Windpark Herßum-Vinnen Projekt GmbH & Co. KG, Kassel		50	1	- 410
Windpark Rotenburg GmbH & Co. KG, Kassel		50	1	- 847
Windpark Schapen GmbH & Co. KG, Kassel		50	1	- 939
WINDTEST Grevenbroich GmbH, Grevenbroich		38	966	- 308

IX. Other investments	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
APEP Dachfonds GmbH & Co. KG, Munich	36	36	121,538	22,134
Chrysalix Energy II U.S. Limited Partnership, Vancouver/Canada		6	14,906	6,936
Chrysalix Energy III U.S. Limited Partnership, Vancouver/Canada		5	68,311	- 44,502
Dry Bulk Partners 2013 LP, Grand Cayman/Cayman Islands		23	5,368	- 783
Energías Renovables de Ávila, S.A., Madrid/Spain		17	595	0
E.ON SE, Essen		15	9,728,400	788,300
Focal Energy Solar Three Ltd., Nicosia/Cyprus		8	5,822	648
Glenrothes Paper Limited, Glenrothes/United Kingdom		0	634	0
Globus Steel & Power Pvt. Limited, New Delhi/India		18	- 1,428	- 245
High-Tech Gründerfonds II GmbH & Co. KG, Bonn		1	103,211	0

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

IX. Other investments	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
HOCHTEMPERATUR-KERNKRAFTWERK Gesellschaft mit beschränkter Haftung (HKG) Gemeinsames Europäisches Unternehmen, Hamm		31	0	0
Nordsee One GmbH, Oststeinbek		15	94,283	50,169
Nordsee Three GmbH, Oststeinbek		15	72	-2
Nordsee Two GmbH, Oststeinbek		15	70	-2
OPPENHEIM PRIVATE EQUITY Institutionelle Anleger GmbH & Co. KG, Cologne	29	29	158	-190
Parque Eólico Cassiopea, S.L., Oviedo/Spain		10	73	-1
Parque Eólico Escorpio, S.A., Oviedo/Spain		10	2,386	0
Parque Eólico Leo, S.L., Oviedo/Spain		10	312	0
PEAG Holding GmbH, Dortmund	12	12	17,942	785
Promocion y Gestion Cáncer, S.L., Oviedo/Spain		10	92	-1
SET Fund II C.V., Amsterdam/Netherlands		6	22,570	-2,915
Stem Inc., Milbrae/USA		6	-20,413	-51,014
Sustainable Energy Technology Fund C.V., Amsterdam/Netherlands		48	22,287	6,884
Technologiezentrum Jülich GmbH, Jülich		5	1,955	165
Transport- und Frischbeton-Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Aachen, Aachen		17	390	122
Trinkaus Secondary GmbH & Co. KGaA, Düsseldorf	43	43	1,025	-33
UMBO GmbH, Hamburg		10	4,413	2,925
Umspannwerk Lübz GbR, Lübz		18	27	8
Versorgungskasse Energie (VVaG) i.L., Hanover		0	51,729	0
Versorium Energy Ltd., Calgary/Canada		15		[3]

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2020	Shareholding in % 31 Dec 2019	Change
Additions to affiliated companies included in the consolidated financial statements			
RWE Battery Solutions GmbH, Essen	100		100
RWE Kings Lynn Limited, Swindon/United Kingdom	100		100
RWE Renewables HoldCo B.V., Geertruidenberg/Netherlands	100		100
RWE Renewables Management UK Limited, Swindon/United Kingdom	100		100
RWE Renouvelables France SAS, La Plaine St. Denis/France	100		100
Vela Wind Holdco, LLC, Wilmington/USA	100		100
Disposal of affiliated companies included in the consolidated financial statements			
BELECTRIC PV Dach GmbH, Sömmerda		100	-100
Georgia Biomass Holding LLC, Savannah/USA		100	-100
Georgia Biomass LLC, Savannah/USA		100	-100
innogy Slovensko s.r.o., Bratislava/Slovakia		100	-100
Jurchen Technology GmbH, Kitzingen		100	-100
Jurchen Technology India Private Limited, Mumbai/India		100	-100
NRW Pellets GmbH, Erndtebrück		100	-100
Transpower Limited, Dublin/Ireland		100	-100
Východoslovenská distribucná, a.s., Košice/Slovakia		100	-100
Východoslovenská energetika a.s., Košice/Slovakia		100	-100
Východoslovenská energetika Holding a.s., Košice/Slovakia		49[1]	-49

1 Control by virtue of company contract.

Changes in shareholding without change of control	Shareholding in % 31 Dec 2020	Shareholding in % 31 Dec 2019	Change
Affiliated companies which are included in the consolidated financial statements			
Nordsee Windpark Beteiligungs GmbH, Essen	100	90	10
RWE Renewables UK Humber Wind Limited, Coventry/United Kingdom	51	100	-49

4.8 Boards (part of the notes)

As of: 5 March 2021

Supervisory Board

(End of term: 2021 Annual General Meeting)

Dr. Werner Brandt
Bad Homburg
Chairman
Chairman of the Supervisory Board of ProSiebenSat.1 Media SE
Year of birth: 1954
Member since 18 April 2013

Other appointments:
- ProSiebenSat.1 Media SE (Chairman)[1]
- Siemens AG[1]

Frank Bsirske[2]
Isernhagen
Deputy Chairman
Former Chairman of ver.di - Vereinte Dienstleistungsgewerkschaft
Year of birth: 1952
Member since 9 January 2001

Other appointments:
- Deutsche Bank AG[1]

Michael Bochinsky[2]
Grevenbroich
Deputy Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 1 August 2018

Sandra Bossemeyer[2]
Duisburg
Chairwoman of the Works Council of RWE AG
Representative of the disabled
Year of birth: 1965
Member since 20 April 2016

Martin Bröker[2]
Bochum
Head of Corporate IT & SAP at RWE AG
Year of birth: 1966
Member since 1 September 2018

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Anja Dubbert[2]
Essen
Business Development Manager
Member of the Works Council of RWE Supply & Trading GmbH
Year of birth: 1979
Member since 27 September 2019

Matthias Dürbaum[2]
Heimbach
Chairman of the Works Council of the Hambach Opencast Mine
Year of birth: 1987
Member since 27 September 2019

Ute Gerbaulet
Düsseldorf
General Partner of Bankhaus Lampe KG
Year of birth: 1968
Member since 27 April 2017

Other appointments:
- NRW.Bank AöR

Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel
Essen
Former Chairman of the Executive Board of HOCHTIEF AG
Year of birth: 1947
Member since 18 April 2013

Other appointments:
- Consolidated Contractors Group S.A.L.

Mag. Dr. h. c. Monika Kircher
Krumpendorf, Austria
Independent Corporate Consultant
Year of birth: 1957
Member since 15 October 2016

Other appointments:
- Andritz AG[1]
- Kärntner Energieholding Beteiligungs GmbH (Chairwoman)
- KELAG-Kärntner Elektrizitäts AG
- Siemens AG Österreich

Harald Louis[2]
Jülich
Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 20 April 2016

Other appointments:
• RWE Power AG[3]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Dagmar Mühlenfeld
Mülheim an der Ruhr
Former Mayor of the City of Mülheim an der Ruhr
Managing Director of JUNI gGmbH (Junior-Uni Ruhr)
Year of birth: 1951
Member since 4 January 2005

Peter Ottmann
Nettetal
Managing Director of Verband der kommunalen RWE-Aktionäre GmbH
Attorney
Former Chief Administrative Officer of Viersen County
Year of birth: 1951
Member since 20 April 2016

Günther Schartz
Wincheringen
Chief Administrative Officer of the District of Trier-Saarburg
Year of birth: 1962
Member since 20 April 2016

Other appointments:
- A.R.T. Abfallberatungs- und Verwertungsgesellschaft mbH (Chairman)
- Kreiskrankenhaus St. Franziskus Saarburg GmbH (Chairman)
- Sparkassenverband Rheinland-Pfalz
- Sparkasse Trier (Chairman)
- Trierer Hafengesellschaft mbH
- Zweckverband Abfallwirtschaft Region Trier

Dr. Erhard Schipporeit
Hanover
Independent Corporate Consultant
Year of birth: 1949
Member since 20 April 2016

Other appointments:
• BDO AG Wirtschaftsprüfungsgesellschaft
• Hannover Rück SE[1]
• HDI Haftpflichtverband der Deutschen Industrie VVaG
• Talanx AG[1]

Dr. Wolfgang Schüssel
Vienna, Austria
Former Federal Chancellor of the Republic of Austria
Year of birth: 1945
Member since 1 March 2010

Other appointments:
- Adenauer Stiftung (Chairman of the Board of Trustees)
- PJSC LUKOIL[1]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Ullrich Sierau
Dortmund
Former Mayor of the City of Dortmund
Year of birth: 1956
Member since 20 April 2011

Ralf Sikorski[2]
Hanover
Deputy Chairman of IG Bergbau, Chemie, Energie
Year of birth: 1961
Member since 1 July 2014

Other appointments:
- • CHEMIE Pensionsfonds AG
- • Lanxess AG[1]
- • Lanxess Deutschland GmbH
- • RAG AG
- • RWE Generation SE[3]
- • RWE Power AG[3]
- \- KSBG Kommunale Verwaltungsgesellschaft GmbH

Marion Weckes[2]
Dormagen
Head of the Listed Companies and Corporate Governance Unit of the Institute for Co-determination and Corporate Governance of the Hans Böckler Foundation
Year of birth: 1975
Member since 20 April 2016

Leonhard Zubrowski[2]
Lippetal
Chairman of the Group Works Council of RWE AG
Year of birth: 1961
Member since 1 July 2014

Other appointments:
- • RWE Generation SE[3]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
\- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Supervisory Board Committees

Executive Committee of the Supervisory Board

Dr. Werner Brandt (Chairman)
Frank Bsirske
Sandra Bossemeyer
Anja Dubbert
Matthias Dürbaum
Prof. Dr. Hans-Peter Keitel
Dagmar Mühlenfeld
Dr. Wolfgang Schüssel

Mediation Committee in accordance with Section 27, Paragraph 3 of the German Co-Determination Act

Dr. Werner Brandt (Chairman)
Frank Bsirske
Dr. Wolfgang Schüssel
Ralf Sikorski

Personnel Affairs Committee

Dr. Werner Brandt (Chairman)
Frank Bsirske
Harald Louis
Peter Ottmann
Dr. Wolfgang Schüssel
Leonhard Zubrowski

Audit Committee

Dr. Erhard Schipporeit (Chairman)
Michael Bochinsky
Mag. Dr. h. c. Monika Kircher
Ullrich Sierau
Ralf Sikorski
Marion Weckes

Nomination Committee

Dr. Werner Brandt (Chairman)
Prof. Dr. Hans-Peter Keitel
Peter Ottmann

Strategy and Sustainability Committee

Dr. Werner Brandt (Chairman)
Frank Bsirske
Prof. Dr. Hans-Peter Keitel
Günther Schartz
Ralf Sikorski
Leonhard Zubrowski

The Executive Board

Dr. Rolf Martin Schmitz (Chief Executive Officer until 30 April 2021)
Chairman of the Executive Board of RWE AG since 15 October 2016
Member of the Executive Board of RWE AG since 1 May 2009, appointed until 30 June 2021, will resign as of 30 April 2021
Labour Director of RWE AG from 1 May 2017 to 31 October 2020

Offices:
- Corporate Transformation
- Internal Audit & Compliance
- Corporate Communications & Energy Policy
- Legal & Insurance
- Corporate Business Development

Other appointments:
- E.ON SE[1]
- RWE Generation SE[2] (Chairman)
- RWE Renewables GmbH[2]
- RWE Supply & Trading GmbH[2]
- TÜV Rheinland AG

- Jaeger Grund GmbH & Co. KG (Jaeger Gruppe, Chairman)
- Kärntner Energieholding Beteiligungs GmbH
- KELAG-Kärntner Elektrizitäts AG

Dr. Markus Krebber (Chief Financial Officer until 30 April 2021)
Chief Executive Officer as of 1 May 2021
Member of the Executive Board of RWE AG since 1 October 2016, appointed until 30 June 2026

Offices:
- Controlling & Risk Management
- Investor Relations
- Portfolio Management / Mergers & Acquisitions
- Accounting
- Corporate Strategy

Other appointments:
- RWE Generation SE[2]
- RWE Power AG[2]
- RWE Renewables GmbH[2] (Chairman)
- RWE Supply & Trading GmbH[2] (Chairman)

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Office within the Group.

Dr. Michael Müller (Chief Financial Officer as of 1 May 2021)
Member of the Executive Board of RWE AG since 1 November 2020, appointed until 31 October 2023
Managing Director and CFO of RWE Supply & Trading GmbH from 1 September 2016 to 30 April 2021 (posts held concurrently since 1 November 2020)

Offices:

- Business Services
- Finance & Credit Risk
- Tax

Other appointments:

- Amprion GmbH
- RWE Generation SE[2]
- RWE Power AG[2]

Zvezdana Seeger (Chief HR Officer)
Member of the Executive Board of RWE AG since 1 November 2020, appointed until 31 October 2023
Labour Director of RWE AG since 1 November 2020

Offices:

- IT
- Human Resources

Other appointments:

- RWE Pensionsfonds AG[2] (Chairwoman)
- RWE Power AG[2] (Chairwoman)

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Office within the Group.

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

4.9 Independent auditor's report

To RWE Aktiengesellschaft, Essen

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of RWE Aktiengesellschaft, Essen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of RWE Aktiengesellschaft, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537 / 2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year January 1 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Recoverability of goodwill
❷ Changes in Segment Reporting
❸ Impairment of property, plant and equipment

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ **Recoverability of goodwill**

① In the consolidated financial statements of RWE Aktiengesellschaft, goodwill amounting to €2.6 billion (4.2 % of consolidated total assets) (prior year: €2.5 billion or 4.0 % of consolidated total assets) is reported under the balance sheet item "Intangible assets".

Goodwill is tested for impairment ("impairment test") annually or when there are indications of impairment, to determine any possible need for write-downs. The carrying amounts of the relevant cash-generating units, including goodwill, are compared with the corresponding recoverable amounts in the context of the impairment tests. The recoverable amount is generally calculated on the basis of fair value less costs of disposal. The impairment tests are performed at the level of the cash-generating units or groups of cash-generating units to which the respective goodwill is allocated. The measurements to calculate the fair value less costs of disposal carried out for the purposes of the impairment tests are based on the present values of the future cash flows derived from the planning projections for the next three years (medium-term plan) prepared by the executive directors and acknowledged by the supervisory board. In doing so, expectations relating to future market developments and country-specific assumptions about the performance of macroeconomic indicators are also taken into account. Present values are calculated using discounted cash flow models. The discount rate applied is the weighted average cost of capital for the relevant cash-generating unit. The impairment test did not result in the recognition of a write-down. The outcome of these measurements is dependent to a large extent on the estimates made by the executive directors of the future cash inflows of the cash-generating units, and on the respective discount rates and rates of growth employed as well as on further assumptions. The measurement is therefore subject to considerable uncertainty. Against this background and due to the underlying complexity of the measurement, this matter was of particular significance in the context of our audit.

② As part of our audit, we evaluated the methodology used for the purpose of performing the impairment tests and assessed the calculation of the weighted average cost of capital, among other things. In addition, we assessed whether the future cash inflows underlying the measurements together with the weighted cost of capital used represent an appropriate basis for the impairment tests overall. We evaluated the appropriateness of the future cash inflows used in the calculations, among other things, by comparing this data with the Group's medium-term plan and by reconciling it against general and sector-specific market expectations. In this context, we also assessed whether the costs of Group functions were properly included in the respective cash-generating unit. In the knowledge that even relatively small changes in the discount rate applied can in some cases have a material impact on the fair value less costs of disposal calculated using this method, we also evaluated the parameters used to determine the discount rate applied and assessed the measurement model. Furthermore, we evaluated the sensitivity analyses performed by the Company in order to evaluate any impairment risk (carrying amount higher than recoverable amount) in the event of a reasonably possible change in a material assumption underlying the measurement. Overall, the measurement parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures relating to goodwill are contained in the notes to the consolidated financial statements in section "Notes to the Balance Sheet" in note "(10) Intangible assets".

❷ Changes in segment reporting

① The executive directors of RWE Aktiengesellschaft made changes to its internal management and reporting structures in financial year 2020. The separately reported activities "innogy continuing operations" and "operations acquired from E.ON" have been dissolved and the power generation activities according to the energy source applied have been reclassified. A distinction is made between the five segments: (1) Offshore Wind, (2) Onshore Wind / Solar, (3) Hydro / Biomass / Gas, (4) Supply & Trading and (5) Coal / Nuclear, whereby the segments (1) to (4) form the core business. This required a redefinition of the segments shown in the Group's segment reporting and a reallocation of goodwill to the cash-generating units or groups of cash-generating units. The management approach required by IFRS 8 for the identification of segments and allocation of goodwill involves the exercise of judgement to a high degree. The changes to segment reporting and the reallocation of goodwill to the cash-generating units or groups of cash-generating units were therefore of particular significance in the context of our audit.

② As part of our audit, among other things, we assessed whether segment reporting in accordance with the requirements of the management approach is consistent with the Company's internal reporting and management structures. For this purpose, we evaluated in particular the internal reporting to the executive board and satisfied ourselves by inspecting the minutes of executive board meetings that the new segment structure corresponds to the Company's regular internal reporting. Moreover, we reviewed the methodology used to reallocate goodwill and assessed the level of decision-making by the executive board concerning the allocation of resources. In addition, we assessed the adjustments to the consolidation accounting entries required for the presentation of the new segments and the comparative disclosures. In our view, the redefinition of the reportable segments and the reallocation of goodwill to the cash-generating units or groups of cash-generating units have been clearly documented and appropriately implemented overall.

③ The RWE Group's segment reporting is contained in the notes to the consolidated financial statements in section "Other information" in note "(29) Segment reporting".

❸ Impairment of property, plant and equipment

① In the consolidated financial statements of RWE Aktiengesellschaft, power plants, refining plants and opencast mining facilities (hereinafter referred to as "property, plant and equipment") in the "Coal / Nuclear" and "Hydro / Biomass / Gas" segments are impaired by €1.6 billion due to adverse long-term assumptions concerning sales prices and volumes. The recoverability of property, plant and equipment was tested on the basis of their fair values less costs to sell, which exceed their values in use. The fair values of the respective property, plant and equipment are determined by the Company as the present values of the future cash flows using discounted cash flow models. The planning projections for the next three years (medium-term plan) prepared by the executive directors and acknowledged by the supervisory board are used as a basis and extrapolated on the basis of long-term assumptions regarding electricity, coal, gas and CO_2 certificate prices as well as the planned operating times. The outcome of these measurements is dependent to a large extent on the estimates made by the executive directors of the future cash inflows and on the respective discount rates and rates of growth employed as well as on further assumptions. The measurement is therefore subject to considerable uncertainty, so that this matter was of particular significance in the context of our audit.

② As part of our audit, we evaluated the methodology used for the purpose of performing the impairment tests for property, plant and equipment and assessed the calculation of the weighted average cost of capital, among other things. In addition, we assessed whether the future cash inflows underlying the measurements together with the weighted cost of capital used represent an appropriate basis for the impairment tests overall. We evaluated the appropriateness of the future cash inflows used in the calculations, among other things, by comparing this data with the Group's medium-term plan and by reconciling it against general and sector-specific market expectations with regard to electricity, coal, gas and CO_2 certificate prices as well as the planned operating times. Furthermore, on the basis of the medium-term plan, we assessed the recoverability of the property, plant and equipment based on the evidence presented to us. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the fair values calculated using this method, we also evaluated the parameters used to determine the discount rate applied and assessed the measurement model. Overall, the measurement parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures relating to the recoverability of property, plant and equipment are contained in the notes to the consolidated financial statements in section "Notes to the Income Statement" in note "(5) Depreciation, amortization and impairment losses".

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section 2.7 of the group management report

- the separate non-financial group report pursuant to § 315b Abs. 3 HGB

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file [RWE_AG_KA+KLB_ESEF-2020-12-31.zip] and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31,2020, contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the “Group Auditor’s Responsibilities for the Assurance Engagement on the ESEF Documents” section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor‘s report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor’s Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain reasonable assurance that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i. e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019 / 815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on June 26, 2020. We were engaged by the supervisory board on July 8, 2020. We have been the group auditor of RWE Aktiengesellschaft, Essen, without interruption since the financial year 2001.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Ralph Welter.

Essen, March 5, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Markus Dittmann)	(sgd. Ralph Welter)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

4.10 Information on the auditor

The consolidated financial statements of RWE AG and its subsidiaries for the 2020 fiscal year – consisting of the Group balance sheet, Group income statement and statement of comprehensive income, Group statement of changes in equity, Group cash flow statement and Group notes to the financial statements – were audited by the auditing company PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

The auditor at PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft responsible for RWE for the last time is Mr. Ralph Welter. Mr. Welter has performed this function in seven previous audits of RWE.

05 Further information

Recultivation area near Erftstadt, Germany

5.1 Five-year overview

Five-year overview of the RWE Group[1]		2020	2019	2018	2017	2016
External revenue (excluding natural gas tax/electricity tax)	€ million	13,688	13,125	13,406	13,822	43,590
Adjusted EBITDA	€ million	3,235	2,489	1,538	2,149	5,403
Adjusted EBIT	€ million	1,771	1,267	619	1,170	3,082
Income before tax	€ million	1,196	-752	49	2,056	-5,807
Net income/RWE AG shareholders' share in income	€ million	995	8,498	335	1,900	-5,710
Earnings per share	€	1.56	13.82	0.54	3.09	-9.29
Cash flows from operating activities of continuing operations	€ million	4,125	-977	4,611	-3,771	2,352
Free cash flow	€ million	1,132	-2,053	3,439	-4,439	809
Non-current assets	€ million	34,461	35,768	18,595	45,694	45,911
Current assets	€ million	27,207	28,241	61,513	23,365	30,491
Balance sheet equity	€ million	17,971	17,467	14,257	11,991	7,990
Non-current liabilities	€ million	27,280	26,937	20,007	36,774	39,646
Current liabilities	€ million	16,417	19,605	45,844	20,294	28,766
Balance sheet total	€ million	61,668	64,009	80,108	69,059	76,402
Equity ratio	%	29.1	27.3	17.8	17.4	10.5
Net debt	€ million	4,432	7,159	19,339	20,227	22,709
Workforce at the end of the year[2]		19,498	19,792	17,748	59,547	58,652
CO_2 emissions	million metric tons	68.9	88.1	118.0	131.8	148.3

1 The comparability of some of the figures for various fiscal years is limited due to changes in reporting.
2 Converted to full-time positions.

5.2 Imprint

RWE Aktiengesellschaft
RWE Platz 1
45141 Essen
Germany

Phone +49 201 5179-0
Fax +49 201 5179-5299
E-mail contact@rwe.com

Investor Relations
Phone +49 201 5179-3112
Fax +49 201 5179-420042
Internet www.rwe.com/ir
E-mail invest@rwe.com

Corporate Communications
Phone +49 201 5179-5009
Fax +49 201 5179-5290

Typesetting and production
MPM Corporate Communication Solutions, Mainz
www.mpm.de

Photography
André Laaks, Essen

Translation
Olu Taylor, Geretsried, Germany

Proofreading
Nicola Thackeray, Swindon, UK

RWE is a member of DIRK – the German Investor Relations Association.

For annual reports, interim reports, interim statements and further information on RWE, please visit us on the internet at www.rwe.com/en.

This document was published on 16 March 2021. It is a translation of the German annual report. The consolidated financial statements and the review of operations are also published in the German Federal Gazette. These are the definitive versions.

Forward-looking statements. This annual report contains forward-looking statements regarding the future development of the RWE Group and its companies as well as of the economic and political environment. These statements are assessments that we have made based on information available to us at the time this document was prepared. In the event that the underlying assumptions do not materialise or unforeseen risks arise, actual developments can deviate from the developments expected at present. Therefore, we cannot assume responsibility for the correctness of these statements.

References to the internet. The contents of pages on the internet and publications to which we refer in the review of operations are not part of the review of operations and are merely intended to provide additional information. The corporate governance declaration in accordance with Section 289f as well as Section 315d of the German Commercial Code is an exception.

Financial Calendar 2021/2022

28 April 2021	Virtual Annual General Meeting
29 April 2021	Ex-dividend date
03 May 2021	Dividend payment
12 May 2021	Interim statement on the first quarter of 2021
12 August 2021	Interim report on the first half of 2021
11 November 2021	Interim statement on the first three quarters of 2021
15 March 2022	Annual report for fiscal 2021
28 April 2022	Annual General Meeting
29 April 2022	Ex-dividend date
03 May 2022	Dividend payment
12 May 2022	Interim statement on the first quarter of 2022
11 August 2022	Interim report on the first half of 2022
10 November 2022	Interim statement on the first three quarters of 2022

The virtual Annual General Meeting and all events concerning the publication of our financial reports are broadcast live on the internet and recorded. We will keep the recordings on our website for at least twelve months.

RWE

Focus on growth.

Annual Report 2021

Our energy for a sustainable life.

For more than 120 years, our product has always been the same: electricity. What has changed is how we produce it. We generated our very first megawatt hour in 1900 – from hard coal. Later, lignite and nuclear fuel rods were our major energy sources. Today, they have been replaced with natural gas, wind, sun and water. Tomorrow, we will make a full transition to zero-carbon energy sources. Because our objective is to be carbon neutral. And we aim to accomplish this by 2040.

Green energy is the lifeblood of a sustainable economy. And demand for it is also rising outside of the energy sector. Be it in industry, transport or buildings, fossil fuels such as oil and natural gas must be replaced by zero-carbon energy sources everywhere. And where it is not possible to switch to green electricity directly, for example in steel production, hydrogen is a suitable alternative – that is hydrogen produced using electricity from renewables. Which we believe also presents us with significant opportunities. Together with renowned partners from industry and science, we have set our sights on a hydrogen economy. We have already launched about 30 projects. Our long-term goal is to supply both green electricity and green hydrogen, a second product with huge potential demand.

It takes a major effort to achieve major goals. We plan to invest 50 billion euros in green growth in the current decade – in new wind and solar farms, battery storage, flexible backup power plants and electrolysers for hydrogen production. In net terms, i. e. after deducting proceeds on the sale of stakes in projects, expenditure will total some 30 billion euros. Our objective here is to double generation capacity in our core business to 50 gigawatts. As we work to accomplish this, we will also make a socially acceptable exit from coal-fired generation. We want to do this as quickly as possible, while ensuring security of supply at all times.

Why are we doing all of this? Because as a world leading power provider, we shoulder a unique responsibility for implementing the Paris Climate Agreement. RWE's purpose 'Our energy for a sustainable life' expresses that this responsibility is what drives us and shapes our entrepreneurial actions. We want to play our part in the joint effort to limit the global rise in temperature to far below two degrees Celsius compared to the pre-industrial era. Our accomplishments demonstrate how seriously we are taking this: our carbon dioxide emissions from power production have more than halved since 2012. Based on a review by the independent Science Based Targets initiative, our emission reduction strategy is in line with the Paris climate target. This is scientific proof that we are on the right path.

Our path leads to a sustainable, carbon-neutral energy world.

Come join us!

At a glance

RWE Group – key figures[1]		2021	2020	+/–
Power generation	GWh	160,773	141,204[2]	19,569
External revenue (excluding natural gas tax / electricity tax)	€ million	24,526	13,688	10,838
Adjusted EBITDA	€ million	3,650	3,286	364
Adjusted EBIT	€ million	2,185	1,823	362
Income from continuing operations before tax	€ million	1,522	1,265	257
Net income / income attributable to RWE AG shareholders	€ million	721	1,051	-330
Adjusted net income	€ million	1,569	1,257	312
Cash flows from operating activities of continuing operations	€ million	7,274	4,125	3,149
Capital expenditure	€ million	3,769	3,358	411
Property, plant and equipment and intangible assets	€ million	3,689	2,285	1,404
Financial assets	€ million	80	1,073	-993
Proportion of taxonomy-eligible investments[3]	%	88	–	–
Free cash flow	€ million	4,562	1,132	3,430
Number of shares outstanding (annual average)	thousands	676,220	637,286	38,934
Earnings per share	€	1.07	1.65	-0.58
Adjusted net income per share	€	2.32	1.97	0.35
Dividend per share	€	0.90[4]	0.85	0.05
		31 Dec 2021	31 Dec 2020	
Net assets (+) / net debt (–)	€ million	360	-4,432	4,792
Workforce[5]		18,246	19,498	-1,252

1 Some prior-year figures restated due to a change in the recognition of tax benefits to subsidise renewables in the USA (see page 47).
2 Adjusted figure, as power purchases from generation assets in which RWE does not own the majority, but which we have long-term usage rights to, are no longer considered.
3 Taxonomy-eligible economic activity is activity which is subject to criteria under the EU Taxonomy Regulation – irrespective of whether the criteria are met (see page 34 et seq.).
4 Dividend proposal for fiscal 2021, subject to the passing of a resolution by the 28 April 2022 Annual General Meeting.
5 Converted to full-time positions.

Contents

We provide detailed information on our sustainability activities in our **Sustainability Report** and **Non-financial Report**. These publications are available at www.rwe.com/responsibility-and-sustainability. The reports on fiscal 2021 will be published in April 2022.

In accordance with Section 162 of the German Stock Corporation Act, we published the **Remuneration Report** for fiscal 2021 as a separate report for the first time. It has also been included in the invitation to the virtual Annual General Meeting, scheduled for 28 April 2022. The publications are available at www.rwe.com/remuneration and www.rwe.com/agm.

1

To our investors

"Taking on and mastering new challenges is what RWE strives for – and so do I."

Feixia Li, Junior Project Manager Corporate Improvements & Projects, RWE Supply & Trading

1.1 Letter from the CEO

Dr. Markus Krebber, Chief Executive Officer of RWE AG

Dear Shareholders,
Ladies and Gentlemen

Europe is experiencing particularly difficult times. The images we are seeing from Ukraine are shocking. For me, the scale of the human suffering caused by the war is almost inconceivable. With the attack on Ukraine, Russia's leadership has violated international law and the right of the Ukrainian people to self-determination. Sadly, we have been reminded that democracy, freedom and peace cannot be taken for granted and that we must stand up in support of them. Our thoughts and solidarity are with the people in Ukraine, who must endure the horrors of war.

The conflict has massive ramifications for Europe as a whole. One key aspect is security of energy supply. As a company active in critical infrastructure, we at RWE are well aware of the great responsibility we bear at this time. We therefore support the efforts of the EU and the German government to reduce dependence on deliveries of commodities from Russia and simultaneously ensure a reliable supply of energy. We are working on identifying RWE power stations which can provide additional backup capacity. We are also playing our part in diversifying the supply of natural gas. One example of this is our participation in the planned LNG terminal in Brunsbüttel, Germany, which will be able to receive shipments of liquefied natural gas and, in the future, green ammonia for hydrogen production.

Even though security of supply is the centre of attention at the moment, the medium- and long-term vision for energy policy remains unchanged. Indeed, expanding renewables and ramping up the hydrogen economy are more important than ever – not only to protect the climate, but also to increase our independence from commodity imports. RWE will make a major contribution to these causes. At our Capital Market Day on 15 November 2021, we informed the public of the action we plan to take. Our Growing Green strategy will make the 2020s a decade of growth for our company. By 2030, we intend to invest a gross sum of around €50 billion in transforming RWE and thus transitioning to a sustainable energy system. These funds will be spent on the construction of wind and solar farms, battery storage, climate-friendly backup power stations and electrolysers for the production of hydrogen. Our net capital expenditure, which takes into account proceeds from the sale of stakes in projects, is expected to reach €30 billion. With this, we plan to double generation capacity in our core business to roughly 50 GW by the end of the decade. Earnings from core activities will also increase sharply: for 2030, we project adjusted EBITDA in the order of €5 billion, representing an increase of around 80 % compared to 2021. These goals are ambitious, but realistic. This was reflected in the stock market's positive reaction to our Growing Green strategy, as the RWE share closed trading that day with a strong gain and continued to perform well in the following weeks.

We are pursuing our growth strategy with determination. Since the start of 2021, we have commissioned 14 wind and solar farms with a total capacity of 1.2 GW, despite supply chain issues that led to delays for some projects. In the spring of 2021, we started building the Sofia wind farm off the eastern coast of the UK, which will set new standards with its planned capacity of 1.4 GW. In addition, we set the stage for a number of attractive major projects. In auctions for new offshore wind farm sites in Great Britain, Germany, Denmark and the USA we secured leases for sites where we can build up to 8 GW of generation capacity.

The past year was challenging in many respects, and thus we are even more pleased that we outperformed our financial targets. At €3,650 million, our adjusted EBITDA was well above the range we had projected. We met or exceeded the expectations in all of the segments. These achievements are driven by our dedicated employees, who have put their all into ensuring our company's continued success. I'd like to express my gratitude to all of them, on behalf of the entire Executive Board. Coming against the backdrop of the coronavirus pandemic, our performance in 2021 is all the more impressive. Thanks to the flexibility and dedication of our employees, we were able to maintain all of our critical operations at all times.

The catastrophic flooding in western Germany was a defining moment in the summer of 2021. All of us can recall the scenes of utter devastation. Among the many people who lost their lives was an employee of one of RWE's partner companies. We would like to extend our deepest condolences to his family and friends. The floods impacted a number of our sites. Nevertheless, we were able to limit the resulting downtime at the Inden opencast mine and many of our run-of-river power stations to just a few days. We have the untiring efforts of our people to thank for this. Many of them also rolled up their sleeves and personally helped out those in need. RWE itself provided materials, machinery and funds totalling around €2 million, with one quarter of the donations coming from our employees.

In closing, let me briefly look ahead to fiscal 2022. Despite the uncertain course of the conflict in Ukraine and its consequences, I am confident that we can continue to generate good earnings as was the case in 2021. At present, our projection for adjusted EBITDA foresees a range of €3.6 billion to €4.0 billion. In this regard, one key factor will be the earnings contributions of our new wind and solar farms. As you can see, our growth strategy is paying off. That said, we are at the very beginning of a long and challenging journey. RWE's transformation involves much more than billions of euros of investment. Passion, the ability to change, and, sometimes, courage are all key ingredients. I am convinced that RWE has all these qualities. And that means you, dear shareholders, can count on us. Thank you for your trust and confidence! I hope you'll continue with us on this exciting journey.

Sincerely yours,

1.2 Executive Board of RWE AG

Markus Krebber, Chief Executive Officer, was born in 1973 in Kleve, Germany. He has held this position since May 2021. He trained as a banker and holds a doctorate in economics. Markus started his career in 2000 at McKinsey & Company. Thereafter, he held various managerial positions at Commerzbank AG. In November 2012, Markus joined the Board of Directors of RWE Supply & Trading GmbH, where he was responsible for finance and became CEO in March 2015. Markus joined the Executive Board of RWE AG in October 2016, where he was Chief Financial Officer until May 2021.

Michael Müller has been Chief Financial Officer since May 2021. Born in 1971 in Cologne, Germany, he is an economist and holds a doctorate in mechanical engineering. After five years at McKinsey & Company, in mid-2005 he joined the RWE Group where he held managerial positions at RWE Power AG, RWE Generation SE and RWE AG. In September 2016, he became the Managing Director of RWE Supply & Trading GmbH in charge of finance. Michael has been a Member of the Executive Board of RWE AG since November 2020.

Zvezdana Seeger was appointed Chief Human Resources Officer and Labour Director in November 2020. She was born in 1964 in Jajce, Bosnia and Herzegovina, holds a degree in economics and started her career in mechanical engineering. From 1995 to 2008, she worked for Deutsche Telekom AG, exiting as Managing Director of T-Systems Enterprise Service GmbH. In 2010, Zvezdana joined the Board of Directors of DHL Global Forwarding, Freight. In 2015, she was responsible for IT and operations on the Board of Management of Postbank AG. After Postbank was folded into DB Privat- und Firmenkundenbank AG, she sat on the Board of Management of the latter company. In addition, she was COO of the Private and Corporate Business Unit of Deutsche Bank AG. Zvezdana has been a Member of the Executive Board of RWE AG since November 2020.

1.3 Supervisory Board report

Dr. Werner Brandt, Chairman of the Supervisory Board of RWE AG

"RWE's growth and climate protection strategy is both ambitious and credible. It justifies the trust investors place in our company."

Dear Shareholders,
Ladies and Gentlemen

You might be familiar with the proverb 'A journey of a thousand miles begins with a single step.' More often than not, this is true. But at RWE, the journey from a past dominated by fossil fuel to a carbon-neutral future began with a whole series of steps. Investors, media representatives and the public bore witness to the speed at which the company seeks to continue this journey on 15 November 2021. That was the day on which management presented its ambitious growth strategy under the motto 'Growing Green,' which the Supervisory Board had been heavily involved in developing. RWE aims to invest approximately €50 billion in the company's green transformation from 2021 to 2030, thus contributing to the success of the energy transition. After subtracting proceeds on the sale of stakes in projects, net investments will amount to some €30 billion. RWE will use these funds to build renewable generation assets, battery storage systems, flexible backup power stations and electrolysers for hydrogen production with a total capacity of 25 GW. Based on the criteria established by the EU Taxonomy Regulation, over 90 percent of the capital expenditure should contribute to environmental sustainability. Our growth campaign should drive the Group's adjusted EBITDA up to about €5 billion by 2030 although the non-core business with coal and nuclear power plants will have stopped contributing to earnings by then. Such a transformation is unrivalled in terms of speed, sustainability and returns.

Every departure for new horizons involves bidding farewell to the past. RWE has set out to become carbon neutral along the entire value chain by 2040. The key to achieving this goal is the phaseout of electricity generation from coal, which in Germany goes hand in hand with an exit from nuclear energy. This is a Herculean task for RWE, both financially and socially. Last year, our company decommissioned its last two German hard coal-fired power plants, five lignite units and the Gundremmingen C nuclear power station. So this part of our transformation is also progressing at speed, as it should. However, we must not forget that the power plants guaranteed a reliable supply of electricity and that, first and foremost, we have the skilled and motivated staff on site to thank for that. Many of them dedicated their entire working life to the safe and profitable operation of the stations. To honour this loyalty, RWE will stand by its employees, ensuring that the personnel reduction is socially acceptable. Here, our focus rests in particular on the approximately 8,500 people working in the Rhenish lignite mining region. One can only consider a transformation successful if no one is left behind. RWE is absolutely determined to rise to this challenge.

Last year was a momentous one, and sadly the second dominated by the coronavirus pandemic. Fortunately, its effects on our company and staff remained manageable. RWE took extensive protective measures, thereby ensuring that our key personnel were able to continue working almost without restrictions. Our company demonstrated yet again how well it can navigate through crises. The Supervisory Board was also able to fulfil its duties without exceptions. Six of our seven meetings - the only exception being the session in September - and nearly all committee meetings were held virtually. The same applied to the Annual General Meeting (AGM) that took place on 28 April 2021. We benefited from the experience gained at our first purely digital Annual General Meeting held in the preceding year. In addition, we reacted to the wishes expressed by our investors by introducing some new services. For example, the speeches by the CEO and CFO as well as my report were published on the company's website before the AGM. Moreover, our shareholders had the opportunity to submit questions and remarks in advance. We will have to hold a purely virtual Annual General Meeting once again in 2022. We hope that you, our valued shareholders, accept this decision in light of the continued exposure to risks arising from COVID-19. No AGM is worth risking one's health.

At RWE, our hearts went out to the many victims of the catastrophic floods in the summer in the states of North Rhine-Westphalia and Rhineland-Palatinate. The floodwater claimed the life of an employee of a partner company at the Inden opencast lignite mine. We would like to express our deepest condolences to the family and friends of those who died in this tragic event. RWE was affected by the floods at several of its locations. Both Inden and nearly all our run-of-river power plants in the region were forced to interrupt operations. However, the stations and mines were able to resume operations after a few days. We have the huge dedication of our employees to thank for this. I was deeply touched by their commitment both on and off site and the way everyone pulled together throughout the entire Group. As sad as the catastrophic floods were, they reminded us of the phenomenal people we have at RWE – a team on which we can rely and we can be proud of.

Unfortunately, the beginning of this year is plagued by a horrifying event. The Russian invasion of Ukraine signals a turning point for the whole of Europe. I'm absolutely appalled at this act of aggression, which is a serious breach of international law. The war against Ukraine demonstrates that peace and freedom are by no means a matter of course in Europe and that we must take decisive action to preserve these ideals. We discussed the political and economic consequences of the crisis in Ukraine at the Supervisory Board meeting we held on 9 March 2022. If the situation escalates, we may face bottlenecks on Europe's energy markets, which would also affect RWE. However, after assessing the potential developments in depth, we currently believe that the risks to which the Group is exposed are manageable. Our main concern is for the people in Ukraine for whom we feel deeply during these difficult times.

Changes in personnel on the Executive and Supervisory Boards. The past year was a landmark both in terms of strategy and personnel. RWE AG has had a new CEO since 1 May 2021: Markus Krebber, our former CFO, who joined the Group in 2012. His predecessor, Rolf Martin Schmitz, retired from the Executive Board on 30 April, 2021 after four-and-a-half years at the helm. Together with Markus, he initiated RWE's transformation into a leading renewable energy company. It is with great pleasure that I look back on the successful work we did with Rolf, but I also look forward to continuing this journey with Markus and his team. Zvezdana Seeger and Michael Müller joined the team in November 2020. Zvezdana is our Chief HR Officer and Labour Director. Michael took over as CFO from Markus Krebber with effect from 1 May 2021.

The Supervisory Board also went through some personnel changes last year. On conclusion of the Annual General Meeting on 28 April 2021, the tenures of all the members of this corporate body expired. However, it was impossible for the ten employee representatives to be elected as the Assembly of Delegates, which is charged with this task, was not able to convene until 15 September owing to the restrictions imposed to combat COVID-19. Therefore, restaffing for the transitional period was implemented by court order.

The incumbent employee representatives were reappointed to the Supervisory Board by the Essen District Court. In alphabetical order, they were Michael Bochinsky, Sandra Bossemeyer, Martin Bröker, Frank Bsirske, Anja Dubbert, Matthias Dürbaum, Harald Louis, Ralf Sikorski, Marion Weckes and Leonhard Zubrowski.

By contrast, the election of the shareholder representatives was carried out as planned at the virtual Annual General Meeting on 28 April: Ute Gerbaulet, Hans-Peter Keitel, Monika Kircher, Günther Schartz, Erhard Schipporeit, Ullrich Sierau and I received the votes required to serve for another term. Dagmar Mühlenfeld, Peter Ottmann and Wolfgang Schüssel did not run for re-election. Hans Bünting, Hauke Stars and Helle Valentin were elected members of the Supervisory Board in their place.

The elections involved a new approach, which I consider to be a great step forward: the shareholder representatives received shortened and staggered tenures. Following established practice in Germany, they used to be elected with identical five-year tenures. The advantage of shortening terms is that the Supervisory Board's composition can be adapted to new demands faster than before. Staggered tenures prevent too many people from leaving the corporate body at the same time, causing valuable experience to be lost. At the 2021 Annual General Meeting, five candidates were elected for three years, and another five were elected for four years. Future by-elections and new elections to the Supervisory Board will be for three-year terms only.

At its constituent meeting following the Annual General Meeting, the Supervisory Board re-elected me its Chairman. I consider this to be in recognition of my work to date and thank my colleagues for the trust they have placed in me. The corporate body chose Frank Bsirske as Deputy Chairman. Furthermore, we restaffed the committees. Germany's law on strengthening the integrity of the financial market, which was enacted in mid-2021, stipulates that each supervisory board must have two independent experts in finance with in-depth knowledge of accounting and financial statement audits. Thanks to Erhard Schipporeit, Chairman of the Audit Committee, and Monika Kirchner, who is also a member of this committee, we fulfil this requirement.

On 15 September 2021, the Assembly of Delegates finally elected the employee representatives to the Supervisory Board. This ended the tenure of the court-appointed members. Ralf Sikorski, Michael Bochinsky, Sandra Bossemeyer, Matthias Dürbaum, Harald Louis and Marion Weckes were re-elected. Martin Bröker, Frank Bsirske, Anja Dubbert and Leonhard Zubrowski retired from their offices. Reiner van Limbeck, Dagmar Paasch, Dirk Schumacher and Andreas Wagner replaced them as new members of the Supervisory Board. The terms of all employee representatives will end on conclusion of the 2026 Annual General Meeting, in compliance with the Articles of Incorporation. As Frank Bsirske left the corporate body, the position of my Deputy had to be restaffed. Ralf Sikorski was elected to this office at the first meeting of all new Supervisory Board members on 21 September. Furthermore, positions on the committees that were vacated by exiting employee representatives were reassigned.

Soon thereafter, there was another personnel change among the shareholder representatives. Günther Schartz resigned from his office as of 30 September 2021. Thereupon, Thomas Kufen was appointed to the corporate body by the Essen District Court with effect from 18 October 2021. We are pleased to have found a worthy successor to Mr. Schartz in him. As mayor of the energy metropolis Essen, he is very familiar with our sector and with RWE. We will submit the restaffing to the Annual General Meeting on 28 April 2022 for the passage of a corresponding resolution.

One of RWE's good traditions is the extensive support that new Supervisory Board members receive from the company in familiarising themselves with their tasks. They go through a tried-and-tested onboarding process to become acquainted with RWE's business model, the Group's structures and certain topics as necessary. The Board Office, which is assigned to Legal, has a co-ordinating function. Moreover, the Board Office informs them of their rights and duties, is of assistance through one-on-ones and ensures the provision of documents and privileges required to exchange digital information.

More detailed information on the new Supervisory Board members and the composition of the committees can be found on pages 220 et seqq. of this report.

An overview of the Supervisory Board's work in the past year. I would now like to touch on the Supervisory Board's activity in the fiscal year that just ended. As usual, we fulfilled all of the duties imposed on us by German law and the Articles of Incorporation. We advised the Executive Board on running the company and monitored its actions with great care. We were involved in all fundamental decisions. The Executive Board informed us of all material aspects of business developments, the earnings situation as well as the risks and the management thereof both verbally and in writing. This was done regularly, extensively and in a timely fashion. In addition, I was constantly in touch with the Executive Board, allowing us to discuss major developments without delay.

When in session, we concerned ourselves with RWE's growth strategy both repeatedly and in great depth. Further focal points of debate were the effects of the coronavirus pandemic, the restaffing of the Executive Board and the German coal phaseout. We took our decisions on the basis of detailed reports and draft resolutions submitted by the Executive Board, which we discussed in depth in our plenary sessions and committees. We were also informed by the Executive Board of projects and transactions of special importance or urgency in extraordinary meetings as well as between meetings. We passed the resolutions required of us by German law or the Articles of Incorporation, occasionally by circular.

One of the Supervisory Board's key tasks is maintaining dialogue with the shareholders. As I do not believe that this exchange of information should be limited to the Annual General Meeting, I have been holding regular talks with investors and shareholder representatives for many years now. This is a practice I maintained despite COVID-19. The focal points of these talks were the staffing of the Supervisory Board, the staggered tenures, the Executive Board remuneration system, RWE's strategy and the coal phaseout.

We took the basic and advanced training measures needed to fulfil our tasks on our own initiative. The company helped us by organising in-house informational events on topics of special relevance.

Main points of debate of the Supervisory Board meetings. Last year, the Supervisory Board convened for seven meetings, including one constituent and one extraordinary session. In our meetings, we were informed by the Executive Board in great detail of transactions and events of significance to RWE. We discussed certain agenda items without involving the Executive Board. The shareholder and employee representatives met separately before the Supervisory Board meetings, in order to consult on matters in a smaller circle and establish joint positions where necessary.

The following issues were discussed at our meetings:

- Our first session last year took place on 10 March. We discussed and approved the 2020 financial statements of RWE AG, the consolidated financial statements, and the separate Non-financial Report. In addition, we passed a resolution to hold last year's Annual General Meeting on 28 April 2021 as a purely online event. At this meeting, I reported on talks I had held with institutional investors and shareholder representatives in the months prior. The agenda also included legal matters, e.g. Germany's new Supply Chain Due Diligence Act, which requires companies to ensure that human rights are observed in their supply chains. We also concerned ourselves extensively with the success achieved by RWE in an auction in Great Britain, at which the company won the rights to build wind farms on two offshore sites.

- We convened in two sessions on 28 April, the first of which was mainly dedicated to preparing the Annual General Meeting, which took place thereafter. We held the constituent meeting of the Supervisory Board with the newly elected shareholder representatives right after the AGM. As set out earlier, the employee representatives had been appointed by court order, because the Assembly of Delegates had to be postponed due to COVID-19. In addition to the election of the Chairman of the Supervisory Board and his Deputy, the meeting centred on staffing the committees. By amending the Articles of Incorporation, we were able to enlarge the Strategy and Sustainability Committee by two to eight members due to its increased importance and reduce the Executive Committee by two to six members in exchange.

- In the next session on 9 June, we debated the judgment of the German Constitutional Court on the 2019 Climate Protection Act. The Court found that the law was insufficient because it identified the risk of substantial emissions reductions being shifted to future generations, placing too heavy a burden on them. The Executive Board informed us that RWE expanded its goal of becoming carbon neutral by 2040 to include the company's entire value chain. Another piece of good news was the start of COVID-19 vaccination by RWE company physicians.

- In our session on 21 September – the only in-person meeting last year – we welcomed the newly elected employee representatives to the Supervisory Board. As mentioned before, the Assembly of Delegates had convened a few days earlier. This resulted in some changes in personnel, which required seats on the committees to be restaffed and the Deputy Chairman of the Supervisory Board to be elected anew. Another main point of debate was RWE's strategy. I stated earlier that management informed the public of the company's roadmap for the current decade on 15 November. The Supervisory Board was greatly involved in developing the strategic guidelines. During the meeting in September, we focused on management's growth plans in relation to RWE's green core business and the phaseout of coal-fired power generation. Talks also centred on the catastrophic floods in the west of Germany. The Executive Board kept us abreast of the situation at the affected sites and of RWE's aid measures. Furthermore, we discussed the statutory transparency regulations applicable to the remuneration of the Executive Board and appointed the auditor of the Remuneration Report and of the Non-financial Report for fiscal 2021.

- On 10 October, we held an extraordinary meeting which focused on the extreme rise in commodity prices and its effects on RWE. The collateral we pledge for electricity forward contracts was at times much higher than previous levels. Thanks to a substantial liquidity buffer and our highly professional financial management, however, the company was able to meet its payment commitments at all times.

- In our session on 10 December, we reviewed and adopted the company planning for fiscal 2022. Moreover, we fulfilled our corporate governance reporting duties: together with the Executive Board, we adopted an updated statement of compliance in accordance with Section 161 of the German Stock Corporation Act and approved the parts of the Corporate Governance Declaration relating to the Supervisory Board pursuant to Section 289a of the German Commercial Code. The documents are available at www.rwe.com/statement-of-compliance and www.rwe.com/corporate-governance-declaration respectively. Further topics discussed were the liquidity position, plans to reorganise the renewable energy business and the forming of the new coalition government after Germany's general elections on 26 September. We also discussed at great length the announcement of the coalition partners to accelerate the coal phaseout. Here, the Supervisory Board and the Executive Board have affirmed their commitment to phasing out RWE's lignite-fired power generation in agreement with politicians and after weighing up all interests. Another item on the agenda was the positive feedback from analysts and investors on our Capital Market Day in November. In a nutshell, these stakeholder groups believe that we are charting the right course and have realistic goals. This confirmed that RWE's growth and climate strategy is both ambitious and credible. It justifies the trust investors place in our company.

Supervisory Board committees. Last year, the Supervisory Board had six standing committees, the members of which are listed on page 225. These committees are charged with preparing topics and resolutions for plenary sessions. In certain cases, they exercise decision-making powers if they have been conferred on them by the Supervisory Board. The Supervisory Board is informed of the work of the committees by their chairs at every ordinary meeting. In the year under review, a total of 13 committee meetings were held, which I would like to touch upon in more detail.

- The **Executive Committee** held one meeting, which took place in December. As usual, the objective was to discuss the company's planning for fiscal 2022 and the outlook on the two subsequent years.

- The **Audit Committee** was in session four times. It carefully reviewed the financial statements of RWE AG and the Group, together with the combined review of operations, the report for the first half of the year, the quarterly statements and the Non-financial Report. It discussed the financial statements with the Executive Board before they were published and received reports on the outcome of the audits and audit-like reviews from the independent auditors. Furthermore, the Audit Committee submitted a recommendation to the Supervisory Board regarding the election of the independent auditors for fiscal 2021, prepared the grant of the audit award to the independent auditors including the fee agreement, and set the priorities of the audit. It also verified the independence of the auditors and the quality of the audit. Current laws require RWE to appoint new independent auditors for no later than fiscal 2024. The Committee has already begun preparations for the invitation to tender. Furthermore, as usual, the Audit Committee was informed of the effectiveness of the accounting-related Internal Control System (ICS). The report did not reveal any issues that would call the effectiveness of the ICS into question. Additional points of focus were the planning and findings of internal audits, RWE's exposure to risk pursuant to the German Corporate Control and Transparency Act (KonTraG), the risk management system of RWE Supply & Trading, data security, compliance matters as well as legal and tax issues. Related party transactions also featured on the agenda. The Committee verified that the transactions were in line with practices generally accepted on the market, as required by the German law on the implementation of the Second Shareholders Directive. The independent auditors attended all of the Audit Committee meetings and also exchanged information with the Committee Chairman between sessions. In-house experts were occasionally involved in the consultations.

- The **Personnel Affairs Committee** held three meetings. Debates centred on the personnel changes on the Executive Board, the new Executive Board remuneration system, and its presentation in the Remuneration Report in accordance with Section 162 of the German Stock Corporation Act. The remuneration system was approved by the 2021 Annual General Meeting.

- The **Nomination Committee** convened three times. The Supervisory Board elections and filling the position on the Committee vacated by Günther Schartz were the points of focus. In view of the shortened tenures, we also discussed the long-term succession plan.

- The **Strategy and Sustainability Committee** held two sessions to consult on the details and state of implementation of our growth strategy. Agendas focused on the progress made in expanding renewable energy and on the Group's numerous hydrogen projects. Committee members debated the strategy presentation shown at our Capital Market Day in depth. Another focal point was RWE's responsible implementation of the coal phaseout. Moreover, the Committee maintained dialogue with the Executive Board on the varied sustainability goals and measures.

- The **Mediation Committee** pursuant to Section 27, Paragraph 3 of the German Co-Determination Act did not have to convene in 2021.

Attendance. The table below contains an overview of Supervisory Board member attendance at the meetings of this corporate body and its committees. As the Mediation Committee did not convene in 2021, it has been omitted from this table. Here is an example of how to interpret the numbers: '3 / 4' means that the individual attended three out of four sessions held during their membership of the corporate body. The figures show that absence from a meeting was the exception. The attendance rate was 99.5 %.

Attendance at meetings in fiscal 2021 by Supervisory Board member	Supervisory Board	Executive Committee	Audit Committee	Personnel Affairs Committee	Nomination Committee	Strategy and Sustainability Committee
Dr. Werner Brandt, Chairman	7 / 7	1 / 1	4 / 4[1]	3 / 3	3 / 3	2 / 2
Ralf Sikorski, Deputy Chairman	7 / 7	1 / 1	2 / 3	1 / 1		2 / 2
Michael Bochinsky	7 / 7		4 / 4			1 / 1
Sandra Bossemeyer	7 / 7			1 / 1		1 / 1
Martin Bröker	4 / 4					
Frank Bsirske	4 / 4			2 / 2		1 / 1
Dr. Hans Friederich Bünting	5 / 5					2 / 2
Anja Dubbert	4 / 4					
Matthias Dürbaum	7 / 7		1 / 1			
Ute Gerbaulet	7 / 7	1 / 1				
Prof. Dr. Hans-Peter Keitel	7 / 7	1 / 1			3 / 3	2 / 2
Dr. h.c. Monika Kircher	7 / 7		4 / 4			
Thomas Kufen	1 / 1					
Reiner van Limbeck	3 / 3	1 / 1				
Harald Louis	7 / 7			3 / 3		1 / 1
Dagmar Mühlenfeld	2 / 2					
Peter Ottmann	2 / 2			2 / 2	1 / 1	
Dagmar Paasch	3 / 3		1 / 1			1 / 1
Günther Schartz	5 / 5					
Dr. Erhard Schipporeit	7 / 7		4 / 4			

1 Werner Brandt attended meetings of the Audit Committee as a guest.

Attendance at meetings in fiscal 2021 by Supervisory Board member	Supervisory Board	Executive Committee	Audit Committee	Personnel Affairs Committee	Nomination Committee	Strategy and Sustainability Committee
Dirk Schumacher	3/3	1/1				
Dr. Wolfgang Schüssel	2/2			2/2		
Ullrich Sierau	7/7		4/4			
Hauke Stars	5/5			1/1	2/2	
Helle Valentin	5/5					2/2
Dr. Andreas Wagner	3/3					
Marion Weckes	7/7		3/3			
Leonhard Zubrowski	4/4			2/2		1/1

Conflicts of interest. The members of the Supervisory Board are obliged by law and the German Corporate Governance Code to immediately disclose any conflicts of interest they have. We were not notified of any such conflict in fiscal 2021.

Financial statements for fiscal 2021. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) audited and issued an unqualified auditor's opinion on the 2021 financial statements of RWE AG, which were prepared by the Executive Board in compliance with the German Commercial Code, the financial statements of the Group prepared pursuant to Section 315a of the German Commercial Code in compliance with International Financial Reporting Standards (IFRS) as well as the combined review of operations for RWE AG and the Group including the accounts. The opinion was signed by the auditors in charge, Markus Dittmann and Aissata Touré. In addition, PwC subjected the Non-financial Report to a limited assurance audit and found that the Executive Board had established an appropriate early risk detection system. The company had been elected independent auditor by the 2021 Annual General Meeting. Thereafter, the Supervisory Board had commissioned it to audit the aforementioned financial statements and reports.

The 2021 Annual Report and the audit reports as well as documents supporting the annual financial statements were submitted to the members of the Supervisory Board in good time. Furthermore, the Executive Board commented on the documents at the Supervisory Board's balance sheet meeting of 9 March 2022. The independent auditors reported in this session on the material results of the audit and were available to provide supplementary information. The Audit Committee had previously concerned itself in depth with the financial statements of RWE AG, the consolidated financial statements, as well as audit reports during its meeting on the preceding day, with the auditors present. It recommended that the Supervisory Board approve the financial statements as well as the appropriation of distributable profit proposed by the Executive Board. The financial statements of RWE AG, the consolidated financial statements, the combined review of operations, the Executive Board's proposal regarding the appropriation of distributable profit, and the Non-financial Report were reviewed by the Supervisory Board. The corporate body did not raise any objections as a result of this review. As recommended by the Audit Committee, the Supervisory Board endorsed the findings of the audits of the financial statements of RWE AG and the consolidated financial statements and approved both financial statements. The 2021 annual financial statements are therefore adopted. The Supervisory Board concurs with the Executive Board's proposal regarding the appropriation of profits, which envisages paying a dividend of €0.90 per share.

Success and solidarity: A big thank you to everyone at RWE. Anyone who sets off on a major journey needs motivated people who have their sights set firmly on the destination and are also capable of reaching it. Without a doubt, this applies to RWE. The past fiscal year showed that our company can rely on the expertise and dedication of its employees. Despite the coronavirus and the substantial financial loss sustained due to an unusually harsh cold snap in Texas, 2021 turned out to be a very successful year. On behalf of the Supervisory Board, I would like to express our deep-felt gratitude to the staff members who made this possible. As mentioned earlier, I was extremely impressed by how everyone pulled together and was willing to pitch in to provide the much needed assistance in the wake of the catastrophic floods in parts of western Germany. So many people made donations and rolled up their sleeves, demonstrating what it means to stand united. I have always been proud to be the Chairman of RWE's Supervisory Board. And I now have even more reason to feel this way.

Werner Brandt

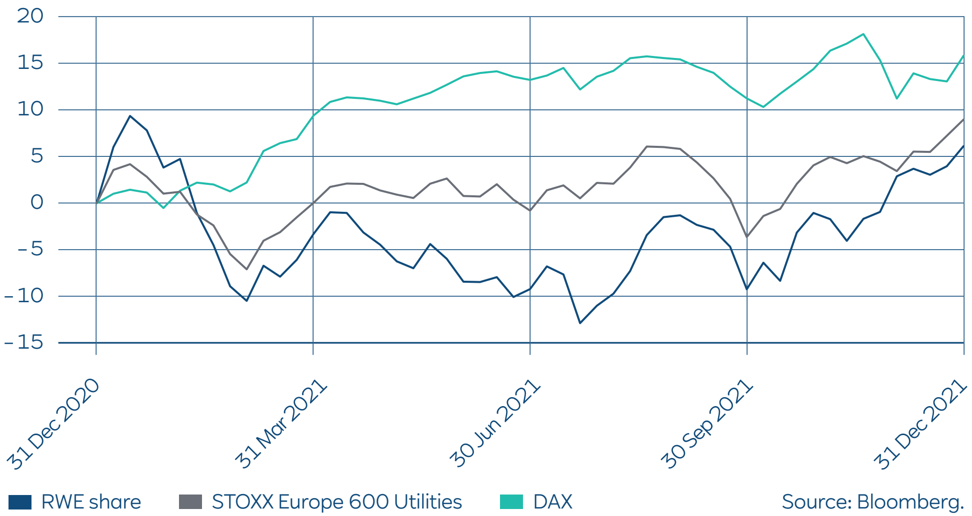
Chairman of the Supervisory Board

Essen, 9 March 2022

1.4 RWE on the capital market

Fiscal 2021 was a good year for investors in stock markets despite the continued coronavirus pandemic. Driven by a global economic upturn, the DAX repeatedly hit new all-time highs. Germany's blue chip index closed the year with a strong gain of 16 %. The RWE share was unable to match this pace, after having consistently left the DAX far behind in the four preceding years. The total return of the RWE share, made up of the change in price and the dividend, amounted to 6 %. In part, the shortfall versus the DAX is due to the fact that utility stocks often trail cyclical shares when the economy trends upwards. By contrast, we made the headlines on the debt capital market: RWE AG issued its first green bonds in 2021, raising €1.85 billion for the expansion of renewables.

Total return of the RWE share compared with the DAX and STOXX Europe 600 Utilities
% (average weekly figures)



Source: Bloomberg.

DAX up 16 % thanks to economic recovery. Although 2021 was overshadowed by the COVID-19 crisis, optimism prevailed on international stock markets. The DAX continued its course for recovery which began in 2020, climbing from one all-time high to the next. It closed the year at 15,885 points, representing a return of 16 %. The resurgence of the stock markets was driven by a marked acceleration of the economy. Certain sectors such as automotive experienced a veritable boom despite worldwide logistical problems. Share prices were also positively affected by the European Central Bank maintaining its expansionary monetary policy despite mounting inflation.

RWE share registers 6 % total return. The RWE share also posted gains, albeit smaller than those recorded by the DAX. It closed the month of December 2021 at €35.72. Taking account of the dividend of €0.85 paid in May 2021, this results in a total return of 6 % for the year. Therefore, our share was outperformed not only by the DAX but also by the STOXX Europe 600 Utilities, which registered a gain of 9 %. Financial analysts confirm the attractive earnings prospects of renewable energy companies like RWE. However, the economic upswing has resulted in a return to strong investment in cyclical stocks. In addition, some capital market participants fear that mounting competitive pressure in the renewable energy business, e. g. created by oil companies entering the market, and rising material costs, may make wind and solar projects less profitable. In February 2021, we suffered substantial financial losses due to extreme weather conditions in Texas, which also weighed on the share price. RWE stock received tailwind in November when we published our growth plans and earnings prospects for the current decade at a Capital Market Day (see pages 25 et seqq.). RWE made up for ground lost to the DAX and the sector index thereafter.

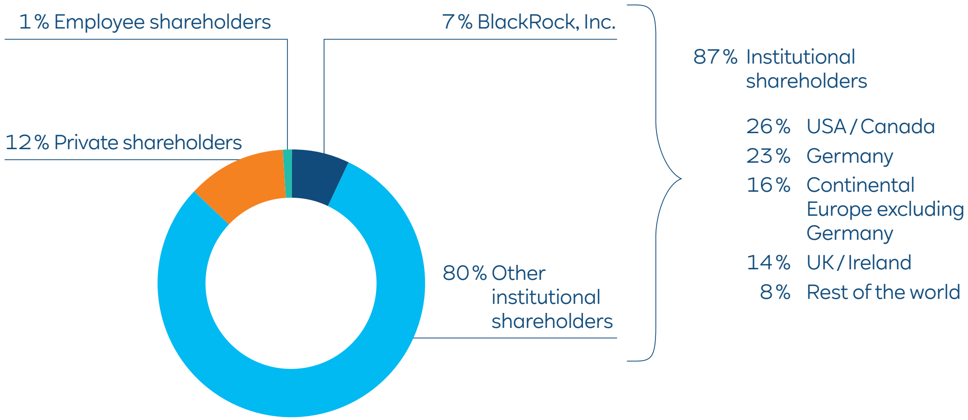
RWE share indicators[1]		2021	2020	2019	2018	2017
Earnings per share	€	1.07	1.65	13.82	0.54	3.09
Adjusted net income per share	€	2.32	1.97	–	–	2.00
Cash flows from operating activities of continuing operations per share	€	10.76	6.47	-1.59	7.50	-6.13
Dividend per share	€	0.90[2]	0.85	0.80	0.70	1.50
Dividend payment	€ million	609[2]	575	492	430	922
Share price						
End of fiscal year	€	35.72	34.57	27.35	18.97	17.00
Highest closing price	€	38.65	35.02	28.69	22.48	23.14
Lowest closing price	€	28.64	21.00	18.97	15.10	11.80
Share dividend yield[3]	%	2.5	2.5	2.9	3.7	8.8
Number of shares outstanding (annual average)	thousands	676,220	637,286	614,745	614,745	614,745
Market capitalisation at the end of the year	€ billion	24.2	23.4	16.8	11.7	10.3

1 The comparability of some of the figures for various fiscal years is limited due to changes in reporting.
2 Dividend proposal for RWE AG's 2021 fiscal year, subject to the passing of a resolution by the 28 April 2022 Annual General Meeting.
3 Ratio of the dividend per share to the share price at the end of the respective fiscal year.

Dividend of €0.90 per share proposed for past fiscal year. In view of the Group's good earnings, the Executive Board and the Supervisory Board of RWE AG will propose a dividend of €0.90 per share to the next Annual General Meeting on 28 April 2022. This is €0.05 more than last year. €0.90 is the lower limit we have set for the dividend for the coming years. In the long run, we intend to pay 50% to 60% of adjusted net income to our shareholders.

Broad international shareholder base. Based on our latest survey, at the end of 2021, an estimated 87% of the total of 676.2 million RWE shares were held by institutional investors and 13% were owned by individuals (including employees). Institutional investors from Germany owned 23% of our capital stock. This investor group accounted for 16% in the rest of Continental Europe, 14% in the United Kingdom / Ireland and 26% in North America. At the end of 2021, RWE AG's single-largest shareholder was the US asset management company BlackRock, with a stake of 7%.

Shareholder structure of RWE AG[1]



1 As of the end of 2021; percentages reflect shares in subscribed capital. Sources: RWE data and notifications from shareholders in accordance with the German Securities Trading Act.

100 % free float of the capital stock. The free float of our shares considered by Deutsche Börse in terms of index weighting was 100 % when this report went to print. Normally, shares held by investors accounting for at least a cumulative 5 % of the capital stock are not included in the free float. However, a higher threshold of 25 % applies to asset management companies like BlackRock.

Profit participation through employee shares. About 1 % of our stock is owned by our current and former staff members. German and British Group companies offer their employees the opportunity to take shares in RWE on preferential terms. Last year, 7,023 people, representing 40 % of all qualifying staff members, made use of these offers and bought a total of 312,000 shares. The preferential terms and the administration of the employee share ownership programmes led to an expense of €2.9 million.

Ticker symbols and identification numbers of the RWE share	
Reuters: Xetra	RWEG.DE
Bloomberg: Xetra	RWE GY
German Securities Identification Number	703712
International Securities Identification Number (ISIN)	DE0007037129
ADR CUSIP Number	74975E303

RWE represented on numerous stock markets. RWE shares are traded on the Frankfurt Stock Exchange and other stock exchanges in Germany, as well as via electronic platforms such as Xetra. They are also available on stock markets in the rest of Europe. In the USA, RWE is represented via a Level 1 ADR programme, under which American Depositary Receipts – or ADRs for short – are traded in place of our shares. ADRs are share certificates issued by US depositary banks, representing a certain number of a foreign company's deposited shares. Under RWE's programme, one ADR represents one share.

Ticker symbols and identification numbers of RWE green bonds

Issue date	Issue price (%)	Volume (€ million)	Maturity	Nominal interest rate (%)	German Securities Identification Number	International Securities Identification Number
11 Jun 2021	99.711	500	11 Jun 2031	0.625	A3E5VA	XS2351092478
26 Nov 2021	99.808	750	26 Nov 2028	0.500	A3MP70	XS2412044567
26 Nov 2021	99.138	600	26 Nov 2033	1.000	A3MP71	XS2412044641

RWE enters green bond market. RWE AG issued its first green bond in June 2021. The paper has a nominal volume of €500 million, a ten-year tenor and a 0.625 % coupon. Later in the year, two more green bonds were placed on the market: one with a volume of €750 million, a 0.5 % coupon and a seven-year tenor, and another with a volume of €600 million, a 1.0 % coupon and a twelve-year tenor. All three of the issuances met with keen interest among investors. Capital raised by the issuance of green bonds must be spent on projects that contribute to protecting the environment and climate. RWE's green bond policy stipulates that proceeds on issuances be spent on wind and solar farms exclusively. This is in line with the United Nations' Sustainable Development Goals. One of these objectives is to increase the share of the global energy mix accounted for by renewables. RWE's rules also comply with the generally accepted Green Bond Principles of the International Capital Market Association (ICMA). This has been certified by Sustainalytics, a prominent sustainability agency.

We have summarised the main features of our three green bonds in the above table. In addition, we have two hybrid bonds outstanding (€282 million and US$317 million) with earliest redemption dates in 2025 and 2026, respectively. A residual amount (€12.2 million) of a standard bond that matures in 2037 – which we could not fully transfer to innogy, a former subsidiary of ours acquired by E.ON, at the end of 2016 – has not been redeemed, either. Further information on outstanding RWE bonds can be found at www.rwe.com/bonds.

2

Combined review of operations

"Energy is all around us. All we have to do is harness it."

Jason Jackson, Site Operations Manager at Hickory Park (USA), RWE Renewables

2.1 Strategy

In November 2021, we informed the public about our growth and earnings targets for this decade and received very positive feedback. By 2030, we intend to invest €50 billion in renewables, battery storage, gas-fired power stations and electrolysers. Including proceeds from selling stakes in projects, we foresee net investments of €30 billion. This will double our generation capacity in these technologies to 50 GW by 2030. At the same time, we are successively phasing out electricity generated from coal and setting the stage for RWE to be carbon neutral by no later than 2040. This will not only make RWE greener, but also more profitable. Our 2030 goal is to achieve an adjusted EBITDA in our core business segments of €5 billion. This would represent an increase of around 80% compared to 2021.

Who we are and what we do. RWE is a leading international energy company headquartered in Essen, Germany, with a focus on power generation. Energy sources such as wind and solar are an increasingly important part of our business. Our core activities also include the storage of electricity and natural gas, the hydrogen business, trading of energy-related commodities and innovative energy solutions for industrial customers. We generated revenues of €24.5 billion in fiscal 2021. Our key markets are Germany, the United Kingdom, the Netherlands and the USA. In the field of renewables, we are also active in a whole host of other countries, for example in Poland, Spain, Italy, Sweden and Australia. We intend to position ourselves even more broadly geographically in our renewables business. For example, we are stepping up our efforts to win offshore wind projects in new markets such as Norway, Japan, South Korea and Taiwan.

Carbon-neutral energy – the great challenge of our time. In most industrial countries, energy policy is shaped by climate change. In the past, the main objective was to provide a reliable, affordable supply of electricity and fuel, whereas nowadays – more so than ever before – our energy consumption should not be to the detriment of the Earth's temperature. Most industrialised countries where we do business want to minimise their emissions of greenhouse gases generated by the use of fossil fuels. Over the long run, the goal is to achieve climate neutrality, i. e. a state in which humankind zeroes out its net emissions of greenhouse gases into the atmosphere. The European Union and the UK want to be climate neutral by 2050, while Germany wishes to reach this goal by 2045. Both these objectives call for the fundamental restructuring of the way in which companies and households consume energy. This transformation has many aspects. For the energy industry, the following issues need to be addressed:

- **Decarbonising electricity generation.** The energy transition is basically about abandoning electricity generation from fossil fuels and embracing renewables. Coal and natural gas are finite resources, the use of which leads to the emission of greenhouse gases. By contrast, wind, solar and hydro are energy sources which do not generate CO_2 emissions, are available in abundance and thus form the foundation for a sustainable supply of electricity and heat. The EU has set the goal of covering at least 32% of final energy consumption from renewable sources by 2030. At present, work is under way on a directive which calls for an even higher proportion of at least 40%. Numerous countries both inside and outside the EU have specific plans to phase out the use of coal and ambitiously expand renewables.

- **Creating storage and backup capacities.** Electricity generation using renewable sources depends on the weather conditions as well as the time of day and the season. Sometimes, renewables can only cover a fraction of demand, while at other times, their generation exceeds local needs so much that production actually has to be throttled. Consequently, as energy supply becomes increasingly reliant on wind and solar farms, power storage systems become ever more important for stabilising the power grids. Furthermore, we need more environmentally-friendly, flexible generation assets, which can reliably produce power when there is no wind and no sunshine. Modern gas-fired power stations that can be retrofitted to run on carbon-free fuels like hydrogen will be well-positioned for this task, once the necessary volumes of such fuels are available.

- **Replacing fossil fuels with green power.** Simply reducing emissions in the power generation sector is not enough to achieve climate neutrality. At present, over 70 % of European energy consumption is still covered by oil, coal and natural gas. Electrification – in other words switching energy consumption to electricity produced with carbon-neutral methods, e. g. by using heat pumps instead of oil and gas heating systems – also enables significant emission reductions in the manufacturing, heat and transportation sectors. Thus, over the long run, demand for electricity in our markets will expand significantly.

- **Establishing the hydrogen economy.** The economy can only be completely decarbonised if solutions are also found for applications where direct electrification is not an option. Examples of this are the production of steel and fertilisers as well as aviation and shipping. In the near future, hydrogen produced with zero-carbon methods would be a solution. Taking a longer-term perspective, using hydrogen as a storage medium will also be a key component of a climate-neutral energy system. According to the European Commission, by 2030 the EU should have electrolysers with a total capacity of at least 40 GW capable of producing 10 million metric tons of hydrogen annually. Germany is looking to expand its electrolysis capacity to 10 GW by the end of the decade, as recently announced by the new coalition government comprising the SPD, the Greens and the FDP.

We're driving the energy transition. RWE is well positioned to contribute to transforming the energy sector and the broader economy in all of the areas discussed above. And that is precisely what we are doing, by investing billions of euros in wind power, photovoltaics, battery storage and green hydrogen, phasing out coal-based generation, building environmentally friendly backup capacities and helping industrial customers optimise their energy consumption. These activities make us a driving force in the energy transition and allow us to support the countries where we do business in their efforts to achieve climate protection targets. Our commitment in this regard is reflected by our own ambitious plans: we want to be carbon neutral by 2040 at the latest, ten years earlier than the EU. Not only does this apply to our own greenhouse gas emissions (referred to as Scope 1), it also covers the upstream and downstream value chain (Scope 2 and Scope 3). We have also set ourselves ambitious goals for the current decade: by 2030, we want to reduce our emissions by 50 % (Scope 1 and 2) and 30 % (Scope 3) compared to 2019. At the Paris Climate Conference in 2015, the global community committed to limiting the increase in average global temperatures to well below two degrees Celsius compared to pre-industrial levels. Our actions are in line with this target, as was officially confirmed by the independent Science Based Targets initiative at the end of 2020. However, our ambitions do not end there. Moving forward, we have also set our sights on ensuring we adhere to the target of 1.5 degrees Celsius established at the Paris Climate Conference.

Sustainability – at the heart of our corporate culture. A sustainable business involves far more than cutting greenhouse gas emissions. Sustainability is measured in a myriad of ways. The expression is generally used in relation to the environment, society and governance (ESG). Last year, we reassessed our approach to the topic of sustainability. Working together with internal and external experts, we defined the fields of action that are of most significance to RWE and what we want to achieve in these areas. In addition to reducing greenhouse gas emissions, one of our most important environmental efforts is preserving biodiversity at the sites where we operate. In particular, this involves the recultivation of mining areas, as well as the erection, operation and decommissioning of wind farms. We want to reduce the use of natural resources and significantly boost our recycling ratio at the same time.

As a company, we take great responsibility in the communities where we do business. We want to live up to this responsibility across all our sites. In the Rhenish lignite mining region, we are acutely aware of our prime-aged employees who are losing their jobs due to the coal phaseout, and are in the process of securing socially acceptable solutions to this issue. Occupational health and safety is another key concern of ours. Our aim is to ensure that the employees at our sites leave work at the end of each day as healthy as when they arrived. We also advocate for a diverse, inclusive corporate culture. Diversity has many facets. One is gender equality when filling leadership roles within the company. In our core business, which covers all Group activities with the exception of Coal / Nuclear, the share of women in executive positions was 19 % at the end of 2021. We aim to reach 30 % by 2030.

Our mission statement 'Our energy for a sustainable life' truly encompasses our purpose as a company and confirms that sustainability is a principle that guides our actions. Our commitment in this regard is made tangible by the fact that achievement of ESG targets has a direct impact on the level of Executive Board remuneration. Further information on our ESG goals and accomplishments can be found in our Sustainability Report and in the separate Non-financial Report in accordance with Section 315b, Paragraph 3 of the German Commercial Code. The reports for fiscal 2021 will be published in April 2022 and will be accessible at www.rwe.com/responsibility-and-sustainability. Our website also has further information on how independent rating agencies assess our sustainability strategy at www.rwe.com/ratings-and-rankings.

Growing Green – our strategic roadmap to 2030. In mid-November 2021, we informed the public about the strategy and goals for our business activities during the current decade at our Capital Market Day event. An ambitious growth programme in our green core business forms the centrepiece of our strategy, which is entitled 'Growing Green'. In the 10-year period from 2021 to the end of 2030, we intend to invest approximately €50 billion in new wind farms, photovoltaic assets, battery storage, gas-fired power plants and electrolysers.

This capital expenditure will be divided up roughly four ways between Germany, the United Kingdom, the USA and our other markets. In net terms, i. e. taking into account cash flows from divestments, we expect that our investments will total around €30 billion. We will use these funds to massively expand our climate-friendly generation capabilities. Including battery storage and electrolysers, we intend to have a generation capacity of around 50 GW by 2030. This target is a pro-rata figure, meaning we state our capacity according to our shareholding ratios. In order to reach 50 GW, we will have to build approx. 25 GW. At 21 GW, the majority of this capacity will come from wind farms, solar assets and battery storage. It will be supplemented by flexible gas-fired power stations and electrolysers with a total installed capacity of 2 GW each. Our adjusted EBITDA will also rise sharply in conjunction with our generation capacities. For 2030, we project a level of €5 billion, generated solely from our green core business. By comparison, in fiscal 2021 we posted adjusted EBITDA of €2.8 billion from our core activities.

Turning to the individual components of our growth programme:

- **Offshore Wind.** We have been active in offshore wind for 20 years now, making us a world leader in this field. At the end of 2021, our offshore wind power portfolio had a total pro-rata capacity of 2.4 GW. This figure is expected to hit 8 GW by 2030. We currently operate wind farms in the coastal waters of the United Kingdom, Germany, Belgium, Sweden and Denmark. Europe is our most important region in terms of growth. Examples for this include projects such as Sofia (UK / 1,400 MW), Kaskasi (Germany / 342 MW), Thor (Denmark / 1,000 MW) and F. E. W. Baltic II (Poland / 350 MW). We are also looking to markets outside of Europe: together with local partners, we are working on offshore wind projects in the USA, Japan, Taiwan and South Korea. But we are interested in more than just regional opportunities, as we want to tap into new technological options as well. In order to realise the full potential of offshore wind, we will also be operating wind turbines on floating platforms in the future. Together with our partners, we are exploring which types of foundations are best suited for this (see page 30 et seq.). The first prototype co-engineered by RWE – the TetraSpar Demonstrator off the coast of Norway – started operating in autumn 2021.

- **Onshore Wind / Solar.** We also have more than two decades of experience in onshore wind and rank among the global leaders, with pro-rata generation capacity of 7 GW. We intend to boost this figure to 12 GW by 2030. In terms of solar, where our capacity currently stands at 0.5 GW, we are still in the start phase. However, we aim for a steep expansion curve towards 8 GW by the end of the decade. We are concentrating our onshore wind and solar efforts on North America and Europe, where we are looking to diversify geographically. For instance, we have partnered with Public Power Corporation (PPC), Greece's largest energy group, to position ourselves as a solar power producer in its home market. In the United States, we are also expanding into new territories. Evidence of this can be found at Scioto Ridge, our first wind farm in Ohio, which started operating in May 2021. Our main focus in terms of growth ventures rests on countries and market segments harbouring potential for more than one technology, e. g. for photovoltaics plus wind energy and / or electricity storage.

- **Battery storage.** Demand for electricity storage is increasing as power generation shifts to wind and solar assets. RWE has been involved in the development, construction and operation of battery storage systems for many years now. For this decade, we are targeting an installed capacity of 3 GW, compared to 47 MW in late-2021. We are currently rolling out a key battery project in Hickory Park, which is located in the south of Georgia, USA. This site will be home to a 196 MW solar farm coupled to a 40 MW battery storage system. This combination will enable electricity feed-ins into the local grid to be optimised, significantly improving the solar array's yield. Future photovoltaic projects will largely follow this approach. We are also building battery storage to provide grid services. Two examples of this are the massive batteries with storage capacities of 72 MW and 45 MW, which we are currently installing at our German power plant sites in Werne and Lingen.

- **Flexible gas-fired power plants.** The supply gap caused by the coal phaseout cannot be resolved by energy storage solutions alone. We need to build low-carbon backup capacities that can balance out the fluctuations in power generation from solar and wind. This presents growth opportunities, particularly for established power generators such as RWE. Gas-fired power plants play a key role in this regard. With an installed capacity of 14.1 GW, our fleet of gas-fired stations is the second largest in Europe, and we want to build another 2 GW of capacity by 2030. We see a need for investment in Germany in particular, where the coal exit is coinciding with the nuclear phaseout. Nevertheless, the construction of new assets in Germany involves a high degree of political and economic uncertainty, unless the plants receive guaranteed remuneration based on the Combined Heat and Power Act or via capacity auctions held by the grid operator. In one such auction, we won the right to construct a 300 MW grid stabilisation unit at our Biblis site, which is scheduled to start operation in 2022.

  The Institute of Energy Economics at the University of Cologne (EWI) estimates that Germany needs to add gas-fired plants with a total capacity of 23 GW by 2030 if the country is set on phasing out coal over that same period. We are prepared to play our part. Not only does RWE have the necessary expertise, it also has a number of favourably situated sites. That said, we can only make these investments if the necessary incentives are provided for, which could include capacity payments for example. New assets would then receive remuneration for being online and thus ensuring security of supply. This would ensure economic viability even with low capacity utilisation. Furthermore, conditions must be in place for us to operate our gas-fired power stations using green hydrogen over the longer term. We are planning the necessary retrofits for our existing gas-fired assets and have already finalised the relevant strategies. Power plants that do not run on hydrogen, could separate CO_2 from the flue gas and store it underground. For political reasons, however, this option can only be considered outside Germany for the time being.

- **Hydrogen.** The hydrogen economy is a crucial part of the energy transition and a perfect complement to our business model. We want to be active along the entire value chain, from green electricity generation and hydrogen production by electrolysis to hydrogen trading and storage and the conclusion of individual supply agreements with major industrial customers. Our regional focus in these activities is on Germany, the United Kingdom and the Netherlands. In recent years, we have forged a range of partnerships with businesses and research institutes seeking to work closely with us to develop a comprehensive hydrogen infrastructure. Noteworthy projects include the German initiatives GET H2 and AquaVentus, the Dutch projects Eemshydrogen and NorthH2 and our partnership with Shell, which was formed at the end of 2021. At present, we are participating in around 30 hydrogen projects. By 2030, we intend on developing electrolysis capacities totalling 2 GW. We are designing facilities that allow for industrial-scale production. Examples of this include the three electrolysers slated to start production at the Lingen power station in the period from 2024 to 2026. With capacities of 100 MW each, these units will be among the largest of their kind in Europe. More information on our hydrogen strategy and our major projects can be found at www.rwe.com/hydrogen.

Energy trading and customer solutions. In addition to power generation, we are also focused on energy trading as one of our core competencies. It is managed by the Group company RWE Supply & Trading, which acts as our window into the energy markets. Around 200 RWE specialists trade electricity, fuel and emission rights around the clock. RWE Supply & Trading also markets the electricity from our power stations and procures the fuel and emission allowances required to produce it. The objective here is to limit price risks. On top of that, the company is in charge of the commercial optimisation of our power plant dispatch, the earnings of which go to our generation companies. Companies outside of the RWE Group can also benefit from the expertise of our trading subsidiary. They are offered a wide range of products and services, running the gamut from traditional energy supply contracts and comprehensive energy management solutions to sophisticated risk management concepts.

Above and beyond this, RWE Supply & Trading has established itself as an intermediary for pipeline gas and liquefied natural gas (LNG). Thus, in addition to meeting the needs of our Group companies, it also serves numerous industrial customers around the world. To this end, it enters into long-term supply agreements with producers, organises gas transportation by booking pipelines or LNG tankers and optimises the timing of deliveries using leased gas storage facilities. In this regard, the greater the size and diversification of the procurement and supply portfolios, the better the chances to commercially optimise them. The gas business also opens up opportunities for activities in the field of hydrogen. One example in this regard is the long-term partnership between RWE Supply & Trading and Australian LNG producer Woodside. We intend to purchase liquefied natural gas from Woodside as of 2025 and collaborate on investigating the potential to market hydrogen to RWE's customer base in Asia and Europe. Another example that relates to the development of the hydrogen economy is the planned Brunsbüttel LNG terminal near Hamburg, which RWE Supply & Trading is helping to realise. In future, green ammonia could also be imported to Germany via the terminal and converted into hydrogen in the port area.

Socially-acceptable phaseout of coal-fired generation. Our growth programme is flanked by a rapid coal exit. In the United Kingdom and Germany, we already phased out hard-coal-fired power generation in 2019 and 2021, respectively. We are currently only using hard coal in our Dutch stations Amer 9 and Eemshaven, where biomass is co-fired. From 2025 and 2030, respectively, we will no longer be using hard coal in these plants. For RWE, the phaseout of lignite, which is produced and turned into electricity in the Rhenish mining region to the west of Cologne, is much more complex and difficult in terms of the social ramifications. In early 2022, we still operated lignite-fired power stations with a total capacity of 7.6 GW, a third less than in 2015. This year, we will also be shutting down another 1.6 GW of capacity. Pursuant to current legislation, the last unit will go offline in 2038. However, the new German government has already announced that they are looking to accelerate the phaseout of coal in Germany and are working towards a deadline of 2030.

RWE supports the Federal government's climate protection ambitions. If it were possible to provide for the necessary framework conditions in pursuit of accelerating the coal exit, we would be able to progress more quickly on our path of reducing emissions. At the same time, this would also be associated with significant additional financial burdens for us. The present legal phaseout roadmap already presents us with tremendous challenges – from operational, financial and social standpoints. At the end of 2019, before the Coal Phaseout Act entered into force, some 10,000 people were employed in the Rhenish mining region; in 2030 less than 4,000 will work there. Although the personnel affected by job losses will receive state support, such as an adjustment allowance, we will also pay for redundancy measures ourselves. In August 2020, we concluded the 'Coal Exit' tariff agreement with ver.di, Germany's United Services Trade Union, and IG BCE, the country's Industrial Mining, Chemicals and Energy Trade Union. It defines what benefits RWE will provide above and beyond the state-guaranteed payments. Early retirement plans will apply to most of those affected. Younger employees will be reassigned to new positions within the Group, or – where that is not possible – will be offered severance packages.

Our responsibility to the people in the Rhenish coal region does not end at the factory gates: we want to do our part to ensure that the region remains structurally resilient and integrated within the energy sector, despite the coal phaseout. By 2030, we want to invest €4 billion in renewables, gas-fired power plants and electrolysers in North Rhine-Westphalia, with no less than 500 MW of wind and solar capacities being built in the Rhenish region alone. Some recultivated land is very well suited for these plans, and three RWE wind farms are already located there. We also want to further develop our power plant sites. For example, there are plans to build an innovation, technology and commercial park in Frimmersdorf and the surrounding area. At the Weisweiler site, within the scope of an EU project, we are looking into the possibility of capturing geothermal heat, which could be fed into the district heating network of the greater Aachen area. In addition, we are researching power-to-gas technology at the Niederaussem Innovation Centre. This is where, since 2013, we have used hydrogen and carbon dioxide made by electrolysis to produce fuel and feedstock for the chemical industry for research purposes.

Nuclear power: Our focus is on safe and efficient decommissioning. Germany's phaseout of nuclear power will soon be completed. RWE's Gundremmingen C power plant and two units belonging to other companies were taken offline at the end of 2021, leaving just three regional sites to produce electricity, of which one is run by RWE. At the end of 2022, these will also cease generation. After that, our nuclear power operations will be focused exclusively on the safe and efficient decommissioning of the plants. Moreover, we are making efforts to ensure that the sites continue to be used for energy-related purposes, as illustrated by the example of the grid stabilisation unit at Biblis.

RWE AG's management system. Our management system is geared towards sustainable growth that creates value and is based on RWE's strategic guidelines. To determine these guidelines, we analyse the market environment and competitiveness of our segment activities, identify growth potential and weigh up the opportunities and risks involved. Which projects are ultimately realised is at the discretion of the management of the Group company concerned. Larger investments are approved by the Executive Board of RWE AG. It also determines the allocation of capital, the long-term portfolio development and the type of financing.

To operationally manage the Group's activities, RWE AG deploys a groupwide planning and controlling system, which ensures that resources are used efficiently, and provides timely, detailed insight into the current and prospective development of the company's assets, financial position and net earnings. Based on the targets set by the Executive Board and management's expectations regarding the development of the business, once a year we formulate our medium-term and long-term plans, in which we forecast the development of key financial indicators. The medium-term plan contains the budget figures for the following fiscal year and planned figures for the two years thereafter. The Executive Board submits the plan to the Supervisory Board, which reviews and approves it. During the respective current fiscal year, we produce internal forecasts based on the budget. Members of the Executive Board of RWE AG and the main operating companies meet regularly to analyse the interim and annual financial statements and update the forecasts. In the event that the forecast figures deviate significantly from the budget figures during a fiscal year, we analyse the underlying reasons and take countermeasures if necessary. We also immediately notify the capital market if published forecasts need to be modified.

Key earnings indicators. Among other things, we use key earnings indicators such as EBITDA, EBIT and net income to manage our business; however, we adjust these indicators by removing special items. EBITDA is defined as earnings before interest, taxes, depreciation and amortisation. In order to improve its explanatory power in relation to the development of ordinary activities, we remove non-operating or aperiodic effects and present these in the non-operating result. This applies to capital gains or losses, temporary effects from the fair valuation of derivatives, goodwill impairments and other material special items. Subtracting operating depreciation and amortisation from adjusted EBITDA yields adjusted EBIT. Adjusted net income is another key operating indicator for us. We calculate it by correcting net income to exclude the non-operating result, and material special items in the financial result. Instead of the actual tax rate, which reflects one-off effects, we apply the budgeted rates of 15 % (until 2022) and 20 % (from 2023), which we have derived in consideration of the earnings in our core markets, the tax rates applicable there and the utilisation of loss carryforwards.

Expected minimum return on investments. We primarily use the internal rate of return (IRR) to evaluate the attractiveness of investment projects. We only undertake projects if – at the time of the investment decision – the expected IRR stays within a defined minimum threshold, which is determined on the basis of the weighted average cost of capital (WACC). The WACC is augmented with project-specific risk premiums, which usually range from 100 to 300 basis points, depending on the technology or region. Using this approach, we have set lower limits which vary from 5 % to 9 % for offshore wind projects. Minimum returns of 4 % to 7 % are applied to projects involving the construction of onshore wind farms, solar assets or batteries in Europe or the USA. The thresholds for new gas-fired power plants or hydrogen activities are set between 6 % and 11 %.

Safeguarding our financial strength and creditworthiness. The RWE Group's financial position is analysed using cash flows from operating activities, amongst other things. We also attach special importance to the development of free cash flow, which is derived by deducting capital expenditure from cash flows from operating activities and adding proceeds from divestments and asset disposals. Net debt is another indicator of RWE's financial strength: it is calculated by adding provisions for pensions and similar obligations, for the dismantling of wind farms and for nuclear waste management to RWE's net financial position. Conversely, mining provisions, our 15 % stake in E.ON and compensation for the German lignite exit, as confirmed by the German government, are disregarded.

In managing our indebtedness, we orientate ourselves towards the leverage factor, i. e. the ratio of net debt to adjusted EBITDA in our core business. Given that we recorded positive net assets rather than net debt as of 31 December 2021, the leverage factor was below zero. For the coming years, we expect net debt to trend upward, as we will partially finance our growth investments with debt capital. Over the medium term, however the leverage factor should not exceed 3.0, as we wish to maintain our financial flexibility. For the period after 2025 we believe that an upper limit of 3.5 is reasonable, as the expansion of renewables will enhance our financial stability and our political risk exposure will decline with the gradual phaseout of coal-based power generation.

Attractive dividend of at least €0.90 per share. Despite the significant funds needed for capital expenditure, RWE will remain an attractive dividend stock in the future. We will propose a dividend of €0.90 per share to the Annual General Meeting on 28 April 2022 for fiscal 2021. This will also constitute the minimum payout for the coming years. Over the long term, we plan to distribute 50 % to 60 % of adjusted net income to our shareholders.

2.2 Innovation

The success of the energy transition doesn't simply hinge on the dedication with which we implement it. It is also the degree of innovation deployed to fuel these strategies that is decisive. Whether it's expanding renewable energy capacities, transitioning to a hydrogen economy or opting for environmentally friendly carbon recycling methods, technical challenges lurk behind every turn, waiting for solutions to address them. In 2021, RWE worked on close to 200 research and development projects in collaboration with partners from industry and science. All these projects share one common goal: to overcome hurdles on the road to an environmentally friendly, stable and sustainable energy world.

Solutions for a sustainable energy system. RWE is innovative in many ways. We are motivated both by a desire to remain competitive in an ever-changing environment as well as a passion to be a driving force of this change. Our innovation projects are dedicated to developing solutions that help us advance the utilisation of renewable energy, expand electricity storage and become involved in large-scale hydrogen production. We also want to help build a circular economy in which sensible use is made of carbon dioxide.

Our more than 964 patents and patent applications, based on about 241 inventions, speak volumes about RWE's capability for innovation. The Group's various activities in the field of research and development (R&D) are also testimony for this expertise. Last year, we worked on 196 R&D projects. Around 400 RWE employees were solely dedicated to these activities or contributed to them in addition to performing their normal tasks. Such ventures often entail working with other companies or research institutions and we could not implement many of these projects without their valuable insights. These collaborations are also financially advantageous, as costs are shouldered by many stakeholders. This limits operating R&D spending, which in 2021 amounted to €22 million (previous year: €20 million).

On the following pages, we present a small selection of our current innovation projects. They illustrate the breadth and variety of the challenges we face in light of the energy transition and demonstrate the creativity with which we are tackling these issues.

How we are using new technologies for offshore wind expansion. There are currently 170 offshore wind farms operating around the world. All are located in shallow coastal waters with turbines firmly anchored to the seabed. Coastal regions with greater water depths have – until recently – been off-limits to offshore wind farms. After all, the deeper the water, the more expensive the foundation. Wind power projects generally become uneconomical at depths of over 60 metres. According to WindEurope, the European wind industry association, in about 80% of all coastal sea areas where wind speeds are suitable for electricity generation, the ocean is simply too deep for conventional foundation designs. However, in order to harness the potential of wind energy more effectively, companies are turning their efforts to concepts for floating wind turbines. The units are mounted on floating platforms made of steel or concrete, which are secured to the seabed using mooring lines and anchors. This opens up the possibility of deploying wind turbines in deeper waters, e.g. coastal areas in Asia, the Americas and the Mediterranean region as well as in parts of the North Sea. RWE has taken a leading role in the development of these new foundations. We are currently involved in three demonstration projects, researching the pros and cons of the various floating foundations. Our aim is to identify which technology is the most viable for the respective wind power initiative.

The **DemoSATH** project is a partnership with Spanish company Saitec Offshore Technologies that aims to develop and construct a floating platform for a 2 MW wind turbine. The project relies on Saitec's SATH (swinging around twin hull) technology, which is a catamaran-like floating platform made of tensioned concrete elements. This design allows the floating platform to rotate freely around a single point of mooring, depending on wind and wave directions. We have commissioned a prototype, DemoSATH, which will be assembled on a quayside in the port of Bilbao, in northern Spain. Once complete, tugs will move the floating wind turbine to a mooring point three kilometres from the Basque coast, where it will start generating electricity before the end of the year.

The **New England Aqua Ventus** project is a collaboration with the University of Maine and Diamond Offshore Wind, a subsidiary of Mitsubishi Corporation. The unit will feature a technology developed by the University of Maine, where the floating platform consists of modular concrete components with glued joints – a construction technique seen in bridges. We aim to have built an 11 MW prototype by 2024, which will be deployed in the Gulf of Maine on the eastern coast of the USA. This testing process will provide us with valuable technical learnings, as well as helping us to understand how best to limit potential for friction between the plant and local fisheries.

TetraSpar Demonstrator is our most advanced project. It is a collaboration with Shell, Japanese utility TEPCO and Danish company Stiesdal Offshore Technologies, and involves a floating platform comprising two sections that are cost-effectively prefabricated across various locations. A keel below the platform is used to keep the steel top section stable in the water – similar to a ship. We assembled the sections in the Port of Grenaa in Denmark. A 3.6 MW wind turbine was then mounted on the floating platform. In summer 2021, we towed the structure to a test site 10 kilometres off the Norwegian coast, near Stavanger. Once on site, it was attached to the seabed 200 metres below using mooring lines and anchor chains, before being connected to the Norwegian power grid. The floating turbine has been operating since November. We have fitted a number of sensors to measure whether real-life performance matches up to forecasts created using calculations and tests.

How we are improving the sustainability of wind power facilities. In essence, a wind turbine consists of a tower, a nacelle and three rotor blades. To ensure it doesn't just produce green electricity but is also entirely environmentally friendly, a turbine should be completely recyclable once it reaches the end of its service life. Although tried-and-tested recycling methods for the tower and components of the nacelle already exist, it's a different story when it comes to the rotor blades. These components are made using composite materials that are almost impossible to separate, due to the glass fibre-reinforced epoxy resin that becomes completely solid once hardened. In a ground-breaking project, we are now helping to identify end-to-end recycling solutions at our Kaskasi wind farm, off the coast of Heligoland. A number of the 38 wind turbines being erected there this year will be fitted with special recyclable rotor blades. Our supplier Siemens Gamesa is manufacturing them using a new type of resin with a chemical structure that allows for the different materials to be separated, preserving their properties. This makes it possible to reuse the individual components once the rotor blade has reached the end of its lifetime. We will test these sustainable rotor blades in real-life settings over the coming years. Should they prove effective, then resin solutions of this nature could become standard for future RWE wind farms.

How we are forging ahead with green hydrogen production. Zero-carbon hydrogen has the potential to be used for multiple processes within the context of the energy transition. Not only is it suitable for storing electricity, it could also be used to decarbonise industrial processes and modes of transport that either cannot be electrified or where electrification has proven to be prohibitively expensive or arduous. Most of our hydrogen projects focus on decarbonising industrial applications. RWE is working with partners on around 30 such initiatives with a geographical focus on Germany, the Netherlands and the United Kingdom. Several have a good chance of being classified as 'Important Projects of Common European Interest' (IPCEI) by the EU. This means they would qualify for national subsidies. Our HyTechHafen Rostock project as well as parts of the GET H2 and AquaVentus collaborative initiatives backed by RWE all made it onto the shortlist of the Federal Ministry of Economics. In the following pages, we will take a closer look at the undertakings.

GET H2 was launched in 2019, making it one of the first hydrogen initiatives involving several industries in Germany. A host of companies and scientific institutions including RWE, BASF, BP, Evonik, Nowega, OGE and ThyssenGas are participating in the project. GET H2 spans the entire hydrogen value chain, from production and transport to industrial usage. The long-term objective is to build a nationwide hydrogen infrastructure in Germany. As part of the initiative, we joined forces with four partners at our Lingen power plant in 2020 to launch the GET H2 Nukleus project. By 2026, three electrolysis plants are to be built on site, each with a capacity of 100 MW. The aim is to use electrolysis technology on a larger scale to bring it to series production and unlock cost cutting potential. The green hydrogen produced in Lingen will be transported using repurposed natural gas pipelines to the northern Ruhr region, where it will be used in the BP refinery in Gelsenkirchen. This would form the heart of the public hydrogen infrastructure. The IPCEI funding application also envisages that the hydrogen grid be expanded towards Salzgitter, Duisburg, and the Netherlands. Furthermore, the first German H_2 cavern storage facility is expected to be connected to the hydrogen grid in Gronau-Epe.

Another initiative with substantial potential is **AquaVentus**. The idea behind it is to produce hydrogen at sea using electricity from offshore wind farms and transport it via pipelines to demand hotspots on land. The island of Heligoland will act as a hub. In a first step, the plan is to transport the hydrogen there via pipelines to cover demand on the island itself. Once production volumes increase, hydrogen in ever greater volumes will then be forwarded to the mainland, initially by tanker and later via a collector pipeline. Our AquaVentus partners include the island of Heligoland, Gascade, Gasunie, Shell and Siemens. A pilot project is being conducted to build two 14 MW wind turbines in the coastal waters of Heligoland and integrate an electrolyser in each of their bases. If the project stays on schedule, the turbines could become operational in 2026. But this is only the beginning. By 2035, electrolysers with a total capacity of 10 GW could be installed in the North Sea. This would be enough to produce up to 1 million metric tons of green hydrogen every year.

Our **HyTechHafen Rostock** project is dedicated to harnessing the potentials of the port of Rostock as a promising location for the hydrogen economy, not least due to its industrial infrastructure. Together with our partners, port operator Rostock Port and energy providers RheinEnergie and EnBW, we will initially focus on constructing 100 MW of electrolysis capacity. The unit will be built next to a power plant operated by RheinEnergie and EnBW in the vicinity of the port and the green hydrogen generated on site will be delivered to local industrial customers via pipelines. Going forward, the infrastructure could also be used for road, rail and sea traffic. If the project stays on schedule and the framework is suitable, the port area could one day boast up to 1 GW of electrolysis capacity, as the site grows to become a hydrogen hub.

How we are preparing to generate electricity with green hydrogen. The more we rely on wind and solar power for our electricity supply, the more crucial it will be to have ample energy storage facilities to ensure a reliable, weather-independent supply of electricity that satisfies demand. Battery-based solutions and green hydrogen for electricity generation are promising concepts. This is why we want to build flexible gas-fired power stations with a total capacity of 2 GW as part of our 'Growing Green' strategy. In the long-term, the plants will run on green hydrogen, once supplies are sufficient. To improve the technical conditions for this, we have joined forces with one of the world's leading turbine manufacturers, Kawasaki Heavy Industries. The aim of this partnership is to trial a hydrogen-capable gas turbine. It is due to be built at our Lingen power plant, have a capacity of 34 MW and become operational in 2024. The turbine will be the largest gas turbine in the world that can be operated using 100 % H_2. It would also be possible to use the turbine to co-fire natural gas and hydrogen in any desired ratio. This flexibility is a massive plus, for as long as the hydrogen industry is in its infancy, the average available volume of H_2 will probably not suffice to exploit the turbine's capacity to the desired extent.

What we are doing to support carbon-neutral economic cycles. Many experts believe that human intervention in the climate can only be limited effectively if the global economic system successfully makes the shift to closed carbon cycles. Ideally, only as much carbon enters the atmosphere, by way of greenhouse gas emissions such as CO_2 or methane, as is bound by other processes at the same time. The transition to a circular carbon economy is a Herculean task, that hinges on innovation. For more than ten years now, RWE has been developing techniques that use CO_2 in an ecologically meaningful way. Within the context of this work, we collaborate with universities and research institutes, with whom we seek to contribute to the creation of the necessary technical and systemic conditions for carbon-neutral economic cycles.

A key process in transitioning to the circular carbon economy is thermal conversion. Here, heat is applied to carbonaceous materials, converting them into synthesis gas, which largely consists of hydrogen and carbon and can be used as a basic raw material in the production of fuels, plastics and fine chemicals. At the RWE Niederaussem Innovation Centre, we are dedicated to developing a high-temperature process to thermally convert different materials, and thus reuse basic resources in manufacturing. We have partnered with the Fraunhofer Institute for Environmental, Safety and Energy Technology (Fraunhofer UMSICHT) and Bochum Ruhr University for this purpose.

In mid-2021, we took a **multi-fuel-conversion plant** online in Niederaussem, which we intend to use to test whether phosphorus can be reclaimed from sewage sludge using high-temperature conversion. The process works as follows: by heating the sewage sludge to up to 1,500 degrees Celsius, we achieve gasification of the phosphorus, hydrogen and carbon contained therein. The phosphorus can then be separated from this gas and used to produce fertiliser, for example. Additional process steps can then be taken to convert the remaining gas mixture of hydrogen and carbon back into chemical raw materials or fuels. We should have the first test results back by late-2022. However, the potential of the multi-fuel-conversion technology is by no means likely to be exhausted. In future, we also want to apply this technology to other waste streams and biomass.

Another project dedicated to the use of carbonaceous waste materials launched in June 2021. The **NRW-Revier-Power-to-BioJetFuel** study we are conducting together with BP Europe and the Jülich Research Centre is assessing the prerequisites for manufacturing carbon-neutral aviation fuel on an industrial scale. This research focuses on questions such as: 'What kind of regulatory framework is necessary to ensure the economic viability of plans to operate a demonstration plant for deriving synthetic fuels from alternative carbon sources (e.g. sewage sludge, biomass or power plant flue gas) at an RWE site in the Rhenish region?' We are also determining to what extent the resulting fuels could be further processed and used for industry in the Ruhr region. If the results are promising, project development for the construction of a demonstration plant could start as early as this year.

2.3 Business environment

All signs point to more stringent climate protection measures in Europe. Last year, the EU upped its greenhouse gas reduction goal for 2030 from 40 % to 55 %. The baseline year is 1990. Germany has set its sights even higher: the largest economy in Europe has increased its target from 55 % to 65 %. We welcome this change, as it encourages the rapid expansion of renewable energy. The economic environment also presents us with opportunities. Soaring natural gas and emission allowance prices have caused prices on electricity markets to skyrocket. This favours climate-friendly generation assets in particular. Given that most of our power production had already been sold forward, the increased price levels had little impact on our earnings in 2021. In 2022, however, we expect margins to improve notably.

Regulatory environment

Emission reduction target for 2030: EU adopts stricter benchmark of 55 %. The European climate law came into force on 29 July 2021, under which the EU and its member states are obligated to decrease their net greenhouse gas emissions to zero by 2050. There had been some initial disagreement, in particular with regard to the emission reduction goal for 2030. The Commission had suggested an increase from 40 % to 55 % versus 1990. The European Council (Council of Ministers) had also voted in favour of this change, while the European Parliament had backed a reduction of as much as 60 %. Following a number of trilateral meetings, representatives of the individual institutions ultimately agreed on 55 %. They also approved the formation of a panel known as the European Scientific Advisory Board on Climate Change. The 15 senior scientific experts on this advisory board will be responsible for delivering a greenhouse gas budget, which can be used to determine an intermediate target for 2040.

The European Commission specified the instruments that would be necessary to achieve its new climate protection target for 2030 in the ‘Fit for 55’ legislative package. The package was made public on 14 July 2021, and includes proposals for a number of measures that will, for example, improve energy efficiency, cut carbon emissions in transport, construction and agriculture, bring the taxation of energy products in line with current objectives, expand natural carbon sinks and cushion the social implications of climate protection. Renewables are due to be scaled up rapidly and should cover at least 40 % of primary energy consumption in the EU by 2030. A goal which, until now, had been set at 32 %. Furthermore, the Commission wants to adapt the EU Emissions Trading System (ETS). The aim here is to decrease the total number of emission allowances placed on the market. At present, companies in the energy, industry and aviation sectors are participating in the ETS. In future, there is likely to be a similar system for heating and all other transport. In addition, the Commission plans to introduce a carbon border adjustment mechanism to ensure products manufactured in the EU are not subjected to higher carbon prices than imports. This is to prevent domestic companies suffering a competitive disadvantage and thus relocating their production sites to countries outside the EU. The ‘Fit for 55’ package is being debated by member states and in the European Parliament. Draft laws have already been submitted for most of the legislative initiatives. However, Parliament and the Council of Ministers are expected to go through a lengthy process to establish their positions and reach an agreement.

EU taxonomy: Commission defines conditions for ‘green’ economic activity. In a delegated act published in mid-2021, the European Commission defined technical screening criteria to determine whether economic activity is mitigating or adapting to climate change. Most renewable energy assets are likely to meet the criteria. The act formalises the provisions of the Taxonomy Regulation, introduced by the European Parliament and the Council of Ministers in mid-2020. The Regulation is designed as a tool to help determine when to classify economic activity as sustainable. The EU is taking this stance to improve transparency for investors and channel capital flows into environmentally friendly activities.

To be recognised as taxonomy-aligned, an economic activity must contribute to at least one of the following environmental objectives, without significantly harming any of the others: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control and (6) protection and restoration of biodiversity and ecosystems. The Commission's first delegated act was concerned with defining the criteria for the first two objectives, with the remaining targets to be delivered over the course of the coming year.

In February 2022, the Commission passed a supplementary delegated act which formalises the taxonomy criteria for new gas and nuclear power stations. It states that gas-fired power plants which are approved before 2030, can be classed as sustainable even if they exceed the upper emissions limit of 100 g CO_2 / kWh, provided they replace more carbon-intensive assets and are fully operated using climate-friendly gases like hydrogen no later than 2036. There will also be a cap on CO_2 emissions. The act mentions two upper limits, of which one has to be complied with, namely 270 g CO_2 / kWh or – alternatively – 550 kg CO_2 / kW as an annual average over a period of 20 years. The standards imposed are ambitious, but can be met given the right framework conditions. These include the rapid expansion of hydrogen infrastructure. The delegated act does not require formal approval from the European Parliament or Council of Ministers. However, both authorities have veto powers: they can reject an act entirely within six months of its passage by the Commission.

The Taxonomy Regulation has also introduced new transparency obligations. Players on the financial market, e. g. investment funds that label a financial product as environmentally sustainable, now have to disclose the share of green assets in their portfolio. Listed companies will also have to observe stricter disclosure requirements. Under the new requirements, businesses that are already obliged to prepare non-financial reports will now have to disclose what percentage of their capital expenditure, revenue and operational expenditure are classed as sustainable in accordance with EU taxonomy regulations. This obligation applies to all annual reports published on or after 1 January 2022.

In the first year of reporting, companies are allowed to follow a simplified process, whereby disclosure is limited to whether taxonomy criteria exist for a given economic activity and not whether the applicable conditions for said activity have been met. Activities for which taxonomy criteria exist are classed as 'taxonomy-eligible'. Up to 88 % of our capital expenditure in 2021 met this requirement. It should be noted that taxonomy-relevant capital expenditure (€6.0 billion) is not defined in the same way as the figure shown on pages 58 et seq. (€3.8 billion) and also cover, for example, additions from mergers of companies. In the past year, 18 % of revenue (€24.5 billion) was taxonomy-eligible along with 25 % of operational expenditure (€1.6 billion). From 1 January 2023, we will report what percentage of our economic activities actually meet the technical screening criteria and is thus considered 'taxonomy-aligned'. We have set ourselves the target of ensuring that more than 90 % of our investments are dedicated to such activities in future.

New climate law: Germany seeks to become carbon neutral by 2045. On 24 June 2021, the German Upper House passed a reform of the climate law, imposing a stricter greenhouse gas reduction target, which was greenlit by the Lower House one day later. Germany has now set its sights firmly on being carbon neutral by 2045 – five years ahead of the climate law's original schedule, drawn up in 2019. By 2030, greenhouse gas emissions are to be reduced by 65 % compared to 1990. The original target was 55 %. It is also the first time that an emission reduction target for 2040 has been set: it amounts to 88 %. The law also specifies targets for individual sectors, with the energy industry shouldering the majority of additional emissions cuts: in 2030, the sector is limited to emitting 108 million metric tons of carbon. The original emissions threshold had been set at 175 million metric tons.

These legislative amendments were seen as a reaction to a decision handed down by the German Constitutional Court and published in April 2021. The judges in Karlsruhe had found the Climate Protection Act of 2019 to be insufficient and had called for more concrete regulations for the period after 2030. They highlighted the enormous burden that irreversibly delaying considerable emission reductions would place on future generations.

How exactly these additional emission reductions will be achieved is now down to the new government coalition between Germany's Social Democrats, Greens and Free Democrats. A range of measures have already been announced, such as further expediting the phaseout of coal, which is ideally to be achieved by 2030. The German government is also looking to move up a gear in other areas, including expanding renewable capacities and scaling up the hydrogen economy.

Germany imposes stricter emissions limits for air pollutants. At the eleventh hour, Germany transposed the new EU requirements for limiting air pollutant emissions from power plants into national law. Midway through 2021, an amendment to the 13th German Emission Control Act and new co-firing requirements in the 17th German Emission Control Act entered into force, introducing more stringent limits on nitrogen oxides and mercury, in particular. To ensure compliance, we have optimised the nitrogen oxide reduction processes in all our lignite-fired power plants and equipped our three most state-of-the-art units with additional mercury removal systems. Gas-fired stations are also affected by the stricter regulations. Existing plants and those under construction are marginally compliant with the current nitrogen oxide thresholds, without having to rely on retrofits. However, future power stations must be fitted with catalytic exhaust gas purification systems, which will increase costs significantly.

German government establishes new system for nuclear phaseout compensation. The 18th Amendment to the German Nuclear Energy Act entered into force on 31 October 2021. It governs remuneration for German nuclear power plant operators impacted by the accelerated nuclear phaseout. RWE was entitled to €880 million in compensation. We received the funds at the end of November. It had been necessary to readdress the issue of remuneration in light of the German Constitutional Court's findings that the regulations drawn up in 2018 had never entered into force and were, moreover, unconstitutional. We provided additional context on this matter on page 39 of the 2020 Annual Report. The new law is flanked by an associated public-law contract between the Federal Republic of Germany and the power plant operators, which was signed by the contracting parties in March 2021.

United Kingdom launches national emissions trading system. The new British trading system for carbon emission allowances entered into force in early 2021. On 19 May, the first 6.1 million certificates (UK Allowances, or UKAs for short) were auctioned off, each entitling the holder to emit one metric ton of carbon. At £44 (€51), the price was twice as high as the lower regulatory limit. Additional auctions followed every two weeks. In 2021, around 83 million emission allowances were auctioned off in total, and around 38 million were allocated free of charge. The UK sought to establish its own emissions trading system as a result of leaving the EU. Britain has not participated in European emissions trading since the end of 2020. Until now, both systems have been kept strictly separate, i. e. it has not been possible to use EU Allowances (EUAs) in the UK nor has using UKAs been permissible in the EU. This can give rise to price discrepancies (see page 38). In addition to a number of renewable energy assets, our UK power generation portfolio includes ten gas-fired power plants with a total capacity of 7 GW. The carbon emitted by these facilities amounted to 12.8 million metric tons in 2021.

Netherlands limits use of coal in power plants. The Dutch parliament and senate have passed an amendment to the country's legislation on the Coal Phaseout Act, which places additional restrictions on the use of coal for electricity generation. Under the new law, annual CO_2 emissions from coal use may in future not exceed 35 % of the level that is theoretically possible in the respective plant. The regulation will apply from 2022 to 2024. Plant operators are to be compensated, however this is yet to be approved under state aid law by the EU Commission. RWE operates two hard coal power plants in the Netherlands, Amer 9 and Eemshaven. Amer 9 runs on 80 % biomass and is therefore not affected by the upper limit. Eemshaven, on the other hand, will be severely impacted by the law as it only uses 15 % biomass.

Poland establishes funding framework for offshore wind. The Polish government has finalised the legal framework for offshore wind farm subsidies, with the Polish parliament passing a corresponding law in January 2021. Poland intends to increase the share of renewables in its power generation portfolio to 32 % in 2030; in 2020 this figure stood at 16 %. At the moment, there are no wind farms off the coast of Poland. However, turbines with a total capacity of 10.9 GW should be in development, under construction or in operation by as early as 2027. Wind farms with a total capacity of 5.9 GW will be able to take part in the first round of subsidies. Plant operators will be awarded contracts for difference which guarantee a fixed payment for 100,000 full load hours. The maximum subsidy period is set at 25 years. RWE succeeded in securing a contract of this nature for its F. E. W. Baltic II project, on which we report in detail on page 41.

The US government plans to extend tax benefits for renewables. Shortly after his inauguration, US president Joe Biden presented an ambitious investment package to subsidise infrastructure, social care and climate protection initiatives, which envisages an extension to renewables tax benefits. New power stations are to continue to receive Production Tax Credits (PTCs) or Investment Tax Credits (ITCs). The aim is to grant PTCs in the amount of US$25 per MWh for a period of ten years, while ITCs are to account for up to 30 % of the investment costs. In future, it should be possible to subsidise hydrogen and electricity storage projects in addition to wind power and solar systems.

Before it is enshrined in law, the investment package must first pass through the Senate and the House of Representatives. The Democrats hold the necessary majorities in both houses. In November, the House of Representatives greenlit the proposal. One single Democratic senator, however, has so far prevented it from passing through the Senate. Points of contention include the overall cost of the package and individual social measures. Commentators expect a new package to be tabled, which includes tax incentives for investing in climate protection and is capable of achieving a majority in both houses. However, time is of the essence here given the pending Senate elections in November 2022. Should the Democrats lose their narrow majority, then the Republicans could block legislative proposals from the US government.

Market environment

Strong economic output in all of RWE's core markets. In 2021, global output made a strong recovery, following the economic downturn witnessed during the pandemic. Initial estimates put increased economic performance at 6 % year on year. While the USA saw a similar level of growth, the Eurozone fell behind by approximately one percentage point. In Germany and the Netherlands, our two most important markets within the currency union, current data suggests a rise of 3 % and 5 %, respectively. The UK economy is centred around the service industry and was therefore hit much harder by the pandemic. However, figures suggest the nation's economy could have since rebounded by 7 %. The global economic recovery was reflected in the significant rise in demand for commodities, which led to a notable increase in prices. There were also supply shortages and project delays, which have only affected RWE to a minimal extent so far.

German power consumption up by 3 % versus prior year. In the past year, demand for electricity has risen across all RWE markets. This was largely attributable to the economic upswing. Preliminary data from the German Association of Energy and Water Industries (BDEW) indicates that German electricity consumption was up 3 % on 2020. For the USA, experts estimate a rise of similar proportions, while the Netherlands (1 %) and the UK (2 %), will most likely have fallen short of this mark.

Low wind speeds across the majority of RWE locations. Utilisation and profitability of renewables assets are largely weather-dependent. This is why we monitor wind speeds carefully. In 2021, these were lower than the long-term average across most of our production sites in Europe and North America. A year-on-year comparison also revealed an unfavourable development: most RWE wind farms were underutilised versus 2020 due to weather conditions. Only pockets of southern Europe were able to benefit from higher wind volumes. The utilisation of run-of-river power stations depends on precipitation and melt water volumes. In Germany, where most of the RWE Group's hydroelectric plants are located, these volumes were a little below the long-term average. They were, however, higher than in 2020.

Average RWE wind farm utilisation	Onshore		Offshore	
%	2021	2020	2021	2020
Germany	17	20	35	40
United Kingdom	27	34	35	42
Netherlands	30	30	–	–
Poland	27	29	–	–
Spain	24	23	–	–
Italy	24	21	–	–
Sweden	29	33	47	56
USA	32	33	–	–

Natural gas prices skyrocket. The utilisation and earnings of our conventional power plants are heavily dependent on how electricity, fuel and emission allowance markets perform. Natural gas, our most important energy source for producing electricity, became increasingly expensive in the year under review. In the first quarter of 2021, quotations at the Dutch Title Transfer Facility (TTF), Continental Europe's lead market, were still largely priced between €15 / MWh and €20 / MWh, but by the fourth quarter they intermittently exceeded levels far above €100. In 2021, the average spot price of €48 / MWh was more than five times as high as in 2020 (€9 / MWh). This drastic price hike for natural gas is partially attributable to increased demand for energy due to the global economic upturn. In addition, colder weather across large parts of Europe meant that more gas was needed for heating compared to 2020. Geopolitical tensions and uncertainty surrounding the approval of the Russian-German Nord Stream 2 gas pipeline contributed to the price increase. Due to the aforementioned factors, forward quotations rose considerably. The 2022 forward hit a record high of well above €100 / MWh in December. On average, it was quoted at €34 / MWh. By way of comparison, in the previous year the 2021 TTF forward cost €13 / MWh on average.

Increased demand from China boosts hard coal prices. Prices for hard coal used in power plants (steam coal) also rose notably in the year under review. Deliveries to ARA ports (ARA = Amsterdam, Rotterdam, Antwerp) including freight and insurance were settled for an average of US$122 / metric ton (€104) in 2021, as opposed to US$50 / metric ton the previous year. This notable rise can, in part, be traced back to increased demand from China, where the local economy recovered quickly from the economic fallout of the pandemic. The same trend was also reflected in the development of hard coal forward prices: in the year under review, the 2022 forward (API 2 Index) was quoted at an average of US$95 / metric ton (€81). This is US$37 more than was paid for the 2021 forward in 2020.

CO_2 emissions trading: More ambitious EU climate protection target pushes prices up. An increasingly important price factor for fossil fuel-fired power plants is the procurement of CO_2 emission allowances. An EU Allowance (EUA), entitling the holder to emit one metric ton of carbon dioxide, was traded at an average of €54 in 2021 – almost twice the price in 2020. This figure is based on contracts for delivery that mature in December of the following year. Once the EUA price curve had exceeded €30 in late 2020, there was only one way things could go, and that was up. As 2021 drew to a close, allowance prices were already closing in on the €80 figure. The considerable price hikes were primarily the result of the introduction of a stricter European greenhouse gas reduction target for 2030. To meet this goal, the EU needs to vastly decrease the number of emission allowances available to companies. Many market participants anticipated this, making early purchases of EUAs. The increase in energy consumption driven by the economy contributed to the rise in prices because it also drove up greenhouse gas emissions and demand for emission allowances.

As explained on page 36, the United Kingdom launched its own CO_2 emissions trading system when it left the EU. UK Allowances (UKAs) have been traded on the secondary market since the first auction in May 2021. In the seven and a half months to the end of the year, UKAs were quoted above EUAs. The average price during this time was £57 (€67).

Surge in fuel and emissions allowance prices impacts cost of electricity. The incredible rise in the price of fuel and emission allowances shaped the trajectory of our most important wholesale electricity markets in Europe. The low wind energy output, due to poor weather, and maintenance-related outages at French nuclear power plants also came to bear to some extent. In Germany, the average annual spot price for base-load electricity more than tripled compared to 2020, rising from €30 / MWh to €97 / MWh. The changes were on a similar scale in the United Kingdom and the Netherlands, where quotations rose from £35 / MWh to £118 / MWh (€138) and from €32 / MWh to €103 / MWh, respectively. Electricity forward markets also witnessed a drastic upward curve. An average of €89 / MWh was paid for the 2022 base-load forward in Germany and the Netherlands. In the preceding year, this figure stood at €40 in both countries. The price of the British one-year forward increased from £44 / MWh to £92 / MWh (€108).

Once-in-a-century snowstorm sees electricity spot prices in Texas hit record high. The North American electricity market is geographically divided into multiple sub-systems, each of which is governed by an independent system operator. The most important market region for RWE is Texas, where most of our wind farms in the USA are connected to the grid and the system operator is the Electric Reliability Council of Texas (ERCOT). Spot prices on the ERCOT market briefly peaked at US$9,000 / MWh in February 2021 due to supply shortages and regulatory interventions. This was due to an exceptionally harsh cold spell, which led to outages at several power plants. Electricity forward prices saw no long-term effects from this event. Last year, a one-year forward contract in the ERCOT market cost on average US$37 / MWh (€31), US$7 more than in 2020. Higher natural gas prices were decisive in this regard. The more moderate electricity price level compared to Europe can be explained by the fact that gas prices in the USA remain relatively low, despite the recent hike. In addition, Texan electricity producers do not need to purchase carbon emission allowances.

Higher margins on electricity forward markets. In order to mitigate the risk of short-term sales and price fluctuations, we sell most of our electricity forward, whilst also hedging the prices for necessary fuels and emission allowances. Our revenue for the period under review was thus influenced by the conditions of forward contracts for 2021, which were concluded in previous years. These forward sales are largely conducted with a lead time of up to three years for power production in our lignite and nuclear plants, which are mainly used to cover base-load needs. On average, we were able to achieve higher prices and margins from these assets for 2021 than for 2020. Sales of electricity from our gas-fired stations were subject to a shorter lead time. Margins realised from these transactions were higher than the previous year. A portion of our renewables portfolio is also subject to forward contracts.

We do, however, still sell some of the generated power at spot market prices valid at the time of sale. The margins we achieved for these transactions were higher than in 2020. Furthermore, price spikes on the spot market contributed to additional income from the short-term optimisation of our power plant dispatch.

The rise in the price of electricity will have a more notable impact on margins in 2022. This concerns generation assets that had not yet fully or had only partially sold their electricity forward when prices began to climb. European wind farms, in particular, where electricity revenue depends on market prices, now enjoy improved earnings forecasts. However, a portion of our conventional power plant portfolio also stands to benefit from the price trend.

2.4 Major events

In 2021, we showed just how committed we are to green growth. We secured the rights to build and operate offshore wind projects in the United Kingdom, Denmark, Poland and Germany with a capacity of up to 5 GW. Furthermore, we forged strong partnerships for joint wind and solar activities in new markets. In the hydrogen business, we formalised a partnership with Shell, which we expect to deliver substantial synergies. RWE's green transition strategy comprises the phaseout of coal-fired power. Here too, we took massive strides in 2021 by decommissioning our two remaining German hard coal-fired power stations and five lignite units. In this chapter, we present the main events that took place in 2021 and the beginning of 2022, focusing on those which are not outlined in more detail elsewhere in the review of operations.

Events in the fiscal year

RWE wins rights to develop new offshore wind power sites in the British North Sea. At an auction held in February 2021, RWE secured the rights to build wind turbines with a total capacity of 3,000 MW across two neighbouring locations in the UK North Sea. In return, we will pay an annual option fee of £82,552 / MW (plus inflation adjustment) until we make a final investment decision. The area is situated on a sandbank in shallow waters known as Dogger Bank. The Sofia wind farm is also being built in the vicinity. After the auction, an official plan-level Habitats Regulations Assessment (HRA) was initiated, which is expected to be finalised in 2022. Only after this is completed will the option fee period commence. In accordance with applicable regulations, however, we had to pay an annual fee in advance in 2021. As soon as all permits for the new wind farms have been obtained, we will participate in an auction for a subsidy contract, after which we will make a final investment decision. Then the option fee will be replaced by a much lower lease payment. If connected to the grid in time, the wind farms could be commissioned as early as the end of this decade.

The Crown Estate's tender process allocated development rights to a total of six sites on which offshore wind farms with a total capacity of up to 7,980 MW can be built. A number of the participants, which also secured option rights, submitted significantly higher bids than us. RWE will pay the lowest average annual option fee per megawatt of all successful bidders.

Danish Energy Agency awards large offshore wind project to RWE. In Denmark, we have been granted the rights to build and operate the Thor offshore wind project in the North Sea. We had taken part in an auction along with five other bidders: all participants submitted minimum bids of DKK 0.1 / MWh. On 1 December 2021, we won the auction and shortly afterwards signed a concession agreement with the Danish Energy Agency, which entitles us to build the wind farm and operate it for 30 years. Thor will be constructed about 20 kilometres off the coast of west Denmark and will be the country's largest offshore wind farm to date, with a capacity of approximately 1,000 MW. It is scheduled for full commissioning in 2027. Due to our minimum bid, we will not receive state subsidies for the electricity generated by Thor. In the early years, we will have to transfer our proceeds to the Danish government until they total DKK 2.8 billion (€377 million) plus annual inflation. We expect our investment for the wind farm and the grid connection to amount to €2.1 billion. In Denmark, RWE already operates the Rødsand 2 offshore wind farm, which is located south of the island of Lolland and has an installed capacity of 207 MW.

RWE secures two offshore wind farm sites in the German North Sea. In Germany too, we laid the groundwork for new offshore wind farms. Last year, we secured the usage rights to two sites in the German North Sea. We were allocated one of the sites, officially referred to as N-3.7, during an auction held by the German Network Agency in September 2021. This confers us the right to build a wind farm on site with a capacity of 225 MW. To give us the best chance of winning the auction, we submitted a zero-cent bid, which means the electricity generated by the wind farm is not subject to a minimum price guaranteed by the state. We were granted usage rights to the second site, referred to as N-3.8, following the September auction, allowing us to build a wind farm with an installed capacity of 433 MW. Originally, the winning bid had been placed by French energy group EDF, but it had to pass on the usage rights to a joint venture between Northland Power and RWE. This is because we had pre-developed the site together with our Canadian partner and therefore had a step-in right. Now we must deliver the project at the conditions in EDF's winning bid; the company submitted a zero-cent bid.

Support secured for offshore wind project in Poland. We have also made good progress in relation to our first wind energy project in the Polish Baltic Sea. In April 2021, the government in Warsaw made a preliminary commitment to subsidise our F. E. W. Baltic II project. It is envisaged that the wind farm be built on the Słupsk sandbank and have a capacity of 350 MW. It was not until January 2021 that the Polish government established the legal framework for subsidising offshore wind power. We were granted environmental clearance for F. E. W. Baltic II in December and will receive the final subsidy approval in 2022, at which time the regulator will also decide on the level of the funding. The support will be granted in the form of two-sided contracts for difference which guarantee that we receive a fixed price per megawatt hour for the generation volume of 100,000 full load hours. If the realised market price is lower than this amount, the state pays the difference. If it is higher, the operators are obliged to make a payment. The subsidy period is limited to 25 years.

RWE becomes majority shareholder in Rampion offshore wind farm. As of 1 April 2021, we acquired a 20 % interest in the UK Rampion offshore wind farm from E.ON. The purchase price was paid in December 2020. As a result of the transaction, we now own 50.1 % of the 400 MW wind farm and can consolidate it fully. The other owners are a consortium led by Macquarie (25 %) and Canadian energy group Enbridge (24.9 %). Rampion is located in the English Channel off the coast of Sussex and has been operating commercially since 2018.

TCP investor consortium acquires Rampion's grid connection. In November, investor consortium Transmission Capital Partners (TCP) purchased Rampion's grid connection, for which it paid a total of £279.5 million. The transaction included the offshore and onshore export cables as well as the substations at sea and on land. The sale was a regulatory requirement. In the United Kingdom, construction of offshore wind farms and the associated grid connection is managed under one umbrella. The grid connection must subsequently be sold to an independent third party under the supervision of UK regulator Ofgem.

Go-ahead for construction of Sofia wind farm in the North Sea. In the spring of 2021, RWE made the final investment decision to build the Sofia wind farm in the UK North Sea, one of the largest offshore wind projects in the world. We hold a 100 % stake in the project. Sofia will be located almost 200 kilometres off the coast of North East England. It will consist of 100 turbines with a total installed capacity of 1,400 MW, and will be capable of supplying green electricity to approximately 1.2 million homes in the UK. June 2021 saw the start of onshore construction, with offshore work scheduled to begin in 2023. According to current plans, Sofia is set to take its full capacity online by 2026. We will be contractually remunerated for electricity generated by the wind farm in the amount of £39.65 / MWh. This amount is based on the 2012 price level and will be subject to an upward adjustment for inflation. We anticipate investing about £3 billion in Sofia. This includes expenditure for the grid connection, which we will sell on completion.

Alliances to expand offshore wind forged. We have joined forces with foreign partners to improve our growth opportunities in the offshore wind business. The following is a brief overview of some of the most recent collaborations.

- In May 2021, we agreed with UK-based National Grid Ventures that we would jointly participate in the New York Bight seabed lease auctions. In February 2022, we secured a site in a tender process with the potential for about 3 GW in generation capacity (see page 45).
- Also in May, we signed an agreement with Equinor and Hydro to develop a wind energy project in the Sørlige Nordsjø II area in the Norwegian North Sea. The site neighbours Danish waters and has excellent wind conditions. The favourable location should allow us to sell electricity both within and outside of Norway.
- In September, we forged a further alliance with Norwegian partners. Together with NTE and Havfram, we plan to participate in auctions for floating wind farms. The Norwegian Ministry of Petroleum and Energy has earmarked an area known as Utsira Nord off the country's southern coast for this purpose. The site can accommodate wind turbines with a total capacity of up to 1.5 GW.
- Floating wind farms are also the focus of a partnership in South Korea, which we finalised with the port city of Ulsan in November. Together with our local partner, our objective is to implement projects to create up to 1.5 GW in generation capacity off the coast of the country. South Korea is aiming for 12 GW in offshore wind capacity by 2030 and wants to be climate neutral by 2050.
- In February 2022 we joined forces with Tata Power, India's largest power generator, to develop offshore wind projects along the country's 7,600-kilometre coastline. India has also set ambitious renewables expansion targets, and aims to have 30 GW in offshore capacity by 2030.

Three major US wind farms start commercial operation. We completed three onshore wind projects in the USA in 2021. In the spring, Scioto Ridge went online commercially after about two-and-a-half years of construction. It is our first wind farm in the state of Ohio and has a total capacity of 250 MW. In the summer, we completed two further large-scale wind farms: West Raymond in Texas and Cassadaga in the US state of New York. The wind farms have capacities of 240 MW and 125 MW, respectively. A total of more than €800 million was invested in the three projects.

Stakes in four Texan wind farms sold. To increase our financial strength and better balance our generation portfolio, we sold shares in four Texan wind farms: Stella (201 MW), Cranell (220 MW), East Raymond (200 MW), and West Raymond, which was mentioned earlier. The buyers are a subsidiary of Canadian energy utility Algonquin Power & Utilities and UK investor Greencoat, which took an interest of 51 % and 24 % in the wind farms. RWE is therefore only a minority shareholder but is staying on as the operator of these assets. We no longer fully consolidate them in our financial reporting and instead account for them using the equity method. The sale was agreed in December 2020 and was completed in January (Stella / Cranell / East Raymond) and August 2021 (West Raymond).

Australian Limondale solar farm is officially connected to the grid. In autumn 2021, our Limondale solar farm went online in the Australian state of New South Wales. With a capacity of 249 MW, the photovoltaic system is one of the largest in the country. It consists of approximately 872,000 solar panels, spread over a 900-hectare site. Construction started in 2018. Our capital expenditure on Limondale amounted to approximately €330 million.

RWE sets the stage to expand solar power in Greece. In October, we set up a joint venture with energy group Public Power Corporation (PPC) to realise solar projects in Greece. RWE and PPC own 51 % and 49 % of the new company, respectively. Our partner is the country's largest power utility and will contribute photovoltaic projects with up to 940 MW of capacity to the joint venture. RWE will bring a project pipeline of a similar size to the table. The undertakings are in various stages of development. Based on current plans, the first farms will be commissioned in 2023.

Belectric Group solar services business sold. In December, the Dutch energy service provider Elevion acquired parts of the Belectric Group from RWE. Assets affected by the transaction were companies in Europe and Israel which provide services relating to the construction, operation and maintenance of solar farms. Elevion is part of ČEZ, the Czech Republic's largest energy utility. Belectric's battery business remains within the RWE Group. It was transferred to RWE Battery Solutions in 2020.

RWE sells small hydropower plants to KELAG. Austrian energy utility KELAG acquired twelve French and seven Portuguese hydro assets from us, which have a total installed capacity of 62 MW (RWE's pro-rata share). We also sold a number of small wind turbines in Portugal with a combined capacity of 3 MW to KELAG. A corresponding agreement was reached at the end of 2020. We transferred the French plants in April 2021, and the Portuguese assets followed in September. KELAG is a leading hydropower producer. We currently hold a 37.9 % stake in the company.

Green light for the construction of two mega batteries in Germany. We will contribute to safeguarding security of supply in the future with two high-capacity batteries at our power plant sites in Werne and Lingen. This decision was taken in June. We expect the battery storage units to have outputs of 72 MW (Werne) and 45 MW (Lingen) as well as storage capacities of 79 MWh and 49 MWh, respectively. They are due to go online at the end of 2022. We intend to invest some €50 million in total.

Partnership with Shell on hydrogen projects. In November, we reached an agreement with Shell to intensify our collaborative efforts to build a European hydrogen economy. Working together with the British energy group, we will develop projects to produce, use and sell hydrogen. RWE and Shell are already partners in the trailblazing hydrogen projects AquaVentus in Germany (see page 32) and NorthH2 in the Netherlands. RWE and Shell intend to take the next step and initiate large-scale projects in the United Kingdom for the production of green hydrogen using offshore wind energy. The partnership also encompasses measures to decarbonise gas and biomass-fired power stations within the RWE Group. To this end, we will explore the following alternatives: carbon capture and storage as well as retrofitting stations to use environmentally friendly hydrogen.

Success in British capacity market auction. In March 2021, RWE assets totalling 6,544 MW in secured generation capacity – primarily gas-fired power stations – qualified for a payment at a capacity market auction in Great Britain. The bidding process related to the period from 1 October 2024 to 30 September 2025. Stations with a total capacity of 40.8 GW won a contract. These assets will be remunerated for being online and contributing to electricity supply in the aforementioned period. The auction cleared at £18.00 / kW (plus inflation adjustment).

Once-in-a-century Texan cold snap weighs heavily on earnings. In February 2021, an extraordinary cold front in parts of the USA curtailed energy supply substantially (see page 39). Winter storms and freezing rain forced RWE wind farms to go offline for several days. We had sold forward a portion of the generation of these assets and therefore had to conduct short-term spot purchases in order to meet our supply obligations. Due to the tight supply situation and regulatory price interventions, we had to pay up to US$9,000 / MWh for these electricity purchases. This reduced the adjusted EBITDA in the Onshore Wind / Solar segment by approximately €400 million.

Group sites affected by catastrophic floods in western Germany. In mid-July, severe weather events in parts of Germany led to disastrous floods resulting in a large number of fatalities and substantial damage to property. Rhineland-Palatinate and the south of North Rhine-Westphalia were the most devastated regions. The extreme weather also affected our company and its employees. In the Rhenish lignite mining area, water ingress at the Inden opencast mine brought production to a temporary halt. We are deeply saddened that an employee of a partner company was swept away in the floods and could not be saved despite a major rescue operation. In Erftstadt-Blessem, located near Cologne, the Erft river burst its banks, flooding a gravel pit operated by a subsidiary of RWE Power. Nearly all RWE-operated run-of-river power plants in the Eifel and on the Mosel, Saar and Ruhr rivers were forced to interrupt operations due to the floodwaters. Within a few days, however, these stations and the Inden mines were available once more. Our financial burdens resulting from the disastrous flooding will total a figure in the low two-digit million euro range. RWE provided about €2 million to an emergency relief programme, one quarter of which was donated by our staff.

RWE stops generating electricity from hard coal in Germany. In the middle of last year, our last German hard coal units, Westfalen E at Hamm (764 MW) and Ibbenbüren B (794 MW), were closed for good. At the end of 2020, we successfully participated in the first nationwide shutdown auction for hard coal-fired power plants with these assets. We received €216 million in compensation for their early decommissioning. In the first half of 2021, we were forbidden from selling electricity generated by these assets, but were obligated to keep them on standby to ensure security of supply. During this period, Westfalen E went online 13 times at the request of the transmission system operator. The station is envisaged to continue to contribute to security of supply, albeit without using hard coal. As the German Network Agency has classified the power plant as system-relevant, we will convert the generator to a rotary phase shifter to produce reactive power to maintain voltage levels, an important element in stabilising the electricity grid. Conversely, Ibbenbüren B has not been deemed to be system-relevant and will be fully decommissioned.

Further lignite-fired power stations taken offline. During the year under review we closed five 300 MW power plant units in the Rhenish lignite mining region. To comply with the German Coal Phaseout Act, we took Neurath B (294 MW), Niederaussem C (295 MW) and Weisweiler E (321 MW) offline at the end of December. The Frimmersdorf lignite power plant was shut down three months earlier. The station's last two units P (284 MW) and Q (278 MW) had been placed on security stand-by on 1 October 2017. This meant that they were forbidden by law from participating in the market, but had to remain available as a safeguard to ensure security of supply when necessary. They were shut down for good on expiry of the security stand-by period. Most employees affected by the lignite exit will retire. Younger staff members will transfer to other areas within the Group or will receive severance packages.

Gundremmingen C nuclear power station stops operating. Also at the end of 2021, we took Unit C of the Gundremmingen nuclear power plant offline. The plant was commissioned in 1984 and had a net installed capacity of 1,288 MW. Its closure and current dismantling are a result of the roadmap dictated by the German nuclear phaseout. We took Unit B of the Gundremmingen nuclear power station offline at the end of 2017. Now electricity generation at the site has stopped entirely. About 540 people were working there as of 31 December 2021. This number will likely drop to about 440 by the end of 2022. We will implement further socially acceptable redundancies in the years thereafter.

Events after the close of the fiscal year

RWE enters US offshore wind market. At the end of February 2022, we were successful in an auction of seabed leases for offshore wind sites in the New York Bight. A joint venture between RWE and National Grid Ventures secured an area for US$1.1 billion. About 3 GW of generation capacity can be built at the site, which would be capable of producing enough electricity to power 1.1 million US homes. The auction included six lease sites, with bidders only being allowed to secure one each. Every successful bid conferred the right to develop a site and participate in upcoming offtake auctions in the states of New York and New Jersey. If the project progresses as planned, our offshore wind farm in the New York Bight will be commissioned before the end of the decade.

Wind joint venture with Northland Power launched. In January 2022, RWE and Northland Power formed a joint venture for the development of wind energy projects in the German North Sea. We expect this partnership to deliver substantial synergies, resulting in cost savings in the development, construction and operation of the assets. RWE owns 51 % and our Canadian partner owns 49 % of the joint venture, which encompasses three offshore wind projects aiming to develop a total capacity of 1.3 GW. The sites of the future wind farms are located north of the island of Juist. Before forging the joint venture, we had already worked with Northland Power on two of the three projects. One project is focused on a 433 MW wind farm on a site officially called N-3.8, which we secured via a step-in right following an invitation to tender in 2021 (see page 41). The other initiative involved the construction and operation of a 420 MW wind farm, which we hope to build on the N-3.5 site. We also have a step-in right for this area, but have not exercised it yet. RWE initially only held a 15 % share of both projects and had originally developed the third joint venture project alone. It is centred around a 480 MW wind farm at the N-3.6 site, for which we also hold a step-in right which has not yet been made use of. The auctions for the sites N-3.5 and N-3.6 should be held in 2023. In the event that other companies are successful, we can exercise our step-in rights.

RWE once again successful in British capacity market auctions. Another auction, relating to the delivery period from 1 October 2025 to 30 September 2026, was held for the British capacity market on 22 February. We secured a payment for all participating RWE power stations, including two small new-builds. Altogether, these assets have a secured capacity of 6,647 MW. At £30.59 / kW per annum (plus inflation adjustment). A total of 42.4 GW in generation capacity qualified for a payment at the auction.

Huge uncertainty after Russia attacks Ukraine. Russian troops marched into Ukraine at the end of February. As an invasion under international law, it prompted outrage and consternation around the globe. Many countries including the USA, EU member states and the United Kingdom imposed economic sanctions on Russia. Uncertainty concerning commodity deliveries from Russia to Europe has caused a significant increase in gas and electricity trading quotations. In some European countries, including Germany, governments are working on measures to reduce dependency on Russian oil and gas imports. When this review of operations was prepared in early March 2022, it was impossible to predict the development of the Ukraine conflict or its consequences. Although RWE does not have business activities in Russia or Ukraine, further escalation of the conflict and discontinuation of supply relationships with Russian companies could have notable effects on our assets, liabilities, financial position and profit or loss. More detailed information can be found in the chapter entitled 'Development of risks and opportunities', which starts on page 70.

2.5 Commentary on reporting

In our financial reporting, the RWE Group is broken down into five segments, which we present in detail in this chapter. Renewable energy, gas-fired power plants, energy storage, our hydrogen business and energy trading are distributed among the first four segments. They play a key role in the energy transition and therefore make up our core business. The fifth segment covers power generation from coal and nuclear energy, which will increasingly lose importance due to legally mandated phaseout roadmaps.

Group structure features five segments. We distinguish between five segments when reporting our business performance. The first four form our core business. Our segments are defined as follows:

- **Offshore Wind:** We present our business relating to offshore wind here. It is overseen by our Group company RWE Renewables.
- **Onshore Wind / Solar:** This is the segment in which we pool our onshore wind and solar business as well as parts of our battery storage activities. Here again, responsibility lies with RWE Renewables.
- **Hydro / Biomass / Gas:** Generation from our run-of-river, pumped storage, biomass and gas power stations is pooled here. The segment also includes the Dutch Amer 9 and Eemshaven power plants, which run on biomass and hard coal, as well as individual battery storage systems. The project management and engineering consulting company RWE Technology International and our 37.9 % stake in Austrian energy utility KELAG are also allocated to this segment. The activities are overseen by RWE Generation. In addition, since 2021, this management company has been responsible for designing and implementing our hydrogen strategy.
- **Supply & Trading:** Proprietary trading of energy commodities is at the core of this segment and is overseen by RWE Supply & Trading. The company also acts as an intermediary for gas, supplies key accounts with energy, and undertakes a number of additional trading-related activities. Our German and Czech gas storage facilities also form part of this segment.
- **Coal / Nuclear:** This is where we report on the activities which are not part of our core business as their importance is declining due to the course set by the energy policy in our domestic market, Germany. First and foremost, these consist of our German electricity generation from coal and nuclear fuel as well as our lignite production in the Rhenish mining region to the west of Cologne. This is also where we report our investments in Dutch nuclear power plant operator EPZ (30 %) and Germany-based URANIT (50 %), which holds a 33 % stake in uranium enrichment specialist Urenco. Most of the aforementioned activities and investments are overseen by RWE Power. RWE Generation is responsible for our German hard coal-fired power plants; we shut down the last two stations in mid-2021.

Group companies with cross-segment tasks, such as the Group holding company RWE AG, are stated as part of the core business under the 'other, consolidation' line item. This also applies to our stakes of 25.1 % in German transmission system operator Amprion and 15 % in E.ON. However, the dividends we receive from E.ON are recognised in the financial result. Furthermore, 'other, consolidation' contains consolidation effects.

Changed recognition of tax benefits for renewables in the USA. At the start of fiscal 2021, we changed the way in which we account for tax benefits received for US wind and solar projects. Renewable energy is subsidised largely via tax credits in the USA. Furthermore, plant operators can benefit from accelerated depreciation, referred to as tax benefits. Until 2020, they were recognised in taxes on income, whereas the benefits of tax credits were considered in other operating income. For the sake of consistency, we have also been recognising tax benefits since 2021. It has a positive impact on adjusted EBITDA. To ensure comparability, we restated the prior-year figures. More information can be found in the Notes on pages 108 et seq.

Forward-looking statements. This report contains forward-looking statements regarding the future development of the RWE Group and its companies as well as economic and political developments. These statements are assessments that we have made based on information available to us at the time this document was prepared. Despite this, actual developments can deviate from the prognoses, for instance if underlying assumptions do not materialise or unforeseen risks arise. Therefore, we cannot assume responsibility for the correctness of forward-looking statements.

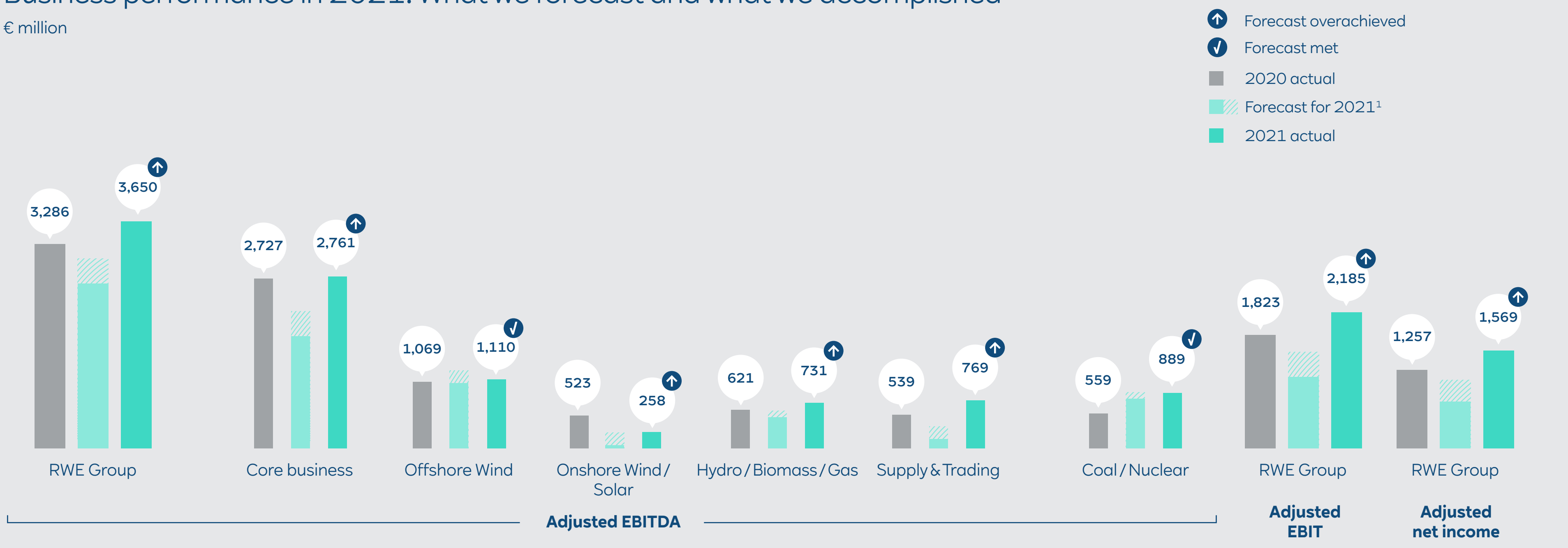
References. The contents of web pages and publications to which we refer in this chapter are not part of the Review of operations and merely provide additional information.

2.6 Business performance

Fiscal 2021 was a very successful year for RWE, despite getting off to a lacklustre start. In February, extreme weather in Texas led to outages at wind farms and a significant financial loss due to power purchases. However, we more than offset the earnings shortfalls as the year progressed, thanks to an exceptional energy trading performance. Improved generation margins provided additional income. This enabled us to increase the Group's adjusted EBITDA by 11 % compared to the previous year. We clearly exceeded the earnings forecast for 2021 which we published after the events in Texas.

Business performance in 2021: What we forecast and what we accomplished

€ million



1 See pages 67 et seq. of the 2020 Annual Report. The hatched portion reflects the forecast range.

Power generation[1]	Renewables		Pumped storage, batteries		Gas		Lignite		Hard coal		Nuclear		Total[2]	
GWh	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Offshore Wind	7,564	7,009	–	–	–	–	–	–	–	–	–	–	7,564	7,009
Onshore Wind / Solar	16,709	16,762	–	–	–	–	–	–	–	–	–	–	16,709	16,762
Hydro / Biomass / Gas	7,899	5,832	41	80	52,257	46,894	–	–	6,952	3,584	–	–	67,321	56,600
of which:														
Germany	1,645	1,546	41	80	5,988	8,576	–	–	–	–	–	–	7,846	10,412
United Kingdom	493	573[3]	–	–	35,263	25,138	–	–	–	–	–	–	35,756	25,711
Netherlands	5,725	3,679	–	–	6,647	8,899	–	–	6,952	3,584	–	–	19,324	16,162
Turkey	–	–	–	–	4,359	4,281	–	–	–	–	–	–	4,359	4,281
Coal / Nuclear	18	19	–	–	147	726	45,916	36,649	188	2,549	22,704	20,682	69,179	60,833
RWE Group	**32,190**	**29,622**	**41**	**80**	**52,404**	**47,620**	**45,916**	**36,649**	**7,140**	**6,133**	**22,704**	**20,682**	**160,773**	**141,204**

1 No longer considers power purchases from generation assets in which RWE does not own the majority, but which we have long-term usage rights to. Prior-year figures adjusted accordingly.
2 Including production volumes not attributable to any of the energy sources mentioned (e.g. electricity from waste-to-energy plants).
3 Adjusted figure.

Electricity production 14 % up on prior year. In the fiscal year that just came to a close, the RWE Group produced 160,773 GWh of electricity. Deviating from the former recognition method, this figure does not include power purchases from generation assets in which we do not own the majority, even if we have long-term usage rights to them. Prior-year figures including the purchases have been adjusted accordingly. Our electricity generation grew by 14 % compared to 2020. The most significant increases were recorded by our German lignite power stations, which benefited from favourable market conditions. Contributing factors were the rise in electricity consumption compared to the previous year thanks to the economic recovery, as well as the weather-induced drop in wind energy fed into the system. For these reasons and despite a significant hike in fuel costs, our UK gas-fired power stations were also utilised more than in 2020, whereas generation from gas was down in Germany and the Netherlands. Our Dutch power plants Amer 9 and Eemshaven, which run on biomass and hard coal, stepped up production considerably. The rise at Eemshaven was due to the station's return to nearly full availability after fire damage in the preceding year. Our German nuclear power stations also posted a substantial rise, because there were fewer maintenance outages. A counteracting effect was felt from the German coal phaseout. At the end of 2020, we ceased commercial operation of the Ibbenbüren B (794 MW) and Westfalen E (764 MW) hard coal-fired power plants and shut down the Niederaussem D (297 MW) lignite unit.

Power generation from renewables[1]	Offshore Wind		Onshore Wind		Solar		Hydro		Biomass		Total	
GWh	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Germany	1,811	2,082	939	1,168	3	3	1,645	1,483	–	4	4,398	4,740
United Kingdom	5,557	4,690	1,719	2,134	–	–	189	231[2]	304	342	7,769	7,397
Netherlands	–	–	727	768	17	7	27	14	5,697	3,665	6,468	4,454
Poland	–	–	1,245	997	1	1	–	–	–	–	1,246	998
Spain	–	–	934	890	96	51	29	29	–	–	1,059	970
Italy	–	–	1,008	882	–	–	–	–	–	–	1,008	882
Sweden	196	237	293	339	–	–	–	–	–	–	489	576
USA	–	–	8,961	9,059	354	271	–	–	–	–	9,315	9,330
Australia	–	–	–	–	245	65	–	–	–	–	245	65
Rest of the world	–	–	41	30	81	34	71	146	–	–	193	210
RWE Group	**7,564**	**7,009**	**15,867**	**16,267**	**797**	**432**	**1,961**	**1,903**	**6,001**	**4,011**	**32,190**	**29,622**

1 No longer considers power purchases from generation assets in which RWE does not own the majority, but which we have long-term usage rights to. Prior-year figures adjusted accordingly.
2 Adjusted figure.

Production from our wind farms was roughly on a par year on year. A positive effect was felt from the increase in our stake in the Rampion offshore wind farm (400 MW) in the UK as of 1 April 2021 from 30.1 % to 50.1 % and the full consolidation of Rampion since then. Furthermore, we commissioned the Scioto Ridge (250 MW) and Cassadaga (125 MW) wind farms in the USA and started feeding electricity from the Triton Knoll offshore wind farm (857 MW) in the UK into the grid. Opposing effects were felt from lower wind speeds and the sale of majority stakes in wind farms in Texas (see page 42).

In addition to our in-house generation, we procure electricity from suppliers outside of the Group. In the year being reviewed, these purchases totalled 48,131 GWh. In-house production and power purchases combined for 208,904 GWh (previous year: 200,715 GWh).

Lower generation capacity due to coal power plant closures. At the end of 2021, we had an installed power production capacity of 36.1 GW. This figure does not include our three German lignite units, which are in legally mandated security standby and will be shut down for good in 2022 / 2023. Certain assets, where we are not the majority owner and which generate electricity that we can completely or partially use on the basis of long-term usage agreements, are also disregarded. In the past, we included the capacities of these stations in the figures if we were entitled to the associated generation. Prior-year figures were adjusted.

Our generation capacity declined by 1.6 GW compared to 2020. In line with the German coal phaseout, we decommissioned the Niederaussem C (295 MW), Neurath B (294 MW) and Weisweiler E (321 MW) lignite units as of 31 December 2021. The legal lifetime of the Gundremmingen C (1,288 MW) nuclear power station ended on the same day. By contrast, we increased production capacity from renewables by 0.6 GW in part as a result of our fully consolidating the Rampion offshore wind farm for the first time. Furthermore, we completed the Limondale (249 MW) solar farm in Australia as well as the Scioto Ridge and Cassadaga wind farms in the USA, whereas the sale of majority stakes in the Texan wind farms Stella (201 MW), Cranell (220 MW) and East Raymond (200 MW) had a counteracting effect.

In terms of generation capacity, gas is our main energy source, accounting for a share of 40 % at the close of 2021. Renewables take second place, with a share of 30 %. Our biggest source of renewable energy is wind (8.9 GW), followed by biomass (0.8 GW), hydro (0.5 GW) and solar (0.5 GW).

The geographic focus of our generation business is Germany, where 42 % of our installed capacity is located. The United Kingdom and the Netherlands follow, accounting for shares of 27 % and 14 %, respectively. The USA comes in fourth: about half of our onshore wind capacity is situated there, a large portion of which is in Texas.

Installed capacity[1]	Renewables		Pumped storage, batteries		Gas		Lignite		Hard coal		Nuclear		Total[2]	
As of 31 December, MW	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Offshore Wind	2,318	1,918	–	–	–	–	–	–	–	–	–	–	2,318	1,918
Onshore Wind / Solar	7,082	6,858	28	20	–	–	–	–	–	–	–	–	7,110	6,877
Hydro / Biomass / Gas	1,285	1,319	168	172	13,901	13,901	–	–	1,469	1,474	–	–	17,115	17,158
of which:														
Germany	393	389	168	172	3,807	3,807	–	–	–	–	–	–	4,407	4,407
United Kingdom	139	137	–	–	6,984	6,984	–	–	–	–	–	–	7,376	7,374
Netherlands / Belgium	753	748	–	–	2,323	2,323	–	–	1,469	1,474	–	–	4,545	4,545
Turkey	–	–	–	–	787	787	–	–	–	–	–	–	787	787
Coal / Nuclear	12	7	–	–	400	400	7,638	8,548	–	–	1,482	2,770	9,559	11,752
RWE Group[3]	**10,697**	**10,102**	**199**	**194**	**14,301**	**14,301**	**7,638**	**8,548**	**1,469**	**1,474**	**1,482**	**2,770**	**36,104**	**37,708**

1 No longer considers power plants taken offline as of 31 December. Assets scheduled for decommissioning are excluded from the capacity overview once they stop producing electricity. They include our lignite units in legally mandated security standby. No longer considers generation assets in which RWE does not own the majority, but which we have long-term usage rights to. Prior-year figures adjusted accordingly. Commercial rounding can result in inaccurate sum totals.
2 Including production volumes not attributable to any of the energy sources mentioned (e.g. electricity from waste-to-energy plants).
3 Including insignificant capacity at RWE Supply & Trading.

Installed capacity based on renewables[1]	Offshore wind		Onshore wind		Solar		Hydro		Biomass		Total	
As of 31 December, MW	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Germany	598	598	637	666	3	3	393	389	–	–	1,630	1,655
United Kingdom	1,672	1,272	803	707	–	–	84	82	55	55	2,615	2,117
Netherlands	–	–	331	268	17	–	11	11	742	737	1,100	1,016
Poland	–	–	425	385	1	1	–	–	–	–	426	386
Spain	–	–	447	447	45	45	12	12	–	–	504	504
Italy	–	–	488	475	–	–	–	–	–	–	488	475
Sweden	48	48	116	116	–	–	–	–	–	–	164	164
USA	–	–	3,313	3,543	125	125	–	–	–	–	3,438	3,668
Australia	–	–	–	–	249	–	–	–	–	–	249	–
Rest of the world	–	–	36	10	47	47	–	61	–	–	83	118
RWE Group	**2,318**	**1,918**	**6,596**	**6,616**	**486**	**220**	**500**	**556**	**797**	**792**	**10,697**	**10,102**

1 No longer considers power purchases from generation assets in which RWE does not own the majority, but which we have long-term usage rights to. Prior-year figures adjusted accordingly. Commercial rounding can result in inaccurate sum totals.

CO_2 emissions rise due to low wind speeds. Last year, our power stations emitted 80.9 million metric tons of carbon dioxide, 13.9 million metric tons more than in 2020. This represents the first increase after eight years of emissions reductions totalling 62 %, and despite the fact that we closed further coal power plants. In 2021, a series of factors drove up usage of our lignite-fired power stations: besides a recovery of demand for electricity, lower generation volumes from wind farms also played a part. In addition, gas-fired power plants were less competitive, due to soaring fuel costs. We expect to return back to our ambitious emission reduction path in 2022.

Our specific emissions, i.e. the amount of carbon dioxide emitted per megawatt hour of electricity generated, amounted to 0.50 metric tons in the fiscal year that just came to a close. The previous year's figure stood at 0.47 metric tons.

CO_2 emissions of our power stations[1] Million metric tons	2021	2020	+/–
Hydro / Biomass / Gas	25.0	20.3	4.7
of which:			
Germany	2.6	3.5	-0.9
United Kingdom	12.8	9.1	3.7
Netherlands	8.0	6.1	1.9
Turkey	1.6	1.6	–
Coal / Nuclear	55.9	46.7	9.2
RWE Group	**80.9**	**67.0**	**13.9**

1 No longer considers CO_2 emissions from generation assets in which RWE does not own the majority, but which we have long-term usage rights to. Prior-year figures adjusted accordingly.

62.6 million metric tons of lignite produced. Our generation companies procure the fuel they need either directly on the market or via RWE Supply & Trading, except for lignite, which we source from proprietary opencast mines. In our Rhenish mining area west of Cologne, we produced 62.6 million metric tons of lignite last year. This was 11.2 million metric tons more than in the preceding year, owing to the higher utilisation of our power plants. We used the lion's share, or 53.2 million metric tons, of lignite to generate electricity. The remainder was used to manufacture refined products (e. g. lignite powder, hearth furnace coke and briquettes) and, to a limited extent, to generate process steam and district heat.

Electricity and gas sales 4 % and 25 % higher year on year. Last year, we sold 203,101 GWh of electricity and 45,721 GWh of gas. These transactions were largely carried out by the Supply & Trading segment. We sold 4 % more of our main product, electricity. This growth can be traced back to the rise in generation from our power stations, which we usually sell externally via our Group company RWE Supply & Trading. Gas deliveries were up 25 %. One contributing factor was that RWE Supply & Trading won new key accounts, most notably municipal utilities. In addition, existing customers increased their gas purchases from us.

External revenue 79 % up on 2020. Revenue from external customers (excluding natural gas tax and electricity tax) totalled €24,526 million in 2021. This represents a 79 % increase over the previous year. Electricity revenue grew by 75 % to €20,476 million, primarily due to the steep rise in the price of electricity last year. Price effects were also the main reason why our gas revenue quadrupled to €2,142 million. Additional information on the development of commodity quotations can be found on pages 38 et seq.

One key performance indicator that is of particular interest to Sustainability investors is the portion of our revenue accounted for by coal-fired generation and other coal products. In the fiscal year that just ended, this share was 22 % (previous year: 23 %).

External revenue € million	2021	2020	+/–
Offshore Wind	688	332	356
Onshore Wind / Solar	2,324	1,855	469
Hydro / Biomass / Gas	1,315	1,056	259
Supply & Trading	19,296	9,597	9,699
Other	4	9	-5
Core business	**23,627**	**12,849**	**10,778**
Coal / Nuclear	899	839	60
RWE Group (excluding natural gas tax / electricity tax)	**24,526**	**13,688**	**10,838**
Natural gas tax / electricity tax	235	208	27
RWE Group	**24,761**	**13,896**	**10,865**

External revenue by product € million	2021	2020	+/–
Electricity revenue	**20,476**	**11,701**	**8,775**
of which:			
Offshore Wind	688	332	356
Onshore Wind / Solar	2,107	1,676	431
Hydro / Biomass / Gas	877	684	193
Supply & Trading	16,540	8,775	7,765
Core business	**20,212**	**11,468**	**8,744**
Coal / Nuclear	264	233	31
Gas revenue	**2,142**	**534**	**1,608**
of which: Supply & Trading	2,142	529	1,613
Other revenue	**1,908**	**1,453**	**455**
RWE Group (excluding natural gas tax / electricity tax)	**24,526**	**13,688**	**10,838**

Adjusted EBITDA[1] € million	2021	2020	+/-
Offshore Wind	1,110	1,069	41
Onshore Wind / Solar	258	523	-265
Hydro / Biomass / Gas	731	621	110
Supply & Trading	769	539	230
Other, consolidation	-107	-25	-82
Core business	**2,761**	**2,727**	**34**
Coal / Nuclear	889	559	330
RWE Group	**3,650**	**3,286**	**364**

1 Some prior-year figures restated due to a change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on page 47).

Adjusted EBITDA of €3,650 million clearly exceeds expectations. Our adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) amounted to €3,650 million. This is far above our March 2021 forecast. The outlook we published on pages 67 et seq. of the 2020 Annual Report envisaged a range of €2,650 million to €3,050 million. Adjusted EBITDA from our core business was also significantly better than originally expected, totalling €2,761 million. We had anticipated a figure between €1,800 million and €2,200 million. The fact that we easily exceeded our forecast was predominantly thanks to an outstanding energy trading performance. We also closed the fiscal year above the forecast ranges in the Onshore Wind / Solar and Hydro / Biomass / Gas segments.

Our adjusted EBITDA was 11 % up on the prior year. In addition to the exceptional trading performance, improved margins of our lignite and nuclear power stations came to bear in particular. This was contrasted by significant charges in our US wind energy business. As set out on page 43, in early 2021, the worst cold snap in a century in Texas led to unscheduled plant outages, forcing us to fulfil existing electricity supply commitments with expensive power purchases on the market.

The following developments were observed in the segments:

- **Offshore Wind:** Adjusted EBITDA posted here amounted to €1,110 million. We had forecast a range of €1,050 million to €1,250 million. We recorded a gain of 4 % compared to 2020 (€1,069 million). One contributing factor was that we took a majority interest in the Rampion offshore wind farm in the UK as of 1 April 2021 and have fully consolidated this stake since then. Furthermore, we benefited from the partial commissioning of the Triton Knoll offshore wind farm. This was contrasted by earnings shortfalls caused by the reduced utilisation of our assets due to the weather.

- **Onshore Wind / Solar:** In this segment, adjusted EBITDA totalled €258 million. We were therefore slightly above the targeted range of €50 million to €250 million. Improved margins resulting from the recent significant increase in wholesale electricity prices were the main driver. Compared to the previous year (€523 million) however, adjusted EBITDA dropped considerably. This was primarily due to about €400 million in lost earnings caused by the severe cold snap in Texas in February 2021. Besides this exceptional effect, lower wind speeds also came to bear. By contrast, we benefited from the commissioning of new generation assets and capital gains on the sale of stakes in the US wind farms Stella, Cranell, East Raymond and West Raymond.

- **Hydro / Biomass / Gas:** Here, adjusted EBITDA came in at €731 million. This clearly exceeded the forecast range of €500 million to €600 million. Our outlook was based on the assumption that income from the commercial optimisation of our power plant dispatch would fall short of the high level achieved in 2020. In fact, however, it rose, especially in the fourth quarter. This is why we also exceeded adjusted EBITDA registered in the prior year (€621 million). The markedly improved availability of the Eemshaven power station also played a role.

- **Supply & Trading:** Our performance in the trading business was exceptional. This led to €769 million in adjusted EBITDA, which clearly surpassed the envisaged range of €150 million to €350 million. We also exceeded the previous year's figure, which was very high (€539 million). In addition to the strong trading performance, improved earnings in the gas business also came to bear.

- **Coal / Nuclear:** Adjusted EBITDA recorded in this segment amounted to €889 million, which was within the anticipated range of €800 million to €900 million. This represents strong growth compared to the preceding year (€559 million). The main reason for this was that we realised higher wholesale prices for electricity generated by our lignite-fired and nuclear power plants than in 2020. We had already sold forward nearly all of the production of these stations in earlier years. Income from the commercial optimisation of power plant dispatch also rose. Furthermore, we benefited from the improved availability of our nuclear power stations. This was contrasted by earnings shortfalls caused by extensive maintenance at lignite-fired power plants. Further burdens stemmed from the implementation of the German Coal Phaseout Act and the floods in the Rhenish lignite mining region, on which we report on page 44.

Reconciliation to net income[1] € million	2021	2020	+/–
Adjusted EBITDA	**3,650**	**3,286**	**364**
Operating depreciation, amortisation and impairment losses	-1,465	-1,463	-2
Adjusted EBIT	**2,185**	**1,823**	**362**
Non-operating result	-650	-104	-546
Financial result	-13	-454	441
Income from continuing operations before taxes	**1,522**	**1,265**	**257**
Taxes on income	-690	-376	-314
Income from continuing operations	**832**	**889**	**-57**
Income from discontinued operations	–	221	-221
Income	**832**	**1,110**	**-278**
of which:			
Non-controlling interests	111	59	52
Net income / income attributable to RWE AG shareholders	**721**	**1,051**	**-330**

1 Some prior-year figures restated due to a change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on page 47).

Reconciliation to net income: Exceptional effects overshadow operating development. The reconciliation from adjusted EBITDA to net income was greatly affected by one-off effects, which had a negative impact in net terms. The following is an overview of the changes to the items of the reconciliation statement.

Adjusted EBIT[1] € million	2021	2020	+/–
Offshore Wind	636	697	-61
Onshore Wind / Solar	-145	138	-283
Hydro / Biomass / Gas	418	283	135
Supply & Trading	721	496	225
Other, consolidation	-106	-25	-81
Core business	**1,524**	**1,589**	**-65**
Coal / Nuclear	661	234	427
RWE Group	**2,185**	**1,823**	**362**

1 Some prior-year figures restated due to a change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on page 47).

The RWE Group's adjusted EBIT rose by 20% to €2,185 million, exceeding the range of €1,150 million to €1,550 million forecast in March 2021. This growth was driven by the same factors that bolstered adjusted EBITDA. The difference between these two key figures is that operating depreciation and amortisation, which at €1,465 million was basically on a par with the previous year's level (€1,463 million), is included in adjusted EBIT, but not in adjusted EBITDA.

Non-operating result[1] € million	2021	2020	+/–
Disposal result	21	13	8
Effects on income from the valuation of derivatives	-503	1,886	-2,389
Other	-168	-2,003	1,835
Non-operating result	**-650**	**-104**	**-546**

1 Some prior-year figures restated due to a change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on page 47).

The non-operating result, in which we recognise certain items which are not related to operations or the period being reviewed, amounted to -€650 million as opposed to -€104 million in the preceding fiscal year. Its components developed as follows:

- At €21 million, income from the disposal of investments and assets was essentially immaterial, as in the previous year (€13 million). It largely resulted from the sale of small run-of-river power stations in France and Portugal (see page 43).
- Effects from the valuation of derivatives reduced earnings by €503 million, after increasing them by €1,886 million in the preceding year. Such impacts are only temporary and are primarily due to the fact that, pursuant to IFRS, financial instruments used to hedge price risks are accounted for at fair value at the corresponding balance-sheet date, whereas the hedged underlying transactions are only recognised as a profit or loss when they are realised.
- In the 'other' line item, we reported a loss of €168 million, which was much smaller than in the previous year (€2,003 million). Income in 2020 was curtailed by about €1.8 billion in impairments recognised for power plants and opencast lignite mines. Impairments relating to our lignite business were also recognised in the year being reviewed. They amounted to €780 million and are explained in more detail in the Notes on pages 112 et seq. Income benefited from the €880 million compensation for the nuclear phaseout in Germany we received from the government in November 2021.

Financial result € million	2021	2020	+/-
Interest income	260	283	-23
of which: E.ON dividend	186	182	4
Interest expenses	-340	-296	-44
Net interest	**-80**	**-13**	**-67**
Interest accretion to non-current provisions	-138	-255	117
of which: interest accretion to mining provisions	-121	-186	65
Other financial result	205	-186	391
Financial result	**-13**	**-454**	**441**

Our financial result improved by €441 million to -€13 million. Its components changed as follows:

- Net interest dropped by €67 million to -€80 million, in part due to higher interest expenses in connection with currency hedges and higher costs incurred to pledge collateral in energy trading. Net interest includes the dividend on our 15% stake in E.ON, which totalled €186 million (previous year: €182 million).

- The interest accretion to non-current provisions reduced income by €138 million. In the previous year, the decline was more substantial (€255 million) because we had lowered the discount rate applied when calculating our mining provisions and the resulting increase in the present value of the obligations had in part been recognised as an expense in the interest accretion.

- The other financial result rose by €391 million to €205 million. The main reason for the increase was a one-off effect of interest claims in relation to a tax refund for earlier assessment periods. Furthermore, a charge incurred in the prior year did not recur: in March 2020, we suffered substantial losses on security holdings owing to the turmoil on financial markets caused by the COVID-19 pandemic.

Income from continuing operations before tax grew by €257 million to €1,522 million. At 45%, our effective tax rate was unusually high. One contributing factor was that we wrote off or did not recognise deferred tax assets in RWE AG's tax group, because we are unlikely to be able to use the deferred tax claims in the foreseeable future. Furthermore, an increase in the UK corporation tax rate effective as of 2023 drove up deferred tax liabilities. By contrast, the aforementioned tax refund for earlier years provided some relief.

In the fiscal year being reviewed, there was no income from discontinued operations. In the preceding year, this figure amounted to €221 million. It stemmed from the stake in Slovak energy utility VSE, which we sold to E.ON in August 2020.

Non-controlling interests in income rose by €52 million to €111 million. This is because we started fully consolidating Rampion in April 2021 and reduced our stake in the Humber Gateway wind farm in the UK North Sea (219 MW) from 100% to 51% at the end of 2020. Consequently, we now state non-controlling interests of the co-owners of these wind farms. A counteracting effect was felt from the sale of VSE: in 2020, a profit of €34 million had been assigned to the company's co-shareholders.

The RWE Group's net income amounted to €721 million (previous year: €1,051 million). This resulted in earnings per share of €1.07 (previous year: €1.65). The number of RWE shares outstanding used to calculate this indicator totalled 676.2 million compared to 637.3 million in the previous year. These figures are annual averages. In August 2020, we issued 61.5 million new RWE shares via a capital increase.

Reconciliation to adjusted net income 2021 € million	Original figures	Adjustment	Adjusted figures
Adjusted EBIT	**2,185**	**–**	**2,185**
Non-operating result	-650	650	–
Financial result	-13	-196	-209
Taxes on income	-690	394	-296
Income	**832**	**848**	**1,680**
of which:			
Non-controlling interests	111	–	111
Net income / income attributable to RWE AG shareholders	**721**	**848**	**1,569**

Adjusted net income higher than expected. Adjusted net income amounted to €1,569 million. Due to the unexpectedly positive development of operating earnings, it was well above the guided range of €750 million to €1,100 million. The prior-year figure of €1,257 million was also clearly exceeded. To calculate adjusted net income, we corrected net income according to IFRS by deducting the non-operating result and major special items in the financial result from it. Instead of the actual tax rate, we applied a rate of 15 %, which reflects the tax level net of one-off effects that can theoretically be expected.

Capital expenditure on property, plant and equipment and on intangible assets[1] € million	2021	2020	+/–
Offshore Wind	1,683	756	927
Onshore Wind / Solar	1,404	1,154	250
Hydro / Biomass / Gas	294	153	141
Supply & Trading	47	43	4
Other, consolidation	2	–	2
Core business	**3,430**	**2,106**	**1,324**
Coal / Nuclear	259	183	76
RWE Group	**3,689**	**2,285**[2]	**1,404**

1 Table only shows cash investments.
2 Including a -€4 million consolidation effect between the core business and the Coal / Nuclear segment.

Capital expenditure on financial assets[1] € million	2021	2020	+/–
Offshore Wind	27	520	-493
Onshore Wind / Solar	27	408	-381
Hydro / Biomass / Gas	6	115	-109
Supply & Trading	20	18	2
Other, consolidation	–	11	-11
Core business	**80**	**1,072**	**-992**
Coal / Nuclear	–	1	-1
RWE Group	**80**	**1,073**	**-993**

1 Table only shows cash investments.

Marked increase in capital expenditure on renewable energy. In the past fiscal year, our capital spending totalled €3,769 million, 12 % more than in 2020 (€3,358 million). The lion's share of the funds was dedicated to the Offshore Wind (45 %) and Onshore Wind / Solar (38 %) segments.

Our capital expenditure on property, plant and equipment and intangible assets amounted to €3,689 million (previous year: €2,285 million). The Triton Knoll wind farm in the UK North Sea received the biggest share of investments. Significant sums were also spent to build the Sofia wind farm off the eastern coast of England (1,400 MW), the Kaskasi wind farm near Heligoland (342 MW), the Blackjack Creek (240 MW) and El Algodon Alto (200 MW) onshore wind farms in Texas, and the Hickory Park solar farm in the US state of Georgia (196 MW plus battery storage). In addition, we made advance payments for the rights we secured in an auction in February 2021 to develop new offshore wind areas in the UK North Sea (see page 40).

At €80 million, capital expenditure on financial assets was much lower than the high figure registered in the prior year (€1,073 million), which included our acquisitions of the 20 % stake in the Rampion offshore wind farm and Nordex's European development business (see page 43 of the 2020 Annual Report).

Workforce[1]	31 Dec 2021	31 Dec 2020	+/–
Offshore Wind	1,277	1,119	158
Onshore Wind / Solar	2,146	2,402	– 256
Hydro / Biomass / Gas	2,606	2,667	– 61
Supply & Trading	1,804	1,790	14
Other[2]	467	425	42
Core business	**8,300**	**8,403**	**– 103**
Coal / Nuclear	9,946	11,095	– 1,149
RWE Group	**18,246**	**19,498**	**– 1,252**

1 Converted to full-time positions.
2 This item exclusively comprises employees of the holding company RWE AG.

Headcount significantly down year on year. As of 31 December 2021, the RWE Group had 18,246 people on its payroll, of which 13,585 were employed in Germany and 4,661 worked abroad. Part-time positions were considered in these numbers on a pro-rata basis. Personnel figures were down markedly compared to the end of 2020 (– 1,252). We recorded a significant decline (– 1,149) in the Coal / Nuclear segment where many employees accepted early retirement offers as part of the German coal phaseout. Although we created a large number of jobs by expanding renewable energy, headcount in our core business declined somewhat. The main reason for this was that we sold large parts of the Belectric Group.

Staff figures do not include apprentices or trainees. At the end of 2021, 785 young adults were learning a profession at RWE, compared to 750 in the previous year.

2.7 Financial position and net worth

Our financial position and net worth continued to improve in 2021. Even though we invested billions in the expansion of renewables, our net debt fell to less than zero. As of the balance-sheet date, the RWE Group posted net assets of €360 million. This pleasing development was particularly thanks to our strong cash flow from operating activities. Our robust credit ratings also underline how strong our financial position is. The agencies Moody's and Fitch raised RWE's credit rating by one notch last year. Our current long-term ratings are investment grade, at Baa2 and BBB+ respectively.

RWE AG bears responsibility for procuring funds. Responsibility for Group financing is centralised at RWE AG. As the parent company, RWE AG is responsible for acquiring funds from banks or the financial markets. Subsidiaries only raise debt capital directly in specific cases, for example if it is advantageous economically to make use of local credit and capital markets. RWE AG also acts as a co-ordinator when subsidiaries assume contingent liabilities. This allows us to manage and monitor financial risks centrally. Moreover, it strengthens our position when negotiating with banks, business partners, suppliers and customers.

Tools for raising debt capital. We cover most of our financing needs with earnings from our operating activities. In addition, we have a wide range of tools to procure debt capital:

- Our Debt Issuance Programme (DIP) gives us latitude in raising debt capital for the long term. Our current DIP allows us to issue bonds with a total face value of up to €10 billion. By issuing three green bonds, we exercised this financing option in 2021 for the first time in six years.
- For short-term refinancing, we have a Commercial Paper Programme, which was updated in 2021. It allows us to raise funds equivalent to up to €5 billion on the money market. During the past fiscal year, we accessed a large portion of this funding volume: at times, a total of up to €3 billion in commercial paper was outstanding.
- To secure our liquidity, we also have access to a €5 billion syndicated credit line extended by a consortium of 27 international banks. It consists of two tranches: one of €2 billion, which expires in April 2022, and one of €3 billion, which is available through to April 2026. At our initiative, sustainability criteria were added to the conditions of the second tranche last year. Among other things, the conditions now depend on the development of the following three indicators: the share of renewables in RWE's generation portfolio, the CO_2 intensity of our plants and the percentage of our capex that is classified as sustainable in accordance with the EU taxonomy regulation. We have set goals for all three of these criteria. If we do not achieve the targets, we will have to pay higher interest and commitment fees. Half of the additional expenses would be directed to non-profit organisations. This new structure for the credit line underlines our commitment to our emissions reduction strategy.

Green bonds worth €1,850 million issued. For the first time ever, RWE AG issued green bonds in 2021. In June, we placed a 10-year bond with a nominal volume of €500 million and an annual coupon of 0.625 %, followed by two issues in November: a 7-year bond of €750 million and a 12-year bond of €600 million, with annual coupons of 0.5 % and 1.0 %, respectively. Additional information on these three debt securities can be found on page 21. The proceeds of green bonds are tied to specific purposes. We will use these funds exclusively for wind and solar projects.

Bond volume rises to €2.4 billion. RWE bonds with a total face value equivalent to €2.4 billion were outstanding at the end of 2021, versus €0.6 billion in the previous year. The significant increase was due to the aforementioned issues. Along with the three green bonds, RWE still has two outstanding hybrid bonds: one of €282 million with a 3.5 % coupon and one of US$317 million with a 6.625 % coupon. Due to early buybacks in October 2017, the outstanding amounts are below the issuance volumes of €550 million and US$500 million. The earliest redemption dates for the two hybrid bonds are in April 2025 and March 2026, respectively.

Credit rating of RWE AG	Moody's		Fitch	
As of March 2022	Current	Previous	Current	Previous
Long-term debt				
Senior debt	Baa2	Baa3	BBB+	BBB
Subordinated debt (hybrid bonds)	Ba1	Ba2	BBB-	BB+
Short-term debt	P-2	P-3	F1	F2
Outlook	Stable	Positive	Stable	Stable

Solid investment grade rating. The conditions at which we can raise debt largely depend on rating agencies' assessment of our creditworthiness. Moody's and Fitch make such evaluations on request from us. In the past year, both agencies raised their credit rating for RWE by one notch. RWE's long-term creditworthiness is now rated Baa2 (Moody's) and BBB+ (Fitch), both with a stable outlook. These are investment grade ratings. The ratings for our hybrid bonds and current financial liabilities are now also one level higher (see table above). Moody's and Fitch cited RWE's transformation into a leading renewables company as the reason for the rating improvement. This business is characterised by attractive and relatively stable earnings.

Cash flow statement[1] € million	2021	2020	+/–
Funds from operations	7,103	4,108	2,995
Change in working capital	171	17	154
Cash flows from operating activities of continuing operations	**7,274**	**4,125**	**3,149**
Cash flows from investing activities of continuing operations	**-7,738**	**-4,278**	**-3,460**
Cash flows from financing activities of continuing operations	**1,457**	**1,769**	**-312**
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	58	-34	92
Total net changes in cash and cash equivalents	**1,051**	**1,582**	**-531**
Cash flows from operating activities of continuing operations	7,274	4,125	3,149
Minus capital expenditure	-3,769	-3,358	-411
Plus proceeds from divestitures / asset disposals	1,057	365	692
Free cash flow	**4,562**	**1,132**	**3,430**

1 All items solely relate to continuing operations; some prior-year figures restated due to a change in the recognition of tax benefits to subsidise renewables in the USA (see commentary on page 47).

Robust improvement in operating cash flow. Our cash flows from operating activities of continuing operations amounted to €7,274 million, clearly exceeding the prior-year figure (€4,125 million). The good earnings situation and the compensation paid to us in November 2021 by the German Federal government for the phaseout of nuclear energy had positive effects. The main reason for the increase, however, were high margin payments for forward contracts for electricity, fuel and CO_2 certificates. RWE concludes contracts of this kind to reduce earnings risk exposure. For exchange-traded derivatives, we first have to provide an initial margin. Additionally, over the term of the contract, we receive or pay variation margins, depending on how the market value of the derivative changes. So-called collateral has to be provided for over-the-counter derivative transactions.

During the year under review, we received a high amount of variation margins, which are included in cash flow from our operating activities. This was contrasted against significant outflows of funds for initial margins and collaterals, which we reported in cash flows from financing activities.

Investing activities of continuing operations led to a cash outflow of €7,738 million (previous year: €4,278 million). €3,769 million of this sum stemmed from our capital expenditure on property, plant and equipment and financial assets. Moreover, we made significant investments in securities and an extraordinary increase of the assets used to meet pension obligations in the amount of €1,092 million. This was contrasted by revenues from the sale of business activities and shareholdings of €1,057 million. The most important transactions were the sale of our stakes in the US wind farms Stella, Cranell, East Raymond and West Raymond as well as the disposal of the grid connection for the Rampion offshore wind farm in the UK (see page 41).

Financing activities of continuing operations produced cash inflows of €1,457 million (previous year: €1,769 million). In 2021, we recorded high income from bank loans taken out, the issuance of commercial paper and the three green bonds we issued, which are discussed on page 60. However, we also had to make substantial payments for initial margins and collaterals. Outflows of funds were also registered due to dividend payments to RWE shareholders and minority shareholders.

On balance, the aforementioned cash flows from operating, investing and financing activities increased our cash and cash equivalents by €1,051 million.

Cash flows from operating activities, less capital expenditures, plus proceeds from divestments and asset disposals, results in free cash flow. This amounted to €4,562 million, up substantially on the prior-year figure (€1,132 million).

Net assets / net debt[1] € million	31 Dec 2021	31 Dec 2020	+/-
Cash and cash equivalents	5,825	4,774	1,051
Marketable securities	8,347	4,517	3,830
Other financial assets	12,403	2,507	9,896
Financial assets	**26,575**	**11,798**	**14,777**
Bonds, other notes payable, bank debt, commercial paper	-10,704	-2,160	-8,544
Hedging of bond currency risk	-9	-31	22
Other financial liabilities	-7,090	-3,038	-4,052
Financial liabilities	**-17,803**	**-5,229**	**-12,574**
Plus 50% of the hybrid capital stated as debt	290	278	12
Net financial assets (including correction of hybrid capital)	**9,062**	**6,847**	**2,215**
Provisions for pensions and similar obligations	-1,934	-3,864	1,930
Surplus of plan assets over benefit obligations	459	172	287
Provisions for nuclear waste management	-6,029	-6,451	422
Provisions for dismantling wind farms	-1,198	-1,136	-62
Net assets (+) / net debt (–)	**360**	**-4,432**	**4,792**

1 Mining provisions are not included in net debt. The same holds true for the assets which we attribute to them. At present, this includes our 15% stake in E.ON and our claim for state compensation for the German lignite phaseout in the amount of €2.6 billion.

Net assets of €360 million. Our net debt declined by €4,792 million versus the previous year (€4,432 million). As a result of this, we posted a net asset position of €360 million as of 31 December 2021. The main reason for this was the excellent free cash flow. The market-driven increase in the discount rates we use to calculate the present value of pension obligations also played a role, as it resulted in a decline in provisions for pensions. A similar effect was exerted by the income generated from managing the plan assets for our pension obligations. While the aforementioned extraordinary funding of these assets in the amount of €1,092 million caused provisions to decline, it was coupled with a corresponding outflow of funds and thus did not result in a reduction of debt. Dividend payments lowered our net financial position by €730 million.

Leverage factor below zero. One of our key management parameters is the ratio of net debt to the adjusted EBITDA of the core business, also referred to as the leverage factor. This figure is more indicative than total liabilities, as it also reflects earning power and therefore our ability to meet our debt obligations. We set the upper limit for the leverage factor at 3.0 in order to secure our financial flexibility. As the RWE Group did not have any net debt as of the balance-sheet date and posted a net asset position, this indicator was below zero. However, the leverage factor should increase in the medium term, above all due to growth investments in our green core business, which we will also finance using debt capital.

Moderate decline in off-balance-sheet fuel purchase obligations. Net debt does not include our off-balance-sheet obligations, which largely stem from long-term purchase agreements for fuel and electricity. As of the balance-sheet date, our payment obligations from material fuel procurement contracts amounted to €22.3 billion (previous year: €23.6 billion). In relation to electricity procurement, they amounted to €7.1 billion and were thus as high as in 2020. The figures are based on assumptions regarding the prospective development of commodity prices. Our purchase commitments rose from €2.1 billion to €5.6 billion over the course of the year. Further off-balance-sheet obligations result, inter alia, from liabilities for pension commitments that employees of our former subsidiary innogy had earned at RWE up to its IPO in 2016.

Sharp increase in balance-sheet total due to temporary effects from commodity derivatives. At 31 December 2021, the Group balance sheet was strongly influenced by changes in commodity derivatives. They rose by €56.4 billion on the assets side and €68.2 billion on the liabilities side. This was driven by the extreme increase in prices of electricity and natural gas. The increase in these derivatives was the main reason that the balance-sheet total of €142.3 billion was more than twice as high as in 2020 (€61.6 billion). Another reason for this development was that we raised a large amount of debt capital. Among other things, the funds were used to collateralise derivative transactions, which resulted in a corresponding build-up of receivables. At €17.0 billion, our equity was slightly below last year's level. The equity ratio amounted to 11.9 %. Due to the increase in the balance-sheet total, this figure was significantly lower compared to 2020 (28.7 %).

Group balance sheet structure[1]	31 Dec 2021		31 Dec 2020			31 Dec 2021		31 Dec 2020	
	€ million	%	€ million	%		€ million	%	€ million	%
Assets					**Equity and liabilities**				
					Equity	16,996	11.9	17,706	28.7
Non-current assets	38,863	27.3	34,418	55.8	Non-current liabilities	28,306	19.9	27,435	44.5
of which:					of which:				
Intangible assets	5,884	4.1	4,899	7.9	Provisions	16,943	11.9	19,470	31.6
Property, plant and equipment	19,984	14.0	17,902	29.0	Financial liabilities	6,798	4.8	3,951	6.4
Current assets	103,446	72.7	27,224	44.2	Current liabilities	97,007	68.2	16,501	26.8
of which:					of which:				
Trade accounts receivable	6,470	4.5	3,007	4.9	Provisions	4,268	3.0	3,004	4.9
					Financial liabilities	10,996	7.7	1,247	2.0
Receivables and other assets	79,626	56.0	12,531	20.3	Trade accounts payable	4,428	3.1	2,387	3.9
Marketable securities	8,040	5.6	4,219	6.8	Other liabilities	77,315	54.4	9,282	15.1
Assets held for sale	657	0.5	1,061	1.7	Liabilities held for sale	–	–	581	0.9
Total	**142,309**	**100.0**	**61,642**	**100.0**	**Total**	**142,309**	**100.0**	**61,642**	**100.0**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewables in the USA (see page 47) and retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020 (see page 95).

2.8 Notes to the financial statements of RWE AG (holding company)

The financial statements of RWE AG are significantly influenced by the business performance of its subsidiaries. In sum, the profit transfers of these companies recorded an increase in 2021. This was contrasted by an impairment recognised for a subsidiary. We posted positive developments in other income and expenses as well as in net interest. Overall, RWE AG's earnings position has therefore improved: at €1,108 million, RWE AG's net profit was substantially higher than in 2020. We intend to raise the dividend and will therefore propose a payment of €0.90 per share to the Annual General Meeting taking place in April 2022. This constitutes an increase of €0.05 versus last year.

Balance sheet of RWE AG (abridged) € million	31 Dec 2021	31 Dec 2020	+/-
Assets			
Financial assets	17,866	20,524	-2,658
Accounts receivable from affiliated companies	7,922	2,094	5,828
Other accounts receivable and other assets	616	519	97
Marketable securities and cash and cash equivalents	11,709	6,664	5,045
Total assets	**38,113**	**29,801**	**8,312**
Equity and liabilities			
Equity	8,359	7,826	533
Provisions	2,245	1,996	249
Accounts payable to affiliated companies	18,743	18,905	-162
Other liabilities	8,766	1,074	7,692
Total equity and liabilities	**38,113**	**29,801**	**8,312**

Income statement of RWE AG (abridged) € million	2021	2020	+/-
Income from financial assets	378	1,114	-736
Net interest	318	-72	390
Other income and expenses	132	-712	844
Taxes on income	280	250	30
Net profit	**1,108**	**580**	**528**
Transfer to other retained earnings	-499	-5	-494
Distributable profit	**609**	**575**	**34**

Financial statements in accordance with German commercial law. RWE AG prepares its financial statements in compliance with the rules set out in the German Commercial Code and the German Stock Corporation Act. The financial statements are submitted to Bundesanzeiger Verlag GmbH, located in Cologne, Germany, which publishes them in the Federal Gazette. They are available on the internet at www.rwe.com/financial-reports.

Assets. RWE AG had €38.1 billion in total assets as of 31 December 2021 (previous year: €29.8 billion). Accounts receivable from affiliated companies registered a significant rise. This was mainly because we made cash and cash equivalents available to our subsidiary RWE Supply & Trading as collateral for commodity forward transactions. We also posted significant increases in 'marketable securities and cash and cash equivalents' and 'other liabilities'. In the year under review, we increased our liabilities significantly by way of bank loans, commercial paper and green bonds. These funds were, inter alia, used to secure liquidity, with a portion thereof, e.g. the proceeds generated by bonds issued, earmarked for growth investments. RWE AG's equity rose by €533 million to €8,359 million. However, the equity ratio decreased from 26.3% to 21.9%, due to the increase in the balance sheet total.

Financial position. RWE AG is set up solidly in economic terms with high levels of cash and cash equivalents and a number of financing tools at its disposal that it can use flexibly. Accordingly, rating agencies Moody's and Fitch classify our creditworthiness as 'investment grade'. Last year, they both raised our respective credit rating by one level to Baa2 (Moody's) and BBB+ (Fitch). You can find detailed information on RWE's financial situation and on our financing activities in the year under review on pages 60 et seqq.

Earnings position. RWE AG's earnings position improved compared to 2020. The main items on the income statement developed as follows:

- Income from financial assets dropped by €736 million to €378 million. One reason for this was an impairment loss recognised in relation to our stake in RWE Power. However, this company's profit transfer was higher than in 2020, which was attributable to improved generation margins and lower charges resulting from impairments, depreciation and amortisation. RWE Nuclear also gained considerable ground. This was due to the compensation we received from the German government for the nuclear phaseout (see page 36). By contrast, income from our stake in RWE Supply & Trading decreased.

- Net interest increased by €390 million to €318 million. This was in part due to a rise in capital gains from the management of plan assets used to cover our pension obligations and was further boosted by interest claims relating to tax refunds for earlier assessment periods.

- The 'other income and expenses' line item improved by €844 million to €132 million. In the year under review, we recognised write-backs for financial accounts receivable from a Dutch subsidiary. This reversed impairments in previous years to some extent.

- In 2021, we recorded tax income of €280 million (previous year: €250 million). This is largely due to the aforementioned tax refunds for earlier assessment periods.

- Versus 2020 (€580 million), the presented earnings figures led to a considerably higher net profit of €1,108 million.

- The distributable profit of €609 million corresponds to the planned payment of a dividend of €0.90 per share to our shareholders.

Outlook for 2022. RWE AG's earnings prospects will largely depend on the business performance of its subsidiaries. Our current assessment makes us confident that we will achieve a net profit in 2022 that offers the necessary margins for the intended dividend of €0.90. However, it is unlikely to match the level achieved in 2021.

Corporate governance declaration in accordance with Sections 289f and 315d of the German Commercial Code. On 15 February 2022, the Executive Board and the Supervisory Board of RWE AG issued its Corporate Governance Declaration in accordance with Sections 289f and 315d of the German Commercial Code. The declaration contains the Corporate Governance Report and has been published at www.rwe.com/corporate-governance-declaration.

2.9 Outlook

We are confident of being able to pick up where we left off last year in terms of our earnings position. As things stand, we anticipate adjusted EBITDA of €3.6 billion to €4.0 billion. Our core business is expected to close fiscal 2022 up on last year's earnings, which had been heavily impacted by the extreme weather conditions in Texas. The commissioning of new generation capacities is set to have a positive effect. We also expect to see improved electricity margins and better wind conditions. After last year's extraordinarily successful energy trading performance, we anticipate income to normalise. Not yet included in our forecast is the fallout of the Ukraine conflict, which is difficult to assess. How events unfold and how sanctions against Russia affect European energy supply may have a significant impact on our business.

Ukraine crisis puts economic growth at risk. Forecasts concerning the economic development in our core markets are linked to considerable uncertainties related to the Ukraine conflict. Estimates available when the combined review of operations was written had been compiled before the war broke out. Based on these figures, world economic output could increase by about 4 % in 2022. Growth rates forecast for the Eurozone, Germany and the USA are of a similar order, while those for the United Kingdom and the Netherlands are expected to reach 3 %. Should energy prices remain extremely high due to the Ukraine conflict, then the economy may well prove to be less dynamic.

Rise in electricity consumption anticipated. Higher economic output is generally associated with additional demand for electricity. However, this is contrasted by continued energy savings which will probably have a slightly dampening effect. Provided the aforementioned economic prognoses prove to be accurate, demand for electricity in our key markets Germany, the Netherlands, the UK and the USA should be between 1 % and 3 % higher than in 2021.

Our power production for 2022 has already largely been sold forward. Wholesale electricity prices rose considerably last year, surging again in early 2022 due to the Ukraine conflict. Their development during the current year is impossible to predict, but market fluctuations would only have a moderate impact on this year's generation margins as we have already largely sold forward our electricity production for 2022 and hedged the prices of the required fuel and CO_2 emission allowances. These transactions have been concluded up to three years ahead, and already reflect the rise in electricity prices in 2021 to a limited extent. A large portion of electricity generated by RWE wind farms, where revenue is market-dependant, has also already been sold forward.

Forecast € million	2021 actual	Outlook for 2022
Adjusted EBITDA	3,650	3,600–4,000
of which:		
Core business	2,761	2,900–3,300
of which:		
Offshore Wind	1,110	1,350–1,600
Onshore Wind / Solar	258	650–800
Hydro / Biomass / Gas	731	700–900
Supply & Trading	769	150–350
Coal / Nuclear	889	650–750
Adjusted EBIT	2,185	2,000–2,400
Adjusted net income	1,569	1,300–1,700

2022 adjusted EBITDA of €3.6 billion to €4.0 billion expected. Subject to the risks associated with the Ukraine conflict, which are difficult to gauge, we expect this year's business performance to pick up where we left off in terms of our good operating result in 2021. We forecast adjusted EBITDA for the Group of €3,600 million to €4,000 million (previous year: €3,650 million) for 2022 and envisage a range of €2,900 million to €3,300 million in the core business, thus exceeding last year's figure (€2,761 million) which had been heavily burdened by an extreme cold snap in Texas in February 2021. We assume the commissioning of new wind and solar farms and higher electricity margins to have a positive effect on earnings. Moreover, we expect to see average wind speeds, which would improve the utilisation of our wind farms compared to 2021, which was a low-wind year. By contrast, we may well fall short of the very good result achieved in the energy trading business last year. We anticipate a decline in EBITDA outside of the core business, i.e. in the Coal / Nuclear segment, due to decommissioning of generation capacities, in particular the closure of the Gundremmingen C nuclear power station as of 31 December 2021.

Based on anticipated operating depreciation and amortisation of approximately €1,600 million, adjusted EBIT should range between €2,000 million and €2,400 million (last year: €2,185 million). Net income, which excludes major exceptional effects, is expected to total between €1,300 million and €1,700 million (last year: €1,569 million). We explain how this key figure is calculated on page 58.

Our outlook broken down by segment is as follows:

- **Offshore Wind:** Adjusted EBITDA in this business is forecast to total between €1,350 million and €1,600 million (last year: €1,110 million). We expect the full commissioning of the Triton Knoll wind farm to play an important part. In addition, the first full consolidation of the Rampion wind farm for the year as a whole is also likely to have a positive effect. Furthermore, we anticipate higher margins than last year and expect utilisation of our assets to improve due to the weather.

- **Onshore Wind / Solar:** Our prognosis for this segment is adjusted EBITDA of €650 million to €800 million, clearly surpassing last year's level (€258 million). The main contributing factor will be the non-recurrence of the one-off burden due to the cold snap in Texas in 2021. In addition, we anticipate higher generation volumes due to the commissioning of new generation capacity and more favourable wind conditions. Higher generation margins will also help earnings to rise. This will be contrasted by an increase in expenditure on the development of growth projects. Furthermore, last year's result included capital gains on the sale of majority stakes in Texan wind farms, which will not recur.

- **Hydro / Biomass / Gas:** Here, we forecast adjusted EBITDA of €700 million to €900 million. Therefore, the segment stands a good chance of closing 2022 up on last year's figure (€731 million). Higher margins on electricity forward sales will play a significant role. Moreover, we expect capital gains from the sale of a former power plant site in the United Kingdom. Conversely, income from the commercial optimisation of power plant dispatch may well fall short of the high level achieved in 2021. Payments from the British capacity market will also decline. An unscheduled outage at the Dutch Claus C gas-fired power station is also expected to have a negative effect.

- **Supply & Trading:** Earnings in this segment are difficult to predict due to the high volatility of the trading business. Assuming that business develops normally, adjusted EBITDA should range between €150 million and €350 million. In this case, it would be substantially below the unusually high level recorded last year (€769 million).

- **Coal / Nuclear:** Here, we anticipate a decrease in adjusted EBITDA to between €650 million and €750 million (last year: €889 million). The main reason for this is the closure of the Gundremmingen C nuclear power station and five lignite units in 2021. This will be contrasted by positive effects stemming from cost savings.

Capital expenditure on property, plant and equipment markedly up on last year. In comparison to 2021 (€3,689 million), we plan on substantially increasing our property, plant and equipment and intangible asset investments. Considerable funds will be allocated to building the Kaskasi and Sofia offshore wind farms near Heligoland and in the UK North Sea, respectively. Further investments will be made in wind, solar and battery projects in the USA and Europe as well as the construction of a gas-fired power station at Biblis, which is needed to stabilise the electricity grid. Outside of the core business, in the Coal / Nuclear segment, we plan to spend about €200 million on property, plant and equipment, mainly to maintain our power stations and opencast mines.

Leverage factor to stay below upper limit of 3.0. One of our key management parameters is the ratio of net debt to adjusted EBITDA of the core business, also referred to as the leverage factor. As explained on page 63, the leverage factor fell below zero in 2021. However, it will probably rise again in the long run. This is largely on account of our planned growth investments, a portion of which we will finance by raising debt capital. It is virtually impossible to make leverage factor forecasts for individual years primarily due to the significant liquidity fluctuations that can result from the collateralisation of commodity forward transactions. Nevertheless in 2022, we anticipate this key performance indicator to be clearly below 3.0, i. e. the cap we have set for it.

Dividend for fiscal 2022. The Executive Board of RWE AG aims to pay a dividend of €0.90 per share for the 2022 financial year. This corresponds to the dividend that we intend to propose to the Annual General Meeting on 28 April 2022 for fiscal 2021.

2.10 Development of risks and opportunities

RWE's transformation into a growth company in the green economy has improved our risk-opportunity profile. Thanks to the predominantly high, stable revenues that can be generated with renewables, not only are we more profitable, we are also more resilient. However, Russia's invasion of Ukraine has given rise to new uncertainties. What this conflict will mean for the energy industry and the development of RWE's business is impossible to predict. The German government's plans to accelerate the phaseout of coal-based power generation also pose a risk and could be associated with significant financial burdens for RWE. However, if framework conditions prove favourable, they also offer us the chance to proceed more quickly towards climate neutrality.

Distribution of risk management tasks at RWE. Responsibility for Group risk management lies with the parent company RWE AG. Its Executive Board monitors and manages the Group's overall risk. In addition, it determines the general risk appetite of RWE and defines upper limits for single risk positions. At the level below the Executive Board, the Controlling & Risk Management Department has the task of applying and constantly refining the risk management system. It derives detailed limits for the individual business fields and operating units from the risk caps set by the Executive Board. Its tasks also include checking the identified risks for completeness and plausibility and aggregating them. In so doing, it receives support from the Risk Management Committee, which is composed of the heads of the following five RWE AG departments: (1) Controlling & Risk Management (Chair), (2) Finance & Credit Risk, (3) Accounting, (4) Legal, Compliance & Insurance, and (5) Strategy & Sustainability. The Controlling & Risk Management Department provides the Executive Board and the Supervisory Board of RWE AG with regular reports on the company's risk exposure.

A number of additional organisational units and committees have been entrusted with risk management tasks:

- Financial risks and credit risks are managed by the Finance & Credit Risk Department of RWE AG.
- The Accounting Department ensures that financial reporting is free of material misstatements. It has an accounting-related internal control system for this purpose. A committee consisting of officers from Accounting and other departments of relevance to accounting assists in securing the quality of financial reporting. More detailed information can be found on page 79.
- Risks from changes in commodity prices are monitored by RWE Supply & Trading in so far as they relate to the conventional electricity generation, energy trading and gas businesses. Where these risks relate to the renewable energy business, they are managed by RWE Renewables.
- Strategies to limit market risks in conventional electricity generation must be approved by the Commodity Management Committee. This expert panel consists of the CFO of RWE AG, members of the Board of Directors of RWE Supply & Trading and a representative of the Controlling & Risk Management Department.
- We also have a committee tasked with mitigating market risks associated with the renewable energy business. The Renewables Commodity Management Committee consists of the CFO of RWE AG, members of the management of RWE Renewables and a representative of the Controlling & Risk Management Department.

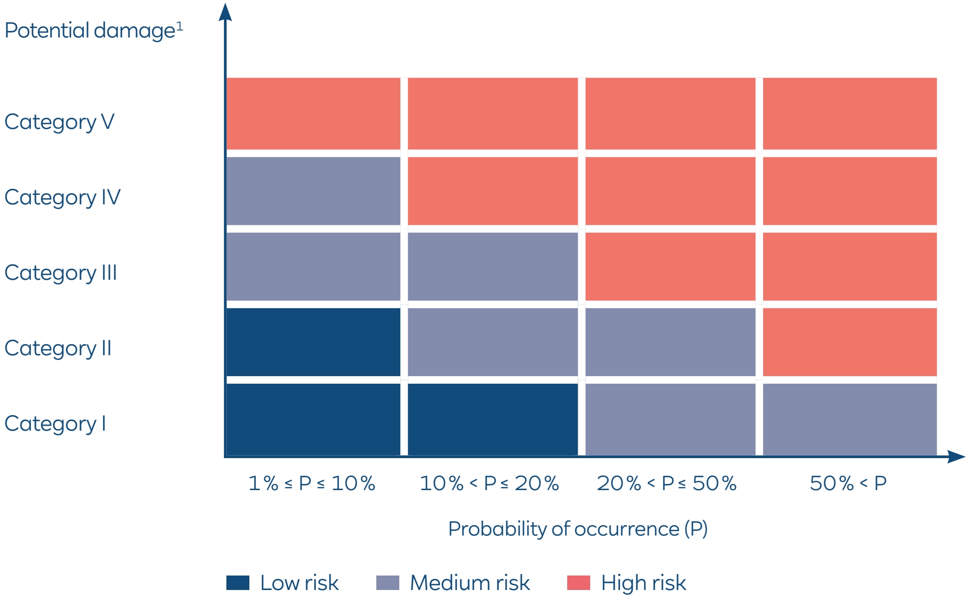
Under the expert management of the aforementioned organisational units, RWE AG and its subsidiaries are responsible for identifying risks early, assessing them correctly and managing them in compliance with corporate standards. Internal Audit regularly verifies the quality and functionality of our risk management system. The Executive Board formally establishes the Group's risk bearing capacity. This took place by way of a resolution dated 23 November 2021.

Risk identification and assessment. Risks and opportunities are defined as negative or positive deviations from expected figures. Their management is an integral and continuous part of operating processes. We assess risks every six months, using a bottom-up analysis. We also monitor risk exposure between the regular survey dates. The Executive Board of RWE AG is immediately notified of any material changes. Our executive and supervisory bodies are updated on the Group's risks once a quarter.

Our risk analysis normally covers the three-year horizon of our medium-term plan, but can extend beyond that in individual cases. We measure the potential damage based on the possible effects on net income, liquidity, net debt and/or equity. In doing so, we take hedges into account. We define the potential damage as the deviation from the budgeted figure in question, aggregated over the planning horizon.

We display the material risks using a matrix (see chart on the right) in which they are categorised by potential damage and probability of occurrence. Risks that share the same cause are aggregated to a single risk, if possible. To clearly assign them to the matrix fields, we have established damage potential thresholds, which are oriented towards the RWE Group's ability to bear risks. They are presented in the table below the matrix. Depending on their position in the matrix, we distinguish between low, medium and high risks. Based on this systematic risk identification, we determine whether there is a need for action and initiate measures to mitigate the risks if necessary.

RWE AG risk matrix



Potential damage[1] € million	Earnings risks Potential impact on net income (X)	Indebtedness / equity risks Potential impact on liquidity, net debt and / or equity (Y)
Category V	8,000 ≤ X	8,000 ≤ Y
Category IV	1,500 ≤ X < 8,000	4,000 ≤ Y < 8,000
Category III	600 ≤ X < 1,500	2,000 ≤ Y < 4,000
Category II	300 ≤ X < 600	1,000 ≤ Y < 2,000
Category I	X < 300	Y < 1,000

1 Aggregated over the planning horizon.

Risk classes	Classification of the highest single risk	
	31 Dec 2021	31 Dec 2020
Market risks	Medium	Medium
Regulatory and political risks	High	Medium
Legal risks	Low	Low
Operational risks	Medium	Medium
Financial risks	Medium	Medium
Creditworthiness of business partners	Medium	Medium
Other risks	Low	Medium

Main risks for the RWE Group. Depending on their causes, our risks can be divided into seven classes, which are shown in the table. The highest individual risk determines the classification of the risk of the entire risk class. Our classification of risks reflects the situation in early March 2022. It was not possible to predict the impact of the Ukraine conflict at this time. The following changes have been made versus last year's risk classification:

- We adjusted the classification of our regulatory and political risks upwards from 'medium' to 'high'. One reason for this is the plan of the new government coalition, made up of the Social Democrats, the Green Party and the Free Democrats, to accelerate the German coal phaseout without granting the affected companies compensation. Far-reaching EU sanctions against Russia could also have a significant impact on our business.

- We reclassified our 'other risks' from 'medium' to 'low' because the economic impact of the coronavirus pandemic has become more manageable. Previously, we believed our single-largest other risk was that a reduction in demand for energy caused by the pandemic would cause electricity prices to drop over the long term and we would thus have to recognise impairments for generation assets. Now we feel that this is unlikely.

As set out earlier, the focus of the risk analysis described in this chapter lies on the three-year horizon of our medium-term plan. In 2017, the Task Force on Climate-related Financial Disclosures (TCFD), a panel of experts, recommended that companies consider time horizons that go far above and beyond this when identifying and assessing climate-related risks. RWE implements the TCFD proposals. We explain how we do this in our 2021 Sustainability Report, which will be published in April 2022 and will then be available at www.rwe.com/sustainability-report.

In this section, we provide commentary on the main risks and opportunities we have identified for this and the next two years and explain what measures have been taken to counter the threat of negative developments.

- **Market risks.** In most of the countries in which we are active, the energy sector is characterised by the free formation of prices. This presents both opportunities and risks. Over the course of the past year, prices quoted in our key European electricity forward markets hit an all-time high. As a result, the earnings prospects of our generation assets became considerably more favourable. If limits are placed on Russian natural gas imports in the long term due to the Ukraine conflict, then energy prices should remain at a high level. However, there is a possibility that the economy will fall into a recession and that electricity prices will drop again.

  With regard to power and gas purchase agreements, if the conditions are not coupled to the development of wholesale prices, there is a risk of having to pay more for the product than we can earn when selling it. This may force us to form provisions to cover this risk. We have identified such a risk inherent in the two contracts we concluded to purchase electricity from the Datteln 4 hard coal-fired power plant in 2005 and 2006. The station was commissioned by energy group Uniper in mid-2020, ten years later than planned. We were unsuccessful in taking legal recourse against the continuation of the agreements. A further legal dispute regarding certain contractual provisions with Uniper is still pending.

RWE has a long-term gas purchase agreement with Russian energy group Gazprom. What the Ukraine crisis will mean for this contract remains to be seen. We have the option to negotiate contractual changes depending on market conditions during price reviews, should it remain effective. In the past, this has enabled us to mitigate our earnings risk exposure from the contract.

We assess the price risks to which we are exposed on the procurement and supply markets taking account of current forward prices and expected volatility. For our power plants and parts of our renewable energy portfolio, we limit the earnings risks by selling a large portion of the electricity forward. Whenever we need fuel and CO_2 emission allowances to produce power, we secure the respective prices when we sell the electricity. This makes it easier for us to plan generation margins in coming years. However, if we sell too much electricity forward, we run the risk of having to make expensive purchases on the market to fulfil supply commitments in the event of production outages. An example of such a situation was the extreme cold snap in Texas in February 2021, on which we report on page 43. The consequences of this weather event prompted us to review and optimise our hedging strategy.

We also use financial instruments to hedge our commodity positions. In the consolidated financial statements, these instruments are inter alia presented through the statement of on-balance-sheet hedges. The same applies to financial instruments serving the purpose of limiting interest rate and currency risks. More detailed information on this can be found on pages 105 and 158 et seqq. in the Notes.

RWE Supply & Trading plays a central role when it comes to managing commodity price risks. It functions as the Group's interface to the global wholesale markets for electricity and energy commodities. On behalf of our power plant companies, RWE Supply & Trading markets large portions of our electricity output and purchases the necessary fuel and CO_2 certificates. Since RWE Supply & Trading acts as the internal transaction partner it is easier for us to limit the risks associated with price volatility on energy markets. However, the trading transactions are not exclusively intended to reduce risks. In compliance with risk thresholds, the company also takes commodity positions to achieve a profit.

Our risk management system for energy trading is firmly aligned with best practice as applied to the trading businesses of banks. As part of this, transactions with third parties are concluded only if the associated risks are within approved limits. There are guidelines governing the treatment of commodity price risks and associated credit risks. Our subsidiaries constantly monitor their commodity positions. Risks associated with trades conducted by RWE Supply & Trading for its own account are monitored daily.

The Value at Risk (VaR) is of central importance for risk measurement in trading. It specifies the maximum loss from a risk position not exceeded with a predetermined probability over a predefined period of time. The RWE Group's VaR figures are generally based on a confidence interval of 95 % and a holding period of one day. This means that, with a probability of 95 %, the daily loss will not exceed the VaR.

The VaR for the price risks of commodity positions in the trading business should not exceed a certain daily cap. In the past, this upper limit was initially set at €40 million, but was increased by €10 million at the beginning of 2021 and again in early 2022. In the period under review, the actual amounts averaged €32 million. The daily maximum was €50 million. In addition, limits derived from the respective VaR thresholds have been set for every trading desk. Furthermore, we develop extreme scenarios and factor them into stress tests, determine their impact on earnings, and take countermeasures if we deem the risks to be too high.

The management of our gas portfolio and the liquefied natural gas (LNG) business is pooled in a dedicated organisational unit at RWE Supply & Trading. During the past year, the daily VaR cap for these activities was raised from €14 million to €25 million. We used a maximum of €22 million of this headroom. The average VaR for the year was €8 million.

The massive price spikes recently observed in energy trading could continue due to the Ukraine conflict. Nevertheless, our market risks remain unchanged in the 'medium' category.

- **Regulatory and political risks.** Most countries in which we are active have set their sights on ambitious climate protection goals. A number of them, including Germany, have recently introduced more stringent objectives. To meet these targets, they will need to continue to improve the framework for renewable energy and green hydrogen. For companies such as RWE, which have designed their business model around the energy transition, this is associated with opportunities for growth. At the same time, our ambitious carbon-reduction strategy has meant that regulatory interventions to improve climate protection are no longer associated with such high risks.

  Nevertheless, changes to political and regulatory frameworks can severely impact us. The Ukraine crisis, in particular, is currently associated with risks. For example, there is the possibility that Russian commodities suppliers are no longer able to meet their obligations due to the sanctions against Russia, forcing us to procure these commodities on the market at high prices. It cannot be ruled out that contractual partners become insolvent because of the sanctions. Moreover, in core markets such as Germany, politicians could intervene with regulatory measures to secure energy supply and stabilise consumer prices. It is not yet possible to foresee what effects this could have on RWE.

  A core component of Germany's climate protection strategy is reducing coal-fired electricity generation to zero by 2038. In exchange for closing our lignite assets early, we are due €2.6 billion in compensation, which is still pending approval under EU state aid law. There is now talk of the exit roadmap being expedited. Germany's new government has announced that it ideally wants electricity generation from coal to end as early as 2030 and that it does not intend to grant affected companies any additional compensation. This would impose considerable financial burdens on RWE. However, the accelerated coal phaseout also presents us with opportunities as it presupposes more favourable framework conditions for the construction of environmentally friendly replacement plants, while the expansion of renewables would also have to be ramped up. This would benefit the implementation of our growth strategy. Moreover, the government might pay us compensation after all.

  We are also exposed to risks associated with the coal phaseout in the Netherlands, where a law was passed in 2019 that prevents us from using hard coal in Amer 9 and Eemshaven as of 2025 and 2030, respectively. There are no plans to offer compensation. We accept the coal phaseout, but do not believe it is just that the law does not provide for any remuneration for this intervention in companies' property rights. Given the lack of concessions by Dutch policymakers, we have submitted an application for arbitration proceedings in accordance with the Energy Charter Treaty with the International Centre for Settlement of Investment Disputes in Washington. We hope this will give us the opportunity to receive financial compensation. In addition to the coal phaseout, the Netherlands introduced a cap on coal firing in power plants, which will apply from 2022 to 2024. We are likely to be awarded compensation in relation to this measure, however it is not yet clear how much it will be. Furthermore, the EU Commission will still need to approve it under state aid law.

  Although the renewable energy business is characterised by fairly stable framework conditions and wide public acceptance, political uncertainties exist in this area as well. Adjustments to state subsidy schemes may result in reductions in payments and new projects losing their appeal. This can lead to investment undertakings being broken off. It is also conceivable that firmly pledged state payments may be cut retrospectively. In the dialogue we maintain with policymakers, we point out that companies which invest in building sustainable, climate-friendly energy infrastructure need reliable framework conditions.

  Even in the present regulatory environment, we are exposed to risks associated with, for instance, approvals for constructing and operating production facilities. This particularly affects our opencast mines, power stations and wind farms. The danger here is that approvals are granted late or not at all and that granted approvals are withdrawn temporarily or for good. Furthermore, it cannot be ruled out that the courts will legislatively prohibit the transfer of land that has been assigned to us in the vicinity of our opencast mines.

Producers in Germany benefit from lower tax rates on in-house electricity, gas and oil consumption. RWE also utilises this financial mechanism. The Federal government, however, intends to reform the legal basis for these benefits in accordance with the EU's guidelines on climate and environmental protection and state aid for energy. There is a risk that the new rules will be more restrictive and that we will possibly either receive lower discounts from 2023, or none at all.

Certain statutory regulations to which we must adhere can be interpreted in various ways and are therefore in need of legal clarification. One example is the regulation which exempts us from paying an apportionment under the Renewable Energy Act (EEG) for electricity that we consume ourselves in our German power stations and opencast mines. However, the legal situation surrounding the regulation is vague, for example with regard to the EEG exemption of leased assets. There is a danger that using this exemption may be limited by Germany's highest court and that back payments may even have to be made for previous years.

As set out earlier, we have adjusted the assessment of our regulatory and political risks from 'medium' to 'high', which is due to the uncertainties associated with the Ukraine conflict and Germany's coal exit.

- **Legal risks.** Individual RWE Group companies are involved in litigation and arbitration proceedings due to their operations or M&A transactions. Out-of-court claims have been filed against some of them. Furthermore, Group companies are directly involved in various procedures with public authorities or are at least affected by their outcomes. To the extent necessary, we have accrued provisions for possible losses resulting from pending proceedings before ordinary courts and arbitration courts.

  Risks may also result from exemptions and warranties that we granted in connection with the sale of assets. Exemptions ensure that the seller covers the risks that are identified within the scope of due diligence, the probability of occurrence of which is, however, uncertain. In contrast, warranties cover risks that are unknown at the time of sale. These hedging instruments are standard practice in sales of companies and equity holdings.

  We currently have low exposure to legal risks. This assessment did not change compared to the previous year.

- **Operational risks.** RWE operates technologically complex, interconnected generation assets. Damage and outages can weigh heavily on earnings, as seen in 2021 during the severe cold snap in the US state of Texas (see page 43). The recent sharp rise in electricity prices is associated with a higher risk of earnings losses but also presents opportunities should the utilisation of our assets be higher than anticipated. To mitigate these risks, we ensure that our supply commitments are not too high, as we may be forced to buy electricity at a high cost to meet these obligations in case of production outages, for example. Furthermore, we also regularly maintain our facilities and take out insurance policies if economically viable.

  When production facilities are built and modernised, delays and cost increases can occur, for example due to logistical bottlenecks or inadequate services provided by suppliers. The coronavirus pandemic and international trade conflicts have recently proven to be risk factors. Project delays can cause costs to rise and earnings to be delayed. Furthermore, delays of renewable energy projects can be disadvantageous to the level of subsidies they receive. We counter these risks through circumspect planning and diligent project management.

  The COVID-19 pandemic, which has persisted for two years now, continues to expose us to risks, albeit to a manageable extent. As before, deliveries can be delayed. Theoretically, it is also conceivable that the reliable operation of our plants may be jeopardised if a large number of employees goes on sick leave. Thanks to comprehensive preventive measures and forward-looking emergency plans, so far we have been able to keep all major operational processes up and running, and we are confident that we can continue doing so.

RWE has ambitious growth targets and has increased its investment budgets significantly. We take care to ensure that our new-build projects and acquisitions satisfy our return requirements. If positive market developments occur after an investment decision has been made, electricity revenue and thus also returns can exceed expectations. However, it is also possible that income achieved through our projects falls short of forecasts and that prices paid for acquisitions prove to be too high retrospectively. We prepare our investment decisions by conducting extensive analyses to try and map the financial and strategic effects as realistically as possible before taking investment decisions. Moreover, RWE has specific accountability provisions and approval processes in place to prepare and implement the decisions.

Our business processes are supported by secure data processing systems. Nevertheless, it is not possible to rule out a lack of availability of IT infrastructure or a breach in data security. There is also a risk of cyber attacks. The Ukraine crisis may trigger a rise in these sorts of attacks. We limit our IT risks with high security standards, and groupwide cyber security training programmes are designed to mitigate them. In addition, we regularly invest in hardware and software upgrades.

As in the previous year, we classify our operational risks as 'medium'.

- **Financial risks.** Interest rates, foreign exchange rates, securities prices and rates of inflation are subject to fluctuations, which can be difficult to predict and can have a major impact on our net worth and earnings.

Changes in interest rates give rise to risks and opportunities in several respects. Market interest rates, for example, can impact our provisions, as they are the point of reference for the discount rates used for determining the net present values of obligations. This means that, all other things being equal, provisions decrease when market interest rates rise and increase when market interest rates fall. On pages 144 et seq. of the Notes, we present the effects of changes in interest rates on the net present values of our pension obligations and on the nuclear and mining provisions.

Rises in market interest rates can lead to reductions in the prices of the securities we hold and vice versa. This primarily relates to fixed-interest bonds. In 2021, we started measuring the price risk using a sensitivity analysis. As of the balance-sheet date, an increase in market interest rates of 100 basis points would have lowered the value of the bonds on our books by €28 million.

Moreover, interest rates also determine our financing costs. We measure the possible impact using the Cash Flow at Risk (CFaR), applying a confidence level of 95 % and a holding period of one year. The average CFaR at RWE AG in 2021 was €8 million.

Changes to the general price level can also give rise to risks and opportunities. Rising inflation can force us to increase the value of our future obligations and raise provisions. Price increases are particularly detrimental when they are above average in sectors from which we procure products and services for nuclear waste disposal and recultivating opencast mine areas.

With our focus on the global expansion of renewables, changes in exchange rates may increasingly impact our earnings. Companies which are overseen by RWE AG have their currency risks managed by the parent company. These risks are aggregated to a net financial position for each currency and hedged using currency derivatives if necessary. Our foreign currency risks are measured using sensitivity analyses. In the course of such, we calculate how a 10 % change in the exchange rate would affect the value of the respective foreign currency position. As of the balance-sheet date, the sum total of the sensitivities amounted to €0.3 million.

Security price fluctuations can have a considerable impact on RWE's financial assets and pension funds. In case of a stock market crisis, for example due to the conflict in Ukraine, we would possibly need to significantly increase our pension provisions in order to compensate our fund assets potentially losing value. We are also exposed to share price risks in relation to our 15 % stake in E.ON, which had a fair value of €4.8 billion at the end of 2021.

Risks and opportunities from changes in the price of securities are controlled by a professional fund management system. Range of action, responsibilities and controls are set out in internal guidelines which the Group companies are obliged to adhere to when concluding financial transactions. All financial transactions are recorded using special software and are monitored by RWE AG.

Collateral pledged for forward transactions also harbours a risk. The amount of the payments – variation margins in the case of exchange transactions – depends on the extent to which the contractually agreed prices deviate from market quotations as of the respective cut-off date. If differences are substantial, then they may weigh heavily on our liquidity. As set out on page 38 et seq., wholesale prices of electricity, natural gas and CO_2 emission allowances spiked substantially in 2021. This forced us to pay unusually high variation margins for electricity forward sales. Thanks to our robust financial position and use of financing instruments at our disposal, we were always able to provide the required funds. Another positive factor was that we received significant margin payments in relation to forward sales of commodities, in particular of CO_2 emission allowances.

The conditions at which we finance our debt capital are in part dependent on the credit ratings we receive from independent rating agencies. As set out on page 61, Moody's and Fitch place our creditworthiness in the investment grade category. If our rating deteriorates, we may incur additional costs if we have to raise debt capital. This would probably also increase the liquidity requirement when pledging collateral for forward transactions. However, we believe that such a scenario is unlikely. Just last year, Moody's and Fitch raised our credit score by one notch to Baa2 and BBB+, respectively, both with a stable outlook. In doing so, they rewarded us for our transformation into a leading renewable energy company through which we have become more financially robust.

The assessment of our creditworthiness by rating agencies, banks and capital investors depends in part on the level of our net debt. Our goal is to ensure that, in the medium term, it does not exceed three times the adjusted EBITDA of our core business. Despite this, net debt could temporarily be above budget, for instance if we have to pay high variation margins. Nevertheless, we are confident that we can keep our indebtedness below the cap.

Despite the significant increase in volatility on commodity markets, we continue to classify our financial risks as 'medium'.

- **Creditworthiness of business partners.** Our business relations with key accounts, suppliers, trading partners and financial institutions expose us to credit risks. Therefore, we track the creditworthiness of our partners closely and assess their credit standing based on internal and external ratings, both before and during the business relationship. Transactions that exceed a certain size and all trading transactions are subject to credit limits, which we determine before the transaction is concluded and adjust if necessary, for instance in the event of a change in the business partner's creditworthiness. At times, we request cash collateral or bank guarantees. In the trading and financing business, credit risks and the utilisation of the limits are measured daily. We agree on collateral when concluding over-the-counter trading transactions. Furthermore, we enter into framework agreements, e.g. those of the European Federation of Energy Traders. For financial derivatives, we make use of the German master agreement for forward financial transactions or the master agreement of the International Swaps and Derivatives Association.

The significant price spikes on commodity markets have increased the danger of transaction partners being unable to meet their obligations. The Ukraine crisis has further exacerbated this risk, in particular in relation to trading with Russian commodities producers. This exposes us to substantial financial losses especially with regard to contracts that are particularly valuable to us. We are monitoring the default risks closely and are assessing counterbalancing measures.

Although our risks stemming from the creditworthiness of our business partners have increased overall, they still do not exceed the 'medium' category.

- **Other risks.** This is the class in which we record the potential effects of damage to our reputation, compliance infringements and criminal acts. The risk of a COVID-19-driven decrease in electricity prices which may force us to recognise impairments for generation assets has also been recorded in this category. However, we now believe it is very unlikely that this will come to pass. Therefore, we have lowered the category of other risks from 'medium' to 'low'.

RWE's risks and opportunities: General assessment by management. Shifting our generation portfolio from fossil fuels to renewables has improved RWE's opportunity-risk profile. By aiming to be carbon neutral by 2040, we are demonstrating that we want to expedite the decarbonisation of the energy sector, thereby increasing our acceptance among politicians, capital lenders, customers and other stakeholder groups. At the same time, our solid financial management ensures that our company remains on a safe course. By analysing the effects of risks on our liquidity and pursuing a conservative financing strategy, we ensure that we can meet our payment obligations punctually. We have considerable liquid funds and great leeway in terms of debt financing, thanks to the Debt Issuance Programme, the Commercial Paper Programme and the syndicated credit line (see page 60). We budget our liquidity with foresight, based on the short, medium and long-term financing needs of our Group companies, and always hold a significant amount of minimum liquidity.

As shown by the commentary in this chapter, we consider unfavourable changes to the political and regulatory framework to be our biggest risk. Due to the war in Ukraine, developments are conceivable that could have a considerable negative impact on us. We are monitoring events closely as they unfold and are trying to limit these risks as much as possible. We could also become exposed to significant financial burdens due to the accelerated coal phaseout. We therefore class the political and regulatory risks as 'high'. In the previous year, we had classed them as 'medium'. That being said, we also see opportunities here. For example, we are confident that an earlier German coal exit would be associated with improved framework conditions for the expansion of renewables and for the creation of environmentally friendly backup assets. The additional investments and the steeper climb towards reducing emissions should again increase our acceptance among capital lenders and customers. It is also possible that the government may offer fair compensation regulations, contrary to early statements.

The booming commodity markets presents us with opportunities. If wholesale electricity prices remain high, renewable energy assets that do not receive fixed payments will achieve additional revenue. This also holds true for our conventional power stations as long as additional earnings are not offset by higher costs of fuel and CO_2 allowances. However, high electricity prices also increase the potential for greater earnings shortfalls in the event of unscheduled plant outages. Price hikes on the energy markets could also see the funds needed to collateralise forward contracts rise at short notice. The same applies to income generated by these contracts. As a result, standards on our liquidity management would become stricter and the risk of our contracting parties being unable to make payments would rise.

RWE has been affected by COVID-19 to a limited extent so far, and we are confident that this will not change. Projects may still be delayed owing to the pandemic. However, the risk of a sustained COVID-19-induced economic crisis resulting in a reduction in electricity prices and impairments to power stations has not materialised. In view of the latest economic recovery and the record energy prices, we now find that such a scenario is unlikely.

Thanks to the measures for safeguarding our financial and earning power over the long term and our comprehensive risk management system, we are confident that we can manage our current risks. At the same time, we are establishing the prerequisites for ensuring that this remains the case in the future. Overall, we do not currently foresee any risks that would undermine the viability of RWE AG or the RWE Group.

Accounting-related internal control system: Statements in accordance with Sec. 289, Para. 4, and Sec. 315, Para. 4 of the German Commercial Code. Our financial reporting is exposed to the risk of misrepresentations that could have a significant influence on the decisions made by their addressees. For example, stated earnings that are too high can cause capital investors to invest in a company. Capital market law regulations and RWE's Code of Conduct require that we inform the public of our business performance and important company specific events completely, objectively, accurately, clearly and in a timely manner. We use a series of tools to meet this ambition. Examples of this are our IFRS accounting regulation and the high minimum standards to which we subject the IT systems used to record and process accounting-related data. Furthermore, we use an accounting-related Internal Control System (ICS) for quality assurance purposes. The ICS aims to detect potential errors and misrepresentations that result from non-compliance with accounting standards. The Accounting Department of RWE AG is responsible for designing the ICS and reviewing its effectiveness. In doing so, it applies groupwide rules. In addition, it receives assistance from the ICS Committee, the objective of which is to ensure that the ICS is applied throughout the Group following uniform principles and meeting high ambitions in terms of correctness and transparency. The Committee consists of representatives from the Accounting, Controlling & Risk Management and Internal Audit & Security Departments, along with officers from the human resources, procurement, trading, finance, taxes and IT functions, which are highly relevant to accounting.

We subject the ICS to a comprehensive review every year. First, we examine whether the risk situation is presented appropriately and whether suitable controls are in place for the identified risks. Then, we test the effectiveness of the controls. If the ICS reviews pertain to accounting-related processes, e.g., to the preparation of financial statements or to consolidation, they are conducted by employees from the Accounting Department. When it comes to processes handled by service centres on our behalf, for example invoice processing, an auditor certifies the appropriateness and effectiveness of the controls. The representatives of the finance, human resources, procurement, trading, and IT functions document whether the agreed ICS quality standards are adhered to by their respective areas. Our Internal Audit & Compliance Department also oversees the ICS reviews. The results of the reviews are documented in a report to the Executive Board of RWE AG. The review conducted in 2021 once again demonstrated that the ICS is effective.

Within the scope of external reporting, the members of the Executive Board of RWE AG take an initial half-year and a full-year balance-sheet oath, confirming that the prescribed accounting standards have been adhered to and that the financial statements give a true and fair view of the net worth, financial position and earnings. When in session, the Supervisory Board's Audit Committee regularly concerns itself with the effectiveness of the ICS. Once a year, the Executive Board of RWE AG submits a report on this to the Committee.

2.11 Disclosure relating to German takeover law

The following disclosure is in accordance with Sections 315a and 289a of the German Commercial Code as well as with Section 176, Paragraph 1, Sentence 1 of the German Stock Corporation Act. The information relates to company-specific regulations, for example relating to adjustments to the capital structure by the Executive Board or a change of control of the company. At RWE, these provisions are in line with the standards of German listed companies.

Composition of subscribed capital. RWE AG's capital stock amounts to €1,731,123,322.88. It is divided among 676,220,048 no-par-value bearer shares.

Limitation of voting rights or share transfers and employee share schemes. 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.

Within the scope of an employee share plan, we issued 288,624 RWE shares to our employees in Germany in the financial year that just ended. The beneficiaries may only freely dispose of the shares after 31 December 2022.

RWE also has employee share schemes in the United Kingdom. Participating companies are RWE Generation UK plc, RWE Supply & Trading GmbH UK Branch and RWE Technology UK Limited. In 2021, employees purchased a total of 23,181 RWE shares under the UK schemes. These shares are also subject to a restriction on disposal, which lasts five years from the grant date.

Employees can exercise the control rights conferred on them from the employee shares in the same manner as other shareholders can whilst in compliance with statutory regulations and the provisions of the Articles of Incorporation.

Shares in capital accounting for more than 10 % of voting rights and special rights with control powers. As of 31 December 2021, no holding in RWE AG exceeded 10 % of the voting rights. There are no RWE shares with special rights that confer control powers.

Appointment and dismissal of Executive Board members / amendments to the Articles of Incorporation. Executive Board members are appointed and dismissed in accordance with Sections 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 Sections 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.

Executive Board authorisation to implement issuances and buybacks of RWE shares. On 28 April 2021, the Annual General Meeting authorised the Executive Board to increase the company's capital stock subject to the approval of the Supervisory Board by up to €346,224,663.04 through the issuance of up to 135,244,009 bearer shares (authorised capital). The authorisation is limited to five years and expires on 27 April 2026.

On 28 April 2021, the Annual General Meeting further authorised the Executive Board until 27 April 2026, subject to Supervisory Board approval, to issue bearer convertible and / or option bonds with a total face value of up to €5,000,000,000 with or without a limited maturity and to grant the bondholders convertible or option rights to bearer shares in the company. To enable the issuance of shares to holders of convertible and / or option bonds, the Annual General Meeting of 28 April 2021 conditionally increased the company's capital stock by up to €173,112,330.24, divided into up to 67,622,004 registered or bearer shares (conditional capital).

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 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; and
- 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 from authorised capital with a waiver of subscription rights and 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 is adopted or when the authorisation is exercised, if the capital stock is lower. Other measures taken waiving subscription rights count towards the upper limit.

The Annual General Meeting of 26 April 2018 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 is passed or when the authorisation is exercised, if the latter is lower at that time. 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.

Effects of a change of control on debt financing. Our debt financing instruments often contain clauses that take effect in the event of a change of control. Such a provision is in place e. g. in respect of our €5 billion syndicated credit line, and essentially means that in the event of a change of control or majority at RWE AG, drawings are suspended until further notice. The lenders shall enter into negotiations with us on a continuation of the 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, requesting immediate repayment.

The green bonds issued in 2021 (see page 60) 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 long-term credit rating falls below investment grade due to the change of control or 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 remained on our books as it could not be fully transferred to innogy 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 also falls below investment grade or credit ratings are no longer issued, their annual yield rises by 500 basis points.

Compensation agreement with the Executive Board and employees in the event of a takeover offer. The current version of the German Corporate Governance Code dated 16 December 2019 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 payments made to the Executive Board members and executives are 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.

3

Responsibility Statement

"Wind energy has a bright future. Being part of the energy transition is really exciting and opens up so many doors."

Zefiro Drieghe, Wind Farm Supervisor, RWE Renewables

3 Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group review of operations includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Essen, 3 March 2022

The Executive Board

Krebber Müller Seeger

“For us, safety comes first. Both on site and when it comes to supplying our customers with energy.”

Ute Brimberg, Cluster Manager of the Emsland gas-fired power station, RWE Generation

4

Consolidated financial statements

4.1 Income statement

€ million	Note	2021	2020[1]
Revenue (including natural gas tax / electricity tax)	(1)	**24,761**	**13,896**
Natural gas tax / electricity tax	(1)	235	208
Revenue	(1)	**24,526**	**13,688**
Other operating income	(2)	2,257	4,977
Cost of materials	(3)	17,713	9,814
Staff costs	(4)	2,502	2,365
Depreciation, amortisation and impairment losses	(5), (10)	2,373	3,136
Other operating expenses	(6)	3,081	1,950
Income from investments accounted for using the equity method	(7), (12)	291	381
Other income from investments	(7)	130	-62
Financial income	(8)	1,810	1,933
Finance costs	(8)	1,823	2,387
Income from continuing operations before tax		**1,522**	**1,265**
Taxes on income	(9)	-690	-376
Income from continuing operations		**832**	**889**
Income from discontinued operations			221
Income		**832**	**1,110**
of which: non-controlling interests		111	59
of which: net income / income attributable to RWE AG shareholders		**721**	**1,051**
Basic and diluted earnings per share in €	(26)	**1.07**	**1.65**
of which: from continuing operations in €		1.07	1.36
of which: from discontinued operations in €			0.29

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

4.2 Statement of comprehensive income

Figures stated after taxes – € million	Note	2021	2020[1]
Income		**832**	**1,110**
Actuarial gains and losses of defined benefit pension plans and similar obligations		1,150	-493
Income and expenses of investments accounted for using the equity method (pro-rata)	(12)	10	-46
Fair valuation of equity instruments		1,117	-143
Income and expenses recognised in equity, not to be reclassified through profit or loss		**2,277**	**-682**
Currency translation adjustment	(20)	126	-391
Fair valuation of debt instruments		-29	19
Fair valuation of financial instruments used for hedging purposes	(27)	-3,474	-233
Income and expenses of investments accounted for using the equity method (pro rata)	(12), (20)	17	-6
Income and expenses recognised in equity, to be reclassified through profit or loss in the future		**-3,360**	**-611**
Other comprehensive income		**-1,083**	**-1,293**
Total comprehensive income		**-251**	**-183**
of which: attributable to RWE AG shareholders		-462	-200
of which: attributable to non-controlling interests		211	17

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

4.3 Balance sheet

Assets € million	Note	31 Dec 2021	31 Dec 2020[1]	1 Jan 2020[2]
Non-current assets				
Intangible assets	(10)	5,884	4,899	4,777
Property, plant and equipment	(11)	19,984	17,902	19,016
Investments accounted for using the equity method	(12)	3,021	3,276	3,252
Other non-current financial assets	(13)	5,477	4,237	4,337
Financial receivables	(14)	111	131	128
Other receivables and other assets	(15)	3,490	3,434	3,276
Income tax assets		233	142	264
Deferred taxes	(16)	663	397	680
		38,863	**34,418**	**35,730**
Current assets				
Inventories	(17)	2,828	1,632	1,585
Financial receivables	(14)	12,394	2,482	2,359
Trade accounts receivable		6,470	3,007	3,621
Other receivables and other assets	(15)	66,805	9,821	12,755
Income tax assets		427	228	196
Marketable securities	(18)	8,040	4,219	3,258
Cash and cash equivalents	(19)	5,825	4,774	3,192
Assets held for sale		657	1,061	1,274
		103,446	**27,224**	**28,240**
		142,309	**61,642**	**63,970**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.) and retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020 (see commentary on page 95).
2 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

Equity and liabilities € million	Note	31 Dec 2021	31 Dec 2020[1]	1 Jan 2020[2]
Equity	(20)			
RWE AG shareholders' interest		15,254	16,916	16,616
Non-controlling interests		1,742	790	503
		16,996	**17,706**	**17,119**
Non-current liabilities				
Provisions	(22)	16,943	19,470	18,937
Financial liabilities	(23)	6,798	3,951	3,924
Income tax liabilities	(24)	888	797	1,050
Other liabilities	(25)	1,729	1,355	1,094
Deferred taxes	(16)	1,948	1,862	2,197
		28,306	**27,435**	**27,202**
Current liabilities				
Provisions	(22)	4,268	3,004	2,638
Financial liabilities	(23)	10,996	1,247	1,689
Trade accounts payable		4,428	2,387	2,987
Income tax liabilities	(24)	44	236	193
Other liabilities	(25)	77,271	9,046	11,632
Liabilities held for sale			581	510
		97,007	**16,501**	**19,649**
		142,309	**61,642**	**63,970**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.) and retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020 (see commentary on page 95).
2 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

4.4 Cash flow statement

€ million	Note (30)	2021	2020[1]
Income from continuing operations		832	889
Depreciation, amortisation, impairment losses / write-backs		2,117	3,161
Changes in provisions		847	342
Changes in deferred taxes		840	422
Income from disposal of non-current assets and marketable securities		-268	-54
Other non-cash income / expenses		2,735	-652
Changes in working capital		171	17
Cash flows from operating activities of continuing operations		**7,274**	**4,125**
Cash flows from operating activities of discontinued operations			50
Cash flows from operating activities		**7,274**	**4,175**
Intangible assets / property, plant and equipment			
Capital expenditure		-3,689	-2,285
Proceeds from disposal of assets		393	132
Acquisitions, investments			
Capital expenditure		-80	-1,073
Proceeds from disposal of assets / divestitures		664	233
Changes in marketable securities and cash investments		-3,934	-1,189
Cash flows from investing activities of continuing operations (before initial / subsequent transfer to plan assets)		**-6,646**	**-4,182**
Initial / subsequent transfer to plan assets		-1,092	-96
Cash flows from investing activities of continuing operations (after initial / subsequent transfer to plan assets)		**-7,738**	**-4,278**
Cash flows from investing activities of discontinued operations			-76
Cash flows from investing activities (after initial / subsequent transfer to plan assets)		**-7,738**	**-4,354**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

€ million	Note (30)	2021	2020[1]
Net change in equity (incl. non-controlling interests)		-184	2,230
Dividends paid to RWE AG shareholders and non-controlling interests		-730	-522
Issuance of financial debt		16,485	5,537
Repayment of financial debt		-14,114	-5,476
Cash flows from financing activities of continuing operations		**1,457**	**1,769**
Cash flows from financing activities of discontinued operations			6
Cash flows from financing activities		**1,457**	**1,775**
Net cash change in cash and cash equivalents		993	1,596
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents		58	-34
Net change in cash and cash equivalents		**1,051**	**1,562**
Cash and cash equivalents at beginning of the reporting period		4,774	3,212
of which: reported as 'Assets held for sale'			20
Cash and cash equivalents at beginning of the reporting period as per the consolidated balance sheet		4,774	3,192
Cash and cash equivalents at the end of the reporting period		5,825	4,774
Cash and cash equivalents at end of the reporting period as per the consolidated balance sheet		**5,825**	**4,774**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

4.5 Statement of changes in equity

Statement of changes in equity	Subscribed capital of RWE AG	Additional paid-in capital of RWE AG	Retained earnings and distributable profit	Accumulated other comprehensive Income			**RWE AG share-holders' interest**	Non-controlling interests	**Total**
€ million				Currency translation adjustments	Fair value measurement of financial instruments				
Note (20)					Debt instruments measured at fair value through other compre-hensive income	Used for hedging purposes			
Balance at 1 Jan 2020 prior to adjustment[1]	**1,574**	**2,385**	**8,908**	**1,097**	**45**	**2,955**	**16,964**	**503**	**17,467**
Adjustment[1]			-348				-348		-348
Balance at 1 Jan 2020[2]	**1,574**	**2,385**	**8,560**	**1,097**	**45**	**2,955**	**16,616**	**503**	**17,119**
Capital paid in	157	1,844	-11				1,990	162	2,152
Dividends paid			-492				-492	-64	-556
Income[2]			1,051				1,051	59	1,110
Other comprehensive income[2]			-682	-366	19	-222	-1,251	-42	-1,293
Total comprehensive income[2]			369	-366	19	-222	-200	17	-183
Other changes			-123			-875	-998	172	-826
Balance at 1 Jan 2021[2]	**1,731**	**4,229**	**8,303**	**731**	**64**	**1,858**	**16,916**	**790**	**17,706**
Capital paid out								-175	-175
Dividends paid			-575				-575	-155	-730
Income			721				721	111	832
Other comprehensive income			2,277	62	-29	-3,493	-1,183	100	-1,083
Total comprehensive income			2,998	62	-29	-3,493	-462	211	-251
Other changes			-21			-604	-625	1,071	446
Balance at 31 Dec 2021	**1,731**	**4,229**	**10,705**	**793**	**35**	**-2,239**	**15,254**	**1,742**	**16,996**

1 Restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).
2 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

4.6 Notes

Basis of presentation

RWE AG, recorded in Commercial Register B of the Essen District Court under HRB 14525 and headquartered at RWE Platz 1 in 45141 Essen, Germany, is the parent company of the RWE Group ('RWE' or 'Group'). RWE generates electricity from renewable and conventional sources, primarily in Europe and the USA.

The consolidated financial statements for the period ended 31 December 2021 were approved for publication on 3 March 2022 by the Executive Board of RWE AG. The statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable in the European Union (EU), as well as in accordance with the supplementary accounting regulations applicable pursuant to Sec. 315e, Para. 1 of the German Commercial Code (HGB). The previous year's figures were calculated according to the same principles.

A statement of changes in equity has been disclosed in addition to the income statement, the statement of comprehensive income, the balance sheet and the cash flow statement. The Notes also include segment reporting.

Several balance sheet and income statement items have been combined in the interests of clarity. These items are stated and explained separately in the Notes to the financial statements. The income statement is structured according to the nature of expense method.

The consolidated financial statements have been prepared in euros. Unless specified otherwise, all amounts are stated in millions of euros (€ million). Due to calculation procedures, rounding differences may occur.

These consolidated financial statements were prepared for the fiscal year from 1 January to 31 December 2021.

The Executive Board of RWE AG is responsible for the preparation, completeness and accuracy of the consolidated financial statements and the Group review of operations, which is combined with the review of operations of RWE AG.

We employ internal control systems, uniform groupwide directives, and programmes for basic and advanced staff training to ensure that the consolidated financial statements and combined review of operations are adequately prepared. Compliance with legal regulations and the internal guidelines as well as the reliability and viability of the control systems are continuously monitored throughout the Group.

In line with the requirements of the German Corporate Control and Transparency Act (KonTraG), the Group's risk management system enables the Executive Board to identify risks at an early stage and take countermeasures, if necessary.

The consolidated financial statements, the combined review of operations, and the independent auditors' report are discussed in detail by the Audit Committee and at the Supervisory Board's meeting on financial statements with the independent auditors present.

Scope of consolidation

In addition to RWE AG, the consolidated financial statements contain all material German and foreign companies which RWE AG controls directly or indirectly. In determining whether there is control, in addition to voting rights, other rights in company, inter-company, consortial and management contracts and potential voting rights are also taken into consideration.

Material associates are accounted for using the equity method, and principal joint arrangements are accounted for using the equity method or as joint operations.

Associates are companies on which RWE AG exercises a significant influence on the basis of voting rights of 20 % up to and including 50 % or on the basis of contractual agreements.

In classifying joint arrangements which are structured as independent vehicles, as joint operations or as joint ventures, other facts and circumstances – in particular delivery relationships between the independent vehicle and the parties participating in such – are taken into consideration, in addition to the legal form and contractual agreements.

Investments in subsidiaries, joint ventures, joint operations or associates which are of secondary importance from a Group perspective are accounted for in accordance with IFRS 9.

The list of Group shareholdings pursuant to Sec. 313, Para. 2 of the German Commercial Code (HGB) is presented on pages 184 et seqq.

The following summaries show the changes in the number of fully-consolidated companies as well as associates and joint ventures accounted for using the equity method:

Number of fully consolidated companies	Germany	Abroad	Total
1 Jan 2021	**55**	**197**	**252**
First-time consolidation	5	39	44
Deconsolidation	-2	-29	-31
Mergers	-3	-2	-5
31 Dec 2021	**55**	**205**	**260**

Number of companies accounted for using the equity method	Germany	Abroad	Total
1 Jan 2021	**11**	**20**	**31**
Acquisitions		1	1
Disposals		-2	-2
Other changes		1	1
31 Dec 2021	**11**	**20**	**31**

As in the previous year, two companies are presented as joint operations. Of these, Greater Gabbard Offshore Winds Limited, UK, is a material joint operation of the RWE Group. Greater Gabbard holds a 500 MW offshore wind farm, which RWE operates together with Scottish and Southern Energy (SSE) Renewables Holdings. RWE owns 50 % of the shares and receives 50 % of the power generated (including green power certificates). The wind farm is part of the Offshore Wind segment.

First-time consolidation and deconsolidation generally take place when control is obtained or lost.

Sales of shares which led to a change of control resulted in sales proceeds from disposals amounting to €186 million, which were reported in other operating income (previous year: €13 million). Furthermore, in the previous year a deconsolidation gain of €154 million on the sale of discontinued operations was recognised in the 'income from discontinued operations' line item on the income statement.

Acquisitions

Nordex wind and solar projects. In early November 2020, RWE completed the acquisition of 100 % of the shares in the companies NXD HOLDCO B.V. and NXD France SAS and thus gained control of the European development operations of the wind turbine manufacturer Nordex. Since then, the names of the acquired companies have been changed to RWE Renewables HoldCo B.V. and RWE Renouvelables France SAS.

The status at initial consolidation is presented in the following table as at 31 December 2020:

Balance-sheet items € million	IFRS carrying amounts (fair value) at initial consolidation (as at 31 Dec 2020)
Non-current assets	329
Current assets	
Non-current liabilities	56
Current liabilities	6
Net assets	**267**
Purchase price	375
Goodwill	**108**

An update of the figures reported during first-time consolidation was performed during the period under review and resulted in the following adjustments: Due to better understanding of the fair value of principally operating rights, the fair value of net assets stated upon first-time consolidation was reduced by €76 million, from €267 million to €191 million. As a result, the goodwill recognised upon first-time consolidation increased by €76 million to €184 million.

In the previous year, the acquired operations did not make significant contributions to the Group's revenue and earnings after initial consolidation.

The purchase price (excluding €21 million in redeemed shareholder loans) amounted to €375 million and was paid exclusively in cash and cash equivalents.

Shareholding in Rampion Renewables Ltd. increased to 100 %. On 1 April 2021, RWE acquired the roughly 40 % share in Rampion Renewables Limited ('RRL'), UK, which had been held by E.ON until then. Consequently, RWE obtained control over RRL and its subsidiary Rampion Offshore Wind Limited, in which RRL holds a 50.1 % stake. As a result of the transaction, RWE became the majority owner of the UK offshore wind farm Rampion, which has been fully consolidated since 1 April 2021. This transaction does not represent the acquisition of a business in the sense of IFRS 3 and resulted in an increase of €1,010 million in property, plant and equipment and of €1,105 million in intangible assets. There was no effect on earnings. The purchase price for the approximately 40 % share in RRL was already paid in December 2020. The 400-MW wind farm is located off the coast of Sussex and has been operating commercially since 2018.

King's Lynn power station. The acquisition of a 100 % stake in Centrica KL Limited ('CKLL'), Windsor, UK, was completed on 12 February 2020, as agreed with the British energy company GB Gas Holdings Limited, a subsidiary of Centrica plc, Windsor, UK, at the end of December 2019.

The initial accounting of the business combination from the previous year is presented in the following table, together with the assumed assets and liabilities:

Balance-sheet items € million	IFRS carrying amounts (fair value) at initial consolidation
Non-current assets	125
Current assets	5
Non-current liabilities	9
Current liabilities	88
Net assets	**33**
Purchase price	33
Goodwill	

In the previous year, the company contributed €25 million to the Group's revenue and €12 million to the Group's earnings after its initial consolidation.

Excluding €80 million in redeemed shareholder loans, the purchase price amounted to €33 million, which was paid exclusively in cash and cash equivalents during the previous year.

Disposals, disposal groups, assets held for sale and discontinued operations

Sale of a 75 % stake in the onshore wind farms Stella, Cranell, East Raymond and West Raymond. In January 2021, the sale of a total of 75 % of the shares in the three onshore wind farms Stella, Cranell and East Raymond in Texas was completed. In total, 75 % of the shares in West Raymond were sold in August 2021. In this transaction, 51 % of the shares were sold to Algonquin Power Fund (America) Inc., USA, a subsidiary of Algonquin Power & Utilities Corp., Canada, and another 24 % of the shares to the UK investment firm Greencoat Capital LLP. The underlying contracts were concluded in December 2020. As of 31 December 2020, the assets and liabilities of the four wind farms were thus reported as 'held for sale' in the balance sheet.

The divested wind farms were assigned to the Onshore Wind / Solar segment. Upon completion of the transaction in January and August 2021, RWE deconsolidated the above wind farms and reported its remaining 25 % stake as an investment accounted for using the equity method. The gain on deconsolidation amounted to €156 million and was recognised in the 'other operating income' line item on the income statement. Additionally, in relation to the derecognition of a commodity derivative in this transaction, a current expense of €34 million reported under 'other operating expenses' is also taken into account.

Sale of 100 % of the shares in Energies France and Investerg to KELAG. At the end of April 2021, RWE sold 100 % of the shares in Energies France, S.A.S., France. The gain on deconsolidation amounted to €9 million and was recognised in the 'other operating income' line item on the income statement.

RWE also sold 100 % of the shares in Investerg – Investimentos em Energias, SGPS, Lda., Portugal, to the Austrian energy utility KELAG at the end of September 2021. The gain on deconsolidation amounted to €7 million and was recognised in the 'other operating income' line item on the income statement.

Upon completion of these two transactions that were agreed in December 2020, KELAG acquired twelve French hydroelectric stations from RWE with a combined generation capacity of 45 MW, as well as the Portuguese run-of-river operations and some wind turbines with a total generation capacity of 20 MW (pro-rata share of RWE). Energies France was part of the Hydro /Biomass / Gas segment, while Investerg was assigned to Onshore Wind / Solar. KELAG is an associate company of RWE.

Sale of the grid connection for the Rampion offshore wind farm. In order to comply with competition law requirements, RWE was obligated to sell the grid connection for the Rampion offshore wind farm, which had been fully consolidated since 1 April 2021. Sale of the grid connection, which was part of the Offshore Wind segment, was completed on 19 November 2021. No disposal result was recorded.

Disposal of parts of the Belectric Group. In December 2021, RWE sold the companies BELECTRIC GmbH, Belectric France S.à.r.l., Belectric Israel Ltd., Belectric Italia s.r.l. and Belectric Solar Ltd. to the Elevion Group B.V., and thus disposed of its business for services in the fields of engineering, procurement, construction, operation and maintenance of solar plants for third parties in Germany, France, Israel, Italy and the United Kingdom. The Elevion Group is an energy services provider headquartered in the Netherlands, which is part of the ČEZ Group. The gain on deconsolidation amounted to €4 million and was recognised in the 'other operating income' line item on the income statement. The divested companies were part of the segment Onshore Wind / Solar.

Sale of the grid connection for the Triton Knoll offshore wind farm. In order to comply with competition law requirements, RWE must sell the grid connection for the Triton Knoll offshore wind farm. The book value of the grid connection, which consists exclusively of property, plant and equipment, is reported as 'held for sale' in the balance sheet as of 31 December 2021, in the amount of €657 million. This asset held for sale is assigned to the Offshore Wind segment. The sale is expected to be completed in the latter half of 2022.

Východoslovenská energetika Holding a.s. (VSEH). On 21 August 2020, RWE sold the shares in its fully consolidated investment in the Slovak power and gas utility Východoslovenská energetika Holding a.s. (VSEH), which was previously stated as part of 'innogy – discontinued operations', to E.ON. The deconsolidation gain in the previous year amounted to €154 million and was stated in the 'income from discontinued operations' line item on the income statement.

Major key figures of the activities of the discontinued operations deconsolidated as of 21 August 2020 are presented in the following tables:

Key figures of the disposal group € million	31 Dec 2019
Non-current assets	
Intangible assets	405
Property, plant and equipment	734
Other non-current assets	8
	1,147
Current assets	**127**
Non-current liabilities	
Provisions	9
Financial liabilities	225
Other non-current liabilities	131
	365
Current liabilities	**145**

Key figures of the discontinued operations € million	2020	2019
Revenue[1]	507	23,890
Other income[2]	15	1,518
Expenses[3]	437	23,214
Income of discontinued operations before tax	85	2,194
Taxes on income	18	636
Deconsolidation gain	154	8,258
Income of discontinued operations	221	9,816

1 Including income with continuing operations in the amount of €1,402 million in the previous year.
2 Including income with continuing operations in the amount of €108 million in the previous year.
3 Including expenses with continuing operations in the amount of €119 million (previous year: €9,772 million).

Georgia Biomass Holding LLC. The sale of Georgia Biomass Holding LLC, which had been contractually agreed on 18 June 2020, was completed on 31 July 2020. Georgia Biomass Holding LLC was responsible for RWE's biomass business in the USA and was part of the Hydro / Biomass / Gas segment. The deconsolidation gain on this transaction amounted to €13 million, which was recognised in the 'other operating income' line item on the income statement in the previous year.

Seabreeze II installation ship. In April 2020, the Seabreeze II offshore installation ship (jack-up vessel) and the related equipment was sold and transferred to SPIC Ronghe International Financial Leasing Co. Ltd. The ship was part of the Offshore Wind segment. In the previous year, this transaction resulted in a gain in the medium double-digit million euro range, which was recognised in the 'other operating income' line item on the income statement for that period.

Consolidation principles

The financial statements of German and foreign companies included in the scope of the Group's financial statements are prepared using uniform accounting policies. On principle, subsidiaries whose fiscal years do not end on the Group's balance-sheet date (31 December) prepare interim financial statements as of this date. Two subsidiaries have a different balance-sheet date of 31 March (previous year: three). Different fiscal years compared to the calendar year stem from tax-related reasons or country-specific regulations.

Business combinations are reported according to the acquisition method. This means that capital consolidation takes place by offsetting the purchase price, including the amount of the non-controlling interests, against the acquired subsidiary's revalued net assets at the time of acquisition. In doing so, the non-controlling interests can either be measured at the prorated value of the subsidiary's identifiable net assets or at fair value. The subsidiary's identifiable assets, liabilities and contingent liabilities are measured at full fair value, regardless of the amount of the non-controlling interests. Intangible assets are reported separately from goodwill if they are separable from the company or if they stem from a contractual or other right. In accordance with IFRS 3, no new restructuring provisions are recognised within the scope of the purchase price allocation. If the purchase price exceeds the revalued prorated net assets of the acquired subsidiary, the difference is capitalised as goodwill. If the purchase price is lower, the difference is included in income.

In the event of deconsolidation, the related goodwill is derecognised with an effect on income. Changes in the ownership share which do not alter the ability to control the subsidiary are recognised without an effect on income. By contrast, if there is a change in control, the remaining shares are remeasured at fair value with an effect on income.

Expenses and income as well as receivables and payables between consolidated companies are eliminated; intra-group profits and losses are eliminated.

For investments accounted for using the equity method, goodwill is not reported separately, but rather included in the value recognised for the investment. In other respects, the consolidation principles described above apply analogously. If impairment losses on the equity value become necessary, we report such under income from investments accounted for using the equity method. The financial statements of investments accounted for using the equity method are also prepared using the Group's uniform accounting policies.

Foreign currency translation

In their individual financial statements, the companies measure non-monetary foreign currency items at the balance-sheet date using the exchange rate in effect on the date they were initially recognised. Monetary items are converted using the exchange rate valid on the balance-sheet date. Exchange rate gains and losses from the measurement of monetary balance-sheet items in foreign currency occurring up to the balance-sheet date are recognised on the income statement.

Functional foreign currency translation is applied when converting the financial statements of companies outside of the Eurozone. As the principal foreign enterprises included in the consolidated financial statements conduct their business activities independently in their national currencies, their balance-sheet items are translated into euros in the consolidated financial statements using the average exchange rate prevailing on the balance-sheet date. This also applies for goodwill, which is viewed as an asset of the economically autonomous foreign entity. We report differences to previous-year translations in other comprehensive income without an effect on income. Expense and income items are translated using annual average exchange rates. When translating the adjusted equity of foreign companies accounted for using the equity method, we follow the same procedure.

The following exchange rates (among others) were used as a basis for foreign currency translations:

Exchange rates	Average		Year-end	
in €	2021	2020	31 Dec 2021	31 Dec 2020
1 US dollar	0.85	0.87	0.88	0.81
1 British pound	1.16	1.12	1.19	1.11
100 Czech korunas	3.90	3.77	4.02	3.81
1 Polish zloty	0.22	0.22	0.22	0.22
1 Danish crown	0.13	0.13	0.13	0.13
1 Swedish crown	0.10	0.10	0.10	0.10
1 Norwegian crown	0.10	0.09	0.10	0.10

Accounting policies

Intangible assets are accounted for at amortised cost. With the exception of goodwill, all intangible assets have finite useful lives and are amortised using the straight-line method. Useful lives and methods of amortisation are reviewed on an annual basis.

Software for commercial and technical applications is amortised over three to five years. 'Operating rights' refer to the entirety of the permits and approvals required for the operation of a power plant. Such rights are generally amortised over the economic life of the power plant, using the straight-line method. Capitalised customer relations are amortised over a maximum period of up to 18 years.

Goodwill is not amortised; instead it is subjected to an impairment test once every year, or more frequently if there are triggers for an impairment.

Development costs are capitalised if a newly developed product or process can be clearly defined, is technically feasible and it is the company's intention to either use the product or process itself or market it. Furthermore, asset recognition requires that there be a sufficient level of certainty that the development costs lead to future cash inflows. Capitalised development costs are amortised over the period during which the products are expected to be sold. Research expenditures are recognised as expenses in the period in which they are incurred.

An impairment loss is recognised for an intangible asset if the recoverable amount of the asset is less than its carrying amount. A special regulation applies for cases when the asset is part of a cash-generating unit. Such units are defined as the smallest identifiable group of assets which generates cash inflows; these inflows must be largely independent of cash inflows from other assets or groups of asset. If the intangible asset is a part of a cash-generating unit, the impairment loss is calculated based on the recoverable amount of this unit. If goodwill was allocated to a cash-generating unit and the carrying amount of the unit exceeds the recoverable amount, the allocated goodwill is initially written down by the difference. Impairment losses which must be recognised in addition to this are taken into account by reducing the carrying amount of the other assets of the cash-generating unit on a prorated basis. If the reason for an impairment loss recognised in prior periods has ceased to exist, a write-back to intangible assets is performed. The increased carrying amount resulting from the write-back may not, however, exceed the amortised cost. Impairment losses on goodwill are not reversed.

Property, plant and equipment is stated at depreciated cost. Borrowing costs are capitalised as part of the asset's cost, if they are incurred directly in connection with the acquisition or production of a 'qualified asset'. What characterises a qualified asset is that a considerable period of time is required to prepare it for use or sale. If necessary, the cost of property, plant and equipment may contain the estimated expenses for the decommissioning of plants or site restoration. Maintenance and repair costs are recognised as expenses.

With the exception of land and leasehold rights, as a rule, property, plant and equipment is depreciated using the straight-line method, unless in exceptional cases another depreciation method is better suited to the usage pattern. The depreciation methods are reviewed annually. We calculate the depreciation of RWE's typical property, plant and equipment according to the following useful lives, which apply throughout the Group and are also reviewed annually:

Useful life in years	
Buildings	7 – 50
Technical plants	
Thermal power plants	6 – 40
Wind turbines	Up to 25
Gas and water storage facilities	10 – 60
Mining facilities	3 – 25
Other renewable generation facilities	5 – 50

In relation to lignite mining and generation, the decommissioning data from the Act on Coal Phaseout are taken into consideration in determining the useful life spans.

Property, plant and equipment also include right-of-use assets resulting from leases of which RWE is the lessee. These right-of-use assets are measured at cost. The cost results from the present value of the lease instalments, adjusted to take into account advance payments, initial direct costs and potential dismantling obligations and corrected for received lease incentives. Right-of-use assets are depreciated using the straight-line method over the lease term or the expected useful life, whichever is shorter.

For short-term leases and leases for low-value assets, lease instalments are recognised as an expense over the lease term. For operating leases of which RWE is the lessor, the minimum lease instalments are recognised as income over the lease term.

Impairment losses and write-backs on property, plant and equipment are recognised according to the principles described for intangible assets.

Investments accounted for using the equity method are initially accounted for at cost and thereafter based on the carrying amount of their prorated net assets. The carrying amounts are increased or reduced annually by prorated profits or losses, dividends and all other changes in equity. Goodwill is not reported separately, but rather included in the recognised value of the investment. Goodwill is not amortised. An impairment loss is recognised for investments accounted for using the equity method, if the recoverable amount is less than the carrying amount.

The initial measurement of **other financial assets** occurs at the settlement date. Shares in non-consolidated subsidiaries and in associates or joint ventures are recognised at fair value through profit or loss insofar as such can be determined reliably. Other investments are also recognised at fair value, insofar as such can be determined reliably. The option to state changes in fair value in other comprehensive income is exercised for some of these equity instruments. Non-current securities are also accounted for at fair value and changes in value are recognised through profit or loss or other comprehensive income depending on their classification. Gains and losses on sales of equity instruments, for which the option to state changes in fair value in other comprehensive income is exercised, remain in equity and are not reclassified to the income statement. An impairment in the amount of the expected credit losses is recognised through profit or loss for debt instruments that are recognised at fair value through other comprehensive income. The changes reported in other comprehensive income are recognised with an effect on earnings upon the sale of these instruments.

Receivables are comprised of **financial receivables, trade accounts receivable** and **other receivables.** Aside from financial derivatives, **receivables and other assets** are stated at amortised cost minus a risk provision in the amount of the expected losses.

Loans reported under financial receivables are stated at amortised cost minus a risk provision in the amount of the expected losses. Loans with interest rates common in the market are shown on the balance sheet at nominal value; as a rule, however, non-interest or low-interest loans are disclosed at their present value discounted using an interest rate commensurate with the risks involved.

CO_2 emission allowances and certificates for renewable energies are accounted for as intangible assets and reported under other assets; both are stated at cost and are not amortised.

Deferred taxes result from temporary differences in the carrying amount in the separate IFRS financial statements and tax bases, and from consolidation procedures. Deferred tax assets also include tax reduction claims resulting from the expected utilisation of existing loss carryforwards in subsequent years. Deferred taxes are capitalised if it is sufficiently certain that the related economic advantages can be used. Their amount is assessed with regard to the tax rates applicable or expected to be applicable in the specific country at the time of realisation. The tax regulations valid or adopted as of the balance-sheet date are key considerations in this regard. Deferred tax assets and deferred tax liabilities are netted out for each company and / or tax group.

Inventories are assets which are held for sale in the ordinary course of business (finished goods and goods for resale), which are in the process of production (work in progress – goods and services) or which are consumed in the production process or in the rendering of services (raw materials including nuclear fuel assemblies and excavated earth for lignite mining).

Insofar as inventories are not acquired primarily for the purpose of realising a profit on a short-term resale transaction, they are carried at the lower of cost or net realisable value. Production costs reflect the full costs directly related to production; they are determined based on normal capacity utilisation and, in addition to directly allocable costs, they also include adequate portions of required materials and production overheads. They also include production-related depreciation. Borrowing costs, however, are not capitalised as part of the cost. The determination of cost is generally based on average values. The usage of excavated earth for lignite mining is calculated using the 'first in – first out' method (FIFO).

If the net realisable value of inventories written down in earlier periods has increased, the reversal of the write-down is recognised as a reduction of the cost of materials.

Nuclear fuel assemblies are stated at amortised cost. Depreciation is determined by operation and capacity, based on consumption and the reactor's useful life.

Inventories which are acquired primarily for the purpose of realising a profit on a short-term resale transaction are recognised at fair value less costs to sell. Changes in value are recognised with an effect on income.

Securities classified as current marketable securities essentially consist of fixed-interest securities which have a maturity of more than three months and less than one year from the date of acquisition. Securities are measured at fair value through profit or loss or at fair value through other comprehensive income. The transaction costs directly associated with the acquisition of these securities are included in the initial measurement, which occurs on their settlement date. Unrealised gains and losses are recognised through profit or loss or other comprehensive income, with due consideration of any deferred taxes depending on the underlying measurement category. An impairment in the amount of the expected credit losses is recognised through profit or loss for debt instruments that are stated at fair value through other comprehensive income. Changes included in other comprehensive income are recognised through profit or loss on disposal of such instruments.

Cash and cash equivalents consist of cash on hand, demand deposits and current fixed-interest securities with a maturity of three months or less from the date of acquisition.

Assets are stated under **Assets held for sale** if they can be sold in their present condition and their sale is highly probable within the next twelve months. Such assets may be certain non-current assets, asset groups ('disposal groups') or operations ('discontinued operations'). Liabilities intended to be sold in a transaction together with assets are a part of a disposal group or discontinued operations, and are reported separately under **Liabilities held for sale**.

Non-current assets held for sale are no longer depreciated or amortised. They are recognised at fair value less costs to sell, as long as this amount is lower than the carrying amount.

Gains or losses on the valuation of specific assets held for sale and of disposal groups are stated under income from continuing operations until final completion of the sale. Gains or losses on the valuation of discontinued operations and on certain assets of a discontinued operation, which are not subject to the valuation rules pursuant to IFRS 5, are stated under income from discontinued operations.

The stock option plans granted by RWE to executives and corporate bodies are accounted for as cash-settled **share-based payment**. At the balance-sheet date, a provision is recognised in the amount of the prorated fair value of the payment obligation. Changes in the fair value are recognised with an effect on income. The fair value of options is determined using generally accepted valuation methodologies.

Provisions are recognised for all legal or constructive obligations to third parties which exist on the balance-sheet date and stem from past events which will probably lead to an outflow of resources, and the amount of which can be reliably estimated. Provisions are carried at their prospective settlement amount and are not offset against reimbursement claims. If a provision involves a large number of items, the obligation is estimated by weighting all possible outcomes by their probability of occurrence (expected value method).

All non-current provisions are recognised at their prospective settlement amount, which is discounted as of the balance-sheet date. In the determination of the settlement amount, any cost increases likely to occur up until the time of settlement are taken into account.

If necessary, the cost of property, plant and equipment may contain the estimated expenses for the decommissioning of plants or site restoration. Decommissioning, restoration and similar provisions are recognised for these expenses. If changes in the discount rate or changes in the estimated timing or amount of the payments result in changes in the provisions, the carrying amount of the respective asset is increased or decreased by the corresponding amount. If the decrease in the provision exceeds the carrying amount, the excess is recognised immediately through profit or loss.

As a rule, releases of provisions are credited to the expense account on which the provision was originally recognised.

Provisions for pensions and similar obligations are recognised for defined benefit plans. These are obligations of the company to pay future and ongoing post-employment benefits to entitled current and former employees and their surviving dependents. In particular, the obligations refer to retirement pensions. Individual commitments are generally oriented to the employees' length of service and compensation.

Provisions for defined benefit plans are based on the actuarial present value of the respective obligation. This is measured using the projected unit credit method. This method not only takes into account the pension benefits and benefit entitlements known as of the balance-sheet date, but also anticipated future increases in salaries and pension benefits. The calculation is based on actuarial reports, taking into account appropriate biometric parameters (for Germany, in particular the 'Richttafeln 2018 G' by Klaus Heubeck, and the Standard SAPS Table S2PA of the respective year for the United Kingdom, taking into consideration future changes in mortality rates). The provision derives from the balance of the actuarial present value of the obligations and the fair value of the plan assets. The service cost is disclosed in staff costs. Net interest is included in the financial result.

Gains and losses on the revaluation of net defined benefit liability or asset are fully recognised in the fiscal year in which they occur. They are reported outside of profit or loss, as a component of other comprehensive income in the statement of comprehensive income, and are immediately assigned to retained earnings. They remain outside profit or loss in subsequent periods as well.

In the case of defined contribution plans, the enterprise's obligation is limited to the amount it contributes to the plan. Contributions to the plan are reported under staff costs.

Waste management provisions in the nuclear energy sector are based on obligations under public law, in particular the German Atomic Energy Act, and on restrictions from operating licenses. These provisions are measured using estimates, which are based on and defined in contracts as well as on information from internal and external specialists (e.g. experts).

Obligations existing as of the balance-sheet date and identifiable when the balance sheet is being prepared are recognised as provisions for mining damage to cover land recultivation and remediation of mining damage that has already occurred or been caused. The provisions must be recognised due to obligations under public law, such as the German Federal Mining Act, and formulated, above all, in operating schedules and water law permits. Provisions are generally fully related to the degree of mining in question. Such provisions are measured at full expected cost or according to estimated compensation payments. Cost estimates are based on external expert opinions to a significant extent.

A provision is recognised to cover the obligation to submit CO_2 emission allowances and certificates for renewable energies to the respective authorities; this provision is primarily measured at the secured forward price of the CO_2 allowances or certificates for renewable energies. If a portion of the obligation is not covered with allowances that are available or have been purchased forward, the provision for this portion is measured using the market price of the emission allowances or certificates for renewable energies on the reporting date.

Liabilities consist of **financial liabilities, trade accounts payable, income tax liabilities** and **other liabilities**. Upon initial recognition, these are generally stated at fair value including transaction costs and are carried at amortised cost in the periods thereafter (except for derivative financial instruments). Lease liabilities are measured at the present value of the future lease payments. For subsequent measurements, the lease payments are divided into the financing costs and repayment portion of the outstanding debt. Financing costs are distributed over the lease term in such a manner that a steady interest rate is created for the outstanding debt.

If uncertain income tax items are recognised in income tax liabilities because they are probable, the former are generally measured at the most likely amount. Measurement at expected value is only considered in exceptional cases.

Moreover, other liabilities also include contract liabilities. A contract liability is the obligation of the Group to transfer goods or services to a customer, for which we have already received consideration or for which the consideration is already due.

Government grants provided in relation to the acquisition of an asset are not deducted from the cost of the subsidised asset; they are reported as deferrals under other liabilities. These deferrals are reversed with an effect on income over the economic life of the subsidised asset.

Derivative financial instruments are recognised as assets or liabilities and measured at fair value, regardless of their purpose. Changes in this value are recognised with an effect on income, unless the instruments are used for hedge accounting purposes. In such cases, recognition of changes in the fair value depends on the type of hedging transaction.

Fair value hedges are used to hedge assets or liabilities carried on the balance sheet against the risk of a change in their fair value. The following applies: changes in the fair value of the hedging instrument and the fair value of the respective underlying transactions are recognised in the same line item on the income statement. Hedges of unrecognised firm commitments are also recognised as fair value hedges. Changes in the fair value of the firm commitments with regard to the hedged risk result in the recognition of an asset or liability with an effect on income.

Cash flow hedges are used to hedge the risk of variability in future cash flows related to an asset or liability carried on the balance sheet or related to a highly probable forecast transaction. If a cash flow hedge exists, unrealised gains and losses from the hedging instrument are initially stated as other comprehensive income. Such gains or losses are only included on the income statement when the hedged underlying transaction has an effect on income. If forecast transactions are hedged and such transactions lead to the recognition of a financial asset or financial liability in subsequent periods, the amounts that were recognised in equity until this point in time are recognised on the income statement in the period during which the asset or liability affects the income statement. If the transactions result in the recognition of non-financial assets or liabilities, for example the acquisition of property, plant and equipment, the amounts recognised in equity without an effect on income are included in the initial cost of the asset or liability.

The purpose of hedges of a net investment in foreign operations (net investment hedges) is to hedge the currency risk from investments with foreign functional currencies. With the exception of hedging costs, unrealised gains and losses from such hedges are recognised in other comprehensive income until disposal of the foreign operation.

Hedging relationships must be documented in detail and meet the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument,
- the value change of hedging relationship is not dominated by the credit risk, and
- the hedge ratio is the same as that resulting from the quantities used within the scope of risk management.

Only the effective portion of a hedge is recognised in accordance with the preceding rules. The ineffective portion is recognised immediately on the income statement with an effect on income.

Contracts on the receipt or delivery of non-financial items in accordance with the company's expected purchase, sale or usage requirements (own-use contracts) are not accounted for as derivative financial instruments, but rather as executory contracts. If the contracts contain embedded derivatives, the derivatives are accounted separately from the host contract, insofar as the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract. Written options to buy or sell a non-financial item which can be settled in cash are not own-use contracts.

Contingent liabilities are possible obligations to third parties or existing obligations which will probably not lead to an outflow of economic benefits or the amount of which cannot be measured reliably. Contingent liabilities are only recognised on the balance sheet if they were assumed within the framework of a business combination. The amounts disclosed in the Notes correspond to the best possible estimate of the settlement amount at the balance-sheet date.

Contingent assets are possible assets resulting from past events, the existence of which must be confirmed by future events that are not under the full control of RWE. Contingent assets are not stated in the balance sheet. The volumes reported in the Notes correspond to estimates of the possible financial ramifications as of the balance-sheet date.

As explained on page 37, renewable energy projects in the USA are primarily subsidised via tax credits and tax benefits (hereinafter referred to jointly as tax items). Within the framework of so-called **tax equity** financing, tax equity investors participate directly in financing the generation facilities of individual project companies. Due to its financing character, the capital contributed by the tax equity investor is reported under financial liabilities, in the amount of the outstanding repayment.

Repayment of interest and capital for the tax equity liability occurs primarily via the direct allocation of the tax items generated by the project to the tax equity investor, which can then apply the items in relation to its own tax accounting. In addition to this, repayment of interest and capital also occurs in cash.

The tax equity arrangement and the related obligation to maintain proper operations is treated similar to a contract for services. The income resulting from the tax items is recorded under other operating income, with this income realised using the straight-line method over the anticipated duration of the tax equity contracts. In this regard, linear realisation of the income is capped at the amount of income that will most likely be generated during the contract, and any amounts above and beyond this are only recognised up to the amount of income that is actually generated.

Management judgements in the application of accounting policies. Management judgements are required in the application of accounting policies. In particular, this pertains to the following aspects:

- With regard to certain contracts, a decision must be made as to whether they are to be treated as derivatives or as so-called own-use contracts, and be accounted for as executory contracts.
- Financial assets are classified by contractual cash flows and applied business model. Whereas the contractual cash flows are determined by the characteristics of the financial instruments, the business model is based on the Group's internal requirements relating to the portfolios of financial instruments.
- With regard to assets held for sale, it must be determined if they can be sold in their current condition and if the sale of such is highly probable in the next twelve months. If both conditions apply, the assets and any related liabilities must be reported and measured as assets or liabilities held for sale, respectively.

Management estimates and judgements. Preparation of consolidated financial statements pursuant to IFRS requires assumptions and estimates to be made, which have an impact on the recognised value of the assets and liabilities carried on the balance sheet, on income and expenses and on the disclosure of contingent liabilities.

Amongst other things, these assumptions and estimates relate to the accounting and measurement of provisions. With regard to non-current provisions, the discount factor to be applied is an important estimate, in addition to the amount and timing of future cash flows. The discount factor for pension obligations is determined on the basis of yields on high-quality, fixed-rate corporate bonds on the financial markets as of the balance-sheet date. The new government coalition consisting of the SPD, the Green Party and the FDP wishes to accelerate Germany's phaseout of coal, in the interests of climate protection. 2030 is stated as the desired final date in the coalition agreement. This is eight years earlier than envisaged in the current legal roadmap. The accounting policies continue to be based on the 2038 decommissioning date as foreseen in the current legal regulations.

The rules governing valuation allowances for financial assets under IFRS 9 stipulate that the expected credit losses must be determined. The valuation allowance is based on information from within and outside the Group.

The impairment test for goodwill and non-current assets is based on certain assumptions pertaining to the future, which are regularly adjusted. Property, plant and equipment is tested for indications of impairment on each cut-off date. Based on the respective business models, the anticipated effects of the coronavirus pandemic did not make it necessary to conduct any impairment tests.

Power plants are grouped together as a cash-generating unit if their production capacity and fuel needs are centrally managed as part of a portfolio, and it is not possible to ascribe individual contracts and cash flows to the specific power plants.

Upon first-time consolidation of an acquired company, the identifiable assets, liabilities and contingent liabilities are recognised at fair value. Determination of the fair value is based on valuation methods which require a projection of anticipated future cash flows.

Deferred tax assets are recognised if realisation of future tax benefits is probable. Actual future development of income for tax purposes and hence the realisability of deferred tax assets, however, may deviate from the estimation made when the deferred taxes are capitalised.

Further information on the assumptions and estimates upon which these consolidated financial statements are based can be found in the explanations of the individual items.

All assumptions and estimates are based on the circumstances and forecasts prevailing on the balance-sheet date. Furthermore, as of the balance-sheet date, realistic assessments of overall economic conditions in the sectors and regions in which RWE conducts operations are taken into consideration with regard to the prospective development of business. Actual amounts may deviate from the estimated amounts if the overall conditions develop differently than expected. In such cases, the assumptions, and, if necessary, the carrying amounts of the affected assets and liabilities are adjusted.

As of the date of preparation of the consolidated financial statements, it is not presumed that there will be any material changes compared to the assumptions and estimates.

Capital management. The focus of RWE's financing policy is on ensuring uninterrupted access to the capital market. The goal is to be in a position to refinance maturing debts and finance the operating activities at all times. Maintaining a solid rating and a positive operating cash flow from continuing activities serve this purpose.

The management of RWE's capital structure is oriented towards a leverage factor of three or less. This indicator is calculated by adding material non-current provisions, with the exception of mining provisions, to net financial debt and comparing the resulting figure to the adjusted EBITDA of the core business. RWE's liabilities of relevance to net debt primarily consist of (hybrid) bonds, short-term borrowing and provisions for pensions, nuclear waste management and wind farms.

During the reporting period, RWE's net debt was mainly influenced by inflows of variation margins on forward transactions with electricity, commodities and CO_2 certificates. Variation margins are payments with which transaction partners mutually collateralise profit and loss positions resulting from the daily revaluation of active contracts. However, their influence on cash flows is temporary and ends once the transactions triggering the payments are realised. Conversely, capital expenditures, in particular on wind and solar power, increased compared to the previous year. In total, net financial assets amounted to €9.1 billion on 31 December 2021 and were thus higher than at the end of 2020 (previous year: €6.9 billion). Furthermore, net debt provisions fell by €2.6 billion to €8.7 billion (previous year: €11.3 billion). On average, provisions have a very long duration; their level is primarily determined by external factors such as the general level of interest rates. A precise calculation of net debt/assets and net financial debt/assets is presented on page 62 of the review of operations. In total, as of 31 December 2021, RWE's net assets amounted to €0.4 billion (previous year: net debt of €4.4 billion). As of 31 December 2021, the leverage factor was -0.1 (previous year: 1.7) and was thus below the planned ceiling.

RWE's credit rating is influenced by a number of qualitative and quantitative factors. These include aspects such as the amount of cash flows and debt as well as market conditions, competition, and the political framework. Our hybrid bonds also have a positive effect on our rating. The leading rating agency, Moody's, classifies part of hybrid capital as equity.

In March and April 2021, the rating agencies Fitch and Moody's both raised their credit rating for RWE by one notch. RWE's long-term creditworthiness is now classified as BBB+ (Fitch) and Baa2 (Moody's), with a stable outlook. RWE's short-term credit ratings are P-2 (previous year: P-3) and F1 (previous year: F2), respectively.

Changes in accounting regulations

The International Accounting Standards Board (IASB) has approved several amendments to existing IFRSs, which are effective for the RWE Group as of fiscal 2021 due to EU endorsement:

- Amendments to IFRS 4: Extension of the Temporary Exemption From Applying IFRS 9 (2020)
- Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (2020)
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (2021)

These new regulations do not have any material effects on the RWE Group's consolidated financial statements.

Changes to the accounting of tax items in relation to tax equity contracts. At the beginning of fiscal 2021, the fundamental basis for the accounting of tax items in relation to tax equity financing arrangements was changed. In the new approach, the allocation of tax items to the tax equity investor is accounted for as a process similar to a sales transaction (see also page 106), in order to present the economic peculiarities of the US subsidy system more accurately and thus provide more relevant information regarding the economic and financial consequences of this system.

Even though a contract similar to contract for services is recognised, IFRS 15 is not directly applicable as a tax equity contract does not fulfil the definition of a contract with a customer in the sense of IFRS 15. Instead, IFRS 15 is applied analogously, as per IAS 8.11 (a). In this analogy, the contractually agreed capital payment is treated as the transaction price, while the maintenance of operations in the interests of generating the tax items to be transferred to the tax equity investor is treated as RWE's performance obligation over time. As a result, all income resulting from the tax items is recognised in other operating income; furthermore, realisation of this income occurs using the straight-line method over the anticipated duration of the tax equity contracts and is thus independent of the actual amount of the tax items generated during the reporting period in question. This method of realising the income results from linear performance over time, i.e. the amount paid by the tax equity investor is viewed as a transaction price, which is recognised pro-rata over the duration of the relevant tax equity contract.

Compared to the previous accounting method, the approach described above primarily leads to a different accounting treatment of tax benefits, which stem from accelerated depreciation in particular. Previously, these tax benefits were reported in taxes on income, in the amount of the tax benefits that were actually generated. Due to the change in the accounting method, the comparable figures for the previous year were adjusted accordingly.

In fiscal 2021, RWE recognised tax benefits totalling €72 million in other operating income, which would have been reported as €38 million in taxes on income prior to the change in the accounting policy. The tax benefits recognised in income from investments accounted for using the equity method amount to a total of €9 million. Prior to the change in the accounting policy, this figure would have been reported as €7 million under income from investments accounted for using the equity method.

The following table shows the changes in the balance sheet as of 31 December 2020 and 1 January 2020:

€ million	31 Dec 2020 before changes	31 Dec 2020 after changes	1 Jan 2020 before changes	1 Jan 2020 after changes
Investments accounted for using the equity method	3,297	3,276	3,281	3,252
Deferred tax assets	397	397	689	680
Assets held for sale	1,045	1,061	1,274	1,274
Equity	17,971	17,706	17,467	17,119
Non-current other liabilities	1,154	1,355	862	1,094
Deferred tax liabilities	1,908	1,883[1]	2,164	2,197
Current other liabilities	9,003	9,046	11,588	11,632
Liabilities held for sale	539	581	510	510

1 Prior to consideration of retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020 (see commentary on page 95).

The following table shows the changes to the income statement for fiscal 2020:

€ million	Jan – Dec 2020 before changes	Jan – Dec 2020 after changes
Other operating income	4,931	4,977
Depreciation, amortisation and impairment losses	3,154	3,136
Income from investments accounted for using the equity method	375	381
Income from continuing operations before tax	1,196	1,265
Taxes on income	-363	-376
Income from continuing operations after tax	833	889
Income	1,054	1,110
Net income / income attributable to RWE AG shareholders	995	1,051
Basic and diluted earnings per share in €	1.56	1.65

The retroactive application of changes to the accounting policy for tax equity agreements had an impact on currency translation adjustment in the statement of comprehensive income. The figure for fiscal 2020 is €26 million higher. The change had no effect on the cash flows from operating activities of continuing operations in fiscal 2020. The increase of €56 million in income from continuing operations in fiscal 2020 was offset by a decline of €18 million in depreciation, amortisation and impairment losses, a decline of €63 million in deferred taxes, a decline of €5 million in other non-cash income/expenses and a rise of €30 million in changes in working capital.

New accounting policies

The IASB issued further standards and amendments to standards, which were not yet mandatory in the EU in fiscal 2021. These standards and amendments to standards, which are not expected to have any material effects on RWE's consolidated financial statements, are listed below:

- IFRS 17 Insurance Contracts (2017) including Amendments to IFRS 17 (2020)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (2020) and Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date (2020)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (2020)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (2020)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (2020)
- Annual Improvements to IFRS Standards 2018-2020 (2020)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (2021)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (2021)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (2021)
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (2021)

Notes to the Income Statement

(1) Revenue

Revenue is recorded when the customer has obtained control over goods or services.

We recognise income from the sale of the electricity generated by all of RWE Group's generation technologies and the consumer business in revenue. Revenue resulting from the commercial optimisation of generation dispatch is based on the net sale price, after deduction of the relevant material costs. By contrast, all other revenue from our generation activities and the consumer business is reported on a gross basis.

Revenue contains state subsidies for the sale of green electricity and the refund of such to the state, including subsidies from contracts for differences, amounting to -€37 million (previous year: €51 million), which do not meet the definition of IFRS 15. These contracts for differences are used as a state subsidy mechanism within the framework of climate-protection measures and essentially result in a fixed price for the electricity that is sold, by offsetting positive and negative deviations (in so-called two-way contracts for difference) and negative deviations (in so-called one-way contracts for difference) from a defined reference price that is agreed with state contractual partners or the subsidy mechanism counterparty.

In the year under review, RWE generated external revenue with three large customers in the amount of €4,683 million, €2,475 million and €2,471 million (previous year: two large customers at €6,963 million and €1,544 million) in the Supply & Trading segment.

During the year under review, revenues rose sharply compared to the previous year, in particular due to the steep increase in electricity prices.

A breakdown of revenue by division, geographical region and product is contained in the segment reporting on pages 174 et seqq.

The item 'natural gas tax / electricity tax' comprises the taxes paid directly by Group companies.

Certain performance obligations of the RWE Group were not yet or not yet fully met by the end of the fiscal year. The €2,319 million in revenue due from these performance obligations (previous year: €3,154 million) is expected to be received over the following three years. The receipt of this revenue will depend on when these performance obligations to the customer are met. It does not include future revenue from contracts with an original contractual term of twelve months or less.

(2) Other operating income

Other operating income € million	2021	2020[1]
Income from own work capitalised	47	84
Income from changes in product inventories	20	10
Income from release of provisions	20	11
Cost allocations / refunds	151	175
Income from disposal and write-back of non-current assets including income from deconsolidation	442	128
Income from derivative financial instruments	96	3,721
Compensation and insurance benefits	33	66
Income from leases	16	29
Currency gains		71
Miscellaneous	1,432	682
	2,257	**4,977**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

To improve the presentation of the development of business, in the previous year unrealised and realised gains from contracts measured at fair value in the Supply & Trading segment were stated as a net amount in income from derivative financial instruments. In the previous year, net income totalled €3,613 million. In the year under review, a net expense was recognised, which is reported in expenses from derivative financial instruments under other operating expenses.

In the reporting period, the miscellaneous operating income includes the statutory compensation of €880 million for the residual production volumes of RWE-owned nuclear power plants which could no longer be used as a result of the accelerated German nuclear phaseout.

Income from the disposal of non-current financial assets and loans is disclosed under income from investments if it relates to investments; otherwise it is recorded as part of the financial result as is the income from the disposal of current marketable securities.

(3) Cost of materials

Cost of materials € million	2021	2020
Cost of raw materials and of goods for resale	16,589	8,539
Cost of purchased services	1,124	1,275
	17,713	**9,814**

The cost of materials primarily includes expenses for the input materials of power plants. Expenses for coal of €276 million (previous year: €75 million) were recognised at the market price prevailing at settlement.

Impairments amounting to €25 million were recognised on excavated earth in the year under review. These impairments were related to the impairment test conducted for the Garzweiler cash-generating unit. In the previous year, impairments of €140 million were recognised for stock materials and coal inventories. These impairments were based on lower market prices and impairment tests performed for the cash-generating units Garzweiler, Hambach, Inden and the hard coal-fired power stations (see page 113).

During the year under review, the cost of materials rose significantly compared to the previous year, in particular due to the sharp increases in electricity and gas prices.

(4) Staff costs

Staff costs € million	2021	2020
Wages and salaries	2,012	1,891
Cost of social security, pensions and other benefits	490	474
	2,502	**2,365**

Number of employees	2021		2020	
	Number of employees	In full-time equivalents	Number of employees	In full-time equivalents
Employees covered by collective agreements and other employees	12,994	12,754	13,539	13,272
Employees not covered by collective agreements	6,248	6,113	6,493	6,358
	19,242	**18,867**	**20,032**	**19,630**

In contrast to the previous year, the number of employees and full-time equivalents are reported for the year under review. The headcount figures do not include trainees. On average, 710 trainees were employed (previous year: 669). This corresponds to the figure calculated in full-time equivalents.

(5) Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses € million	2021	2020[1]
Intangible assets	180	156
Property, plant and equipment	2,193	2,980
	2,373	**3,136**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

The following impairments were included in depreciation, amortisation and impairment losses:

Impairments € million	2021	2020[1]
Intangible assets	4	18
Property, plant and equipment	948	1,694
	952	**1,712**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

RWE has entered into long-term CO_2 hedging transactions in order to hedge generation positions for its lignite-fired power stations. As a result of the increase in CO_2 prices, the fair value of these hedges has risen sharply, leading to an improvement in equity (other comprehensive income). Conversely, the value of the lignite-fired plants and opencast mines has declined. The impairment test performed in 2021 in the Coal / Nuclear segment for the Garzweiler cash-generating unit resulted in a write-down of €729 million on property, plant and equipment (recoverable amount: €0.1 billion). Additionally, impairments of €26 million were recognised on property, plant and equipment outside of the Garzweiler cash-generating unit. The Garzweiler cash-generating unit comprises the Niederaußem (K) and Neurath (F, G) power plant units, which – according to the law on coal phaseout – will remain online over the long term, and the Garzweiler opencast mine, along with the refining plants. With the exception of the property and buildings reported at market value, the property, plant and equipment of the Garzweiler unit has thus been written down in full, as was already the case with the Hambach and Inden units.

In the previous year, the impairment test for the Dutch Power Plant Portfolio cash-generating unit resulted in a write-down of €557 million (recoverable amount: €0.7 billion) in the Hydro / Biomass / Gas segment, due to the deterioration of market conditions in the Netherlands.

The impairment tests performed in the Coal / Nuclear segment in the previous year resulted in the recognition of impairments on property, plant and equipment in the amount of €791 million. This was mainly due to changed market conditions and specification of the lignite phaseout plans. Of these impairments, €579 million was related to the Garzweiler cash-generating unit (recoverable amount: €0.8 billion), €114 million to the Hambach cash-generating unit (recoverable amount: – €0.7 billion) and €98 million to the Inden cash-generating unit (recoverable amount: – €0.4 billion).

Additionally, in the previous year impairments of €231 million were recognised on property, plant and equipment of the hard coal-fired power stations in the Coal / Nuclear segment (recoverable amount: €0.0 billion), in relation to the phaseout of hard coal in Germany.

Other impairments on intangible assets and property, plant and equipment were recognised primarily on the basis of cost increases and changes in price expectations.

Recoverable amounts are generally determined on the basis of fair values less costs to sell; in the Onshore Wind / Solar segment, they are also determined on the basis of values in use. Fair values are determined using valuation models based on planned cash flows. In the fiscal year, the valuation models were based on discount rates (after taxes) in the range of 2.75 % to 5.00 % (previous year: 2.75 % to 4.50 %). Our key planning assumptions relate to the development of wholesale prices of electricity, crude oil, natural gas, coal and CO_2 emission allowances, market shares and regulatory framework conditions. Based on the use of internal planning assumptions, the determined fair values are assigned to Level 3 of the fair value hierarchy.

(6) Other operating expenses

Other operating expenses € million	2021	2020
Maintenance and renewal obligations	538	499
Additions to provisions / reversals	419	48
Structural and adaptation measures	57	12
Legal and other consulting and data processing services	322	301
Disposal of current assets and decreases in values (excluding decreases in the value of inventories and marketable securities)	18	49
Disposal of non-current assets including expenses from deconsolidation	37	32
Insurance, commissions, freight and similar distribution costs	83	82
General administration	49	51
Expenses from derivative financial instruments	1,125	507
Expenses from leases	43	30
Fees and membership dues	70	56
Exchange rate losses	29	
Other taxes (primarily on property)	48	40
Miscellaneous	243	243
	3,081	**1,950**

To improve the presentation of the development of business, in the year under review, unrealised and realised losses from contracts measured at fair value in the Supply & Trading segment are stated as a net amount in expenses from derivative financial instruments. In the year under review, a net expense of €765 million was recognised. In the previous year, net income was recorded, which was reported in income from derivative financial instruments under other operating income.

(7) Income from investments

Income from investments includes all income and expenses which have arisen in relation to operating investments. It is comprised of income from investments accounted for using the equity method and other income from investments.

Income from investments € million	2021	2020[1]
Income from investments accounted for using the equity method	**291**	**381**
Income from non-consolidated subsidiaries	36	-82
Income from other investments	79	5
Income from the disposal of investments	9	4
Income from loans to investments	6	11
Other income from investments	**130**	**-62**
	421	**319**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

(8) Financial result

Financial result € million	2021	2020
Interest and similar income	260	283
Other financial income	1,550	1,650
Financial income	**1,810**	**1,933**
Interest and similar expenses	340	296
Interest accretion to		
Provisions for pensions and similar obligations (including capitalised surplus of plan assets)	21	37
Provisions for nuclear waste management as well as to mining provisions	135	203
Other provisions	-19	15
Other finance costs	1,346	1,836
Finance costs	**1,823**	**2,387**
	-13	**-454**

The financial result breaks down into net interest, interest accretion to provisions, other financial income and other finance costs.

Interest accretion to provisions contains the annual amounts of accrued interest. It is reduced by the imputed interest income on plan assets for the coverage of pension obligations.

Interest expenses incurred for lease liabilities amounted to €42 million in the year under review (previous year: €35 million).

Net interest essentially includes interest income from interest-bearing securities and loans, income and expenses relating to marketable securities, and interest expenses.

Interest income includes dividend income of €186 million from the 15% stake in E.ON (previous year: €182 million).

In the year under review, €80 million in borrowing costs were capitalised as costs in connection with the acquisition, construction or production of qualifying assets (previous year: €61 million). The underlying capitalisation rate ranged from 3.6 % to 3.7 % (previous year: from 3.0 % to 3.7 %).

Net interest € million	2021	2020
Interest and similar income	260	283
Interest and similar expenses	340	296
	-80	**-13**

Net interest stems from financial assets and liabilities, which were allocated to the following measurement categories pursuant to IFRS 9:

Interest result by category € million	2021	2020
Debt instruments measured at amortised cost	64	78
Financial instruments measured at fair value through profit or loss		3
Debt instruments measured at fair value through other comprehensive income	10	14
Equity instruments measured at fair value through other comprehensive income	186	187
Financial liabilities measured at amortised cost	-340	-295
	-80	**-13**

Other financial income includes €60 million in gains realised from the disposal of marketable securities (previous year: €28 million). Of the other finance costs, €41 million (previous year: €17 million) stem from realised losses on the disposal of marketable securities.

(9) Taxes on income

Taxes on income € million	2021	2020[1]
Current taxes on income	-150	-46
Deferred taxes	840	422
	690	**376**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

Of the deferred taxes, €931 million is related to temporary differences (previous year: €425 million). In the year under review, changes in valuation allowances for deferred tax assets amounted to €701 million (previous year: €370 million).

Current taxes on income contain €419 million in net tax income (previous year: expenses of €16 million) relating to prior periods.

Due to the utilisation of tax loss carryforwards unrecognised in prior years, current taxes on income were reduced by €8 million (previous year: €10 million).

Expenses from deferred taxes declined by €5 million (previous year: €7 million) due to reassessments of and previously unrecognised tax loss carryforwards.

Income taxes recognised in other comprehensive income € million	2021	2020
Fair valuation of equity instruments		11
Fair valuation of debt instruments	15	-9
Fair valuation of financial instruments used for hedging purposes	1.035	107
Actuarial gains and losses of defined benefit pension plans and similar obligations[1]	-105	-40
	945	**69**

1 Including valuation allowances.

Taxes in the amount of €186 million (previous year: €311 million) were offset directly against equity.

Tax reconciliation € million	2021	2020[1]
Income before tax	**1,522**	**1,265**
Theoretical tax expense	**497**	**413**
Differences to foreign tax rates	-327	-105
Tax effects on		
Tax-free dividends	-127	-123
Other tax-free income	-126	-31
Expenses not deductible for tax purposes	99	29
Accounting for associates using the equity method (including impairment losses on associates' goodwill)	-40	-30
Unutilisable loss carryforwards, utilisation of unrecognised loss carryforwards, write-downs on loss carryforwards, recognition of loss carryforwards	342	329
Income on the disposal of investments	15	-1
Changes in foreign tax rates	210	86
Other allowances for deferred taxes in the RWE AG tax group	450	-69
Other	-303	-122
Effective tax expense	**690**	**376**
Effective tax rate in %	45.3	29.7

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.)

The theoretical tax expense is calculated using the tax rate for the RWE Group of 32.6 % (previous year: 32.6 %). This is derived from the prevailing 15 % corporate tax rate, the solidarity surcharge of 5.5 %, and the Group's average local trade tax rate.

Notes to the Balance Sheet

(10) Intangible assets

Intangible assets[1] € million	Development costs	Concessions, patent rights, licences and similar rights	Customer relationships and similar assets	Goodwill	Prepayments	Total
Cost						
Balance at 1 Jan 2021	37	3,832	296	2,679	10	6,854
Additions / disposals due to changes in the scope of consolidation		1,058	-157	2		903
Additions		14			18	32
Transfers	1	7				8
Currency translation adjustments	2	134	13	55		204
Disposals	9	9				18
Balance at 31 Dec 2021	31	5,036	152	2,736	28	7,983
Accumulated amortisation / impairment losses						
Balance at 1 Jan 2021	34	1,901	20			1,955
Additions / disposals due to changes in the scope of consolidation		-33	-11			-44
Amortisation / impairment losses in the reporting period	2	167	11			180
Transfers		2				2
Currency translation adjustments	1	18	1			20
Disposals	9	2				11
Write-backs		3				3
Balance at 31 Dec 2021	28	2,050	21			2,099
Carrying amounts						
Balance at 31 Dec 2021	3	2,986	131	2,736	28	5,884

1 Some prior-year figures restated due to retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020 (see commentary on page 95).

Intangible assets[1] € million	Development costs	Concessions, patent rights, licences and similar rights	Customer relationships and similar assets	Goodwill	Prepayments	Total
Cost						
Balance at 1 Jan 2020	40	3,713	310	2,549	6	6,618
Additions / disposals due to changes in the scope of consolidation		230	-1	184		413
Additions		19			4	23
Transfers	-1	6				5
Currency translation adjustments	-1	-98	-13	-46		-158
Disposals	1	38		8		47
Balance at 31 Dec 2020	37	3,832	296	2,679	10	6,854
Accumulated amortisation / impairment losses						
Balance at 1 Jan 2020	36	1,799	6			1,841
Additions / disposals due to changes in the scope of consolidation		4	-1			3
Amortisation / impairment losses in the reporting period	2	138	16			156
Transfers	-2	2				
Currency translation adjustments	-1	-6	-1			-8
Disposals	1	36				37
Balance at 31 Dec 2020	34	1,901	20			1,955
Carrying amounts						
Balance at 31 Dec 2020	3	1,931	276	2,679	10	4,899

1 Some prior-year figures restated due to retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020 (see commentary on page 95).

In the reporting period, the RWE Group's total expenditures on research and development amounted to €22 million (previous year: €20 million).

Goodwill breaks down as follows:

Goodwill € million	31 Dec 2021	31 Dec 2020[1]
Offshore Wind	1,441	1,376
Onshore Wind / Solar	184	184
Hydro / Biomass / Gas	105	113
Supply & Trading	1,006	1,006
	2,736	**2,679**

1 Some prior-year figures restated due to retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020 (see commentary on page 95).

In the previous year, new cash-generating units were formed as of 1 January 2020. In doing so, goodwill in the amount of €606 was transferred from the former 'innogy – continuing operations' cash-generating unit to the new Offshore Wind cash-generating unit and in the amount of €121 million to the new Hydro / Biomass / Gas cash-generating unit. Goodwill of €816 million was transferred from the former cash-generating unit 'operations acquired from E.ON' to the new Offshore Wind cash-generating unit.

The impairment tests carried out in the previous year in relation to the formation of new cash-generating units did not result in any impairments.

In the previous year, goodwill increased by €184 million as a result of the first-time consolidation of Nordex's wind and solar projects in the Onshore Wind segment. This goodwill passed the impairment test in the fourth quarter of 2020. In the year under review, the goodwill of the cash-generating unit Offshore Wind increased by €9 million as a result of the initial consolidation of Baltic Trade and Invest Sp. z.o.o. In the Hydro / Biomass / Gas cash-generating unit, goodwill decreased by €8 million due to the deconsolidation of Energies France SAS. In the previous year, goodwill declined by €8 million due to the deconsolidation of Georgia Biomass in the Hydro / Biomass / Gas cash-generating unit.

In the third quarter of every fiscal year, an impairment test is performed to determine if there is any need to write down goodwill. In doing so, goodwill is allocated to the cash-generating units.

The recoverable amount of the cash-generating unit is determined, which is defined as the higher of fair value less costs to sell or value in use. Fair value is the best estimate of the price that an independent third party would pay to purchase the cash-generating unit as of the balance-sheet date. Value in use reflects the present value of the future cash flows which are expected to be generated with the cash-generating unit.

Fair value less costs to sell is assessed from an external perspective and value in use from a company-internal perspective. Values are determined using a business valuation model, based on planned future cash flows. These cash flows, in turn, are based on the medium- and long-term business plans, as approved by the Executive Board and valid at the time of the impairment test. They pertain to a detailed planning period of three to ten years. The cash flow plans are based on experience as well as on expected market trends in the future. If available, market transactions in the same sector or third-party valuations are taken as a basis for determining fair value. Based on the use of internal planning assumptions, the determined fair values are assigned to Level 3 of the fair value hierarchy.

The medium- and long-term business plans are based on country-specific assumptions regarding the development of key economic indicators such as gross domestic product, consumer prices, interest rate levels and nominal wages. These estimates are, amongst others, derived from macro- economic and financial studies.

Our key planning assumptions for the business segments active in electricity and gas markets relate to the development of wholesale prices of electricity, crude oil, natural gas, coal and CO_2 emission allowances, market shares and regulatory framework conditions.

For the Renewables segments, the valuation is based on a normal wind year, which is calculated as the average of the last 20 years.

The discount rates used for business valuations are determined on the basis of market data. During the period under review, they were 4.25 % for the cash-generating unit Supply & Trading (previous year: 4.25 %), 3.75 % for Offshore Wind (previous year: 4.25 %), 3.50 % for Onshore Wind / Solar (previous year: 3.50 %) and 4.00 % for Hydro / Biomass / Gas (previous year: 3.75 %).

In the cash-generating units Offshore Wind and Onshore Wind / Solar, we used a growth rate of 0.50 % (previous year: 0.50 %) as a basis for extrapolating future cash flows going beyond the detailed planning period. For all of the other cash-generating units, we do not base the extrapolation of future cash flows going beyond the detailed planning period on growth rates. The growth rate for each segment is generally derived from experience and expectations of the future and does not exceed the long-term average growth rates of the respective markets in which the Group companies are active. The annual cash flows assumed for the years after the detailed planning period include as a deduction capital expenditure in the amount necessary to maintain the scope of business.

As of the balance-sheet date, the recoverable amounts of the cash-generating units, which are determined as the fair value less costs to sell, were higher than their carrying amounts. The surpluses react especially sensitively to changes in the discount rate, the growth rate – insofar as such are used in the model – and cash flows in terminal value.

Of all of the cash-generating units, the Supply & Trading cash-generating unit exhibited the smallest surplus of recoverable amount over the carrying amounts. The recoverable amount was €0.7 billion higher than the carrying amount. Impairment would have been necessary if the calculations had used an after-tax discount rate increased by more than 1.25 percentage points to above 5.5 %, a growth rate reduced by more than 1.4 percentage points to less than – 1.4 % or cash flows reduced by more than €105 million in terminal value.

(11) Property, plant and equipment

Property, plant and equipment[1] € million	Land, land rights and buildings incl, buildings on third-party land	Technical plant and machinery	Other equipment, factory and office equipment	Prepayments and plants under construction	Total
Cost					
Balance at 1 Jan 2021	5,728	51,459	1,033	4,851	63,071
Additions / disposals due to changes in the scope of consolidation	86	564	-29	-871	-250
Additions	365	828	61	2,755	4,009
Transfers	52	2,779	5	-2,844	-8
Currency translation adjustments	67	883	12	228	1,190
Disposals	165	770	70	14	1,019
Balance at 31 Dec 2021	6,133	55,743	1,012	4,105	66,993
Accumulated depreciation / impairment losses					
Balance at 1 Jan 2021	3,697	39,677	862	933	45,169
Additions / disposals due to changes in the scope of consolidation	64	-47	-27	-34	-44
Amortisation / impairment losses in the reporting period[2]	330	1,764	114	108	2,316
Transfers	2	19		-23	-2
Currency translation adjustments	18	262	8	3	291
Disposals	83	408	65	2	558
Write-backs	69	79	11	4	163
Balance at 31 Dec 2021	3,959	41,188	881	981	47,009
Carrying amounts					
Balance at 31 Dec 2021	2,174	14,555	131	3,124	19,984

1 Some prior-year figures restated due to retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).
2 In part from the release of a provision for impending losses for purchase commitments.

Property, plant and equipment[1] € million	Land, land rights and buildings incl, buildings on third-party land	Technical plant and machinery	Other equipment, factory and office equipment	Prepayments and plants under construction	Total
Cost					
Balance at 1 Jan 2020	5,323	48,758	988	4,224	59,293
Additions / disposals due to changes in the scope of consolidation	87	2,068	15	-236	1,934
Additions	443	872	69	2,389	3,773
Transfers	23	1,290	7	-1,326	-6
Currency translation adjustments	-58	-808	-10	-185	-1,061
Disposals	90	721	36	15	862
Balance at 31 Dec 2020	5,728	51,459	1,033	4,851	63,071
Accumulated depreciation / impairment losses					
Balance at 1 Jan 2020	3,128	35,505	770	873	40,276
Additions / disposals due to changes in the scope of consolidation	102	2,761	17		2,880
Amortisation / impairment losses in the reporting period	511	2,266	115	88	2,980
Transfers		24		-24	
Currency translation adjustments	-13	-262	-6	-1	-282
Disposals	22	563	34	3	622
Write-backs	9	54			63
Balance at 31 Dec 2020	3,697	39,677	862	933	45,169
Carrying amounts					
Balance at 31 Dec 2020	2,031	11,782	171	3,918	17,902

1 Some prior-year figures restated due to retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

Property, plant and equipment in the amount of €1,426 million (previous year: €1,590 million) was subject to restrictions from land charges, chattel mortgages or other restrictions. Disposals of property, plant and equipment resulted from sale or decommissioning.

Property, plant and equipment includes legally owned assets as well as right-of-use assets from leases of which RWE is the lessee.

These leases primarily comprise long-term rights of use to leased office buildings and land (e.g. leaseholds, properties for renewable energy production) and rights of use to leased assets relating to vehicle fleets and power plants.

In the previous year, RWE sold an office building to an external investor within the framework of a sale-and-leaseback transaction. The fixed lease term of the leasing contract is 17.5 years.

The following table shows the development of right-of-use assets recognised in property, plant and equipment:

Right-of-use assets Development in 2021 € million	Balance at 1 Jan 2021	Additions	Depreciation, amortisation and impairments	Disposals	Other changes[1]	Balance at 31 Dec 2021
Cost						
Buildings	161	117	31		-4	243
Land	631	132	52	10	57	758
Technical plant and machinery	29	1	27			3
Pumped storage power stations	264	5	11			258
Vehicle fleet	22	11	22	2	-1	8
Other plant, factory and office equipment	16	7	21	1		1
	1,123	273	164	13	52	1,271

1 Other changes comprise transfers, write-backs, currency translation adjustments as well as additions and disposals in the scope of consolidation.

Right-of-use assets Development in 2020 € million	Balance at 1 Jan 2020	Additions	Depreciation, amortisation and impairments	Disposals	Other changes[1]	Balance at 31 Dec 2020
Cost						
Buildings	70	121	17	7	-6	161
Land	666	49	38	2	-44	631
Technical plant and machinery	43	2	6	1	-9	29
Pumped storage power stations	261	13	10			264
Vehicle fleet	18	17	11	1	-1	22
Other plant, factory and office equipment	23	7	13	1		16
	1,081	209	95	12	-60	1,123

1 Other changes comprise transfers, write-backs, currency translation adjustments as well as additions and disposals in the scope of consolidation.

Disclosure on the corresponding lease liabilities and interest expenses can be found in Notes (8) Financial result, (23) Financial liabilities and (27) Reporting on financial instruments.

In addition, leases had the following effect on the RWE Group's earnings and cash flows in the year under review:

Effects of leases on income and cash flows € million	2021	2020
RWE as lessee		
Expenses from short-term leases	85	79
Expenses from leases for low-value assets	1	1
Expenses from variable lease payments not considered in the measurement of lease liabilities	22	21
Income from subleases	5	6
Gains or losses on sale-and-leaseback transactions		2
Total cash outflows from leases[1]	235	215
RWE as lessor		
Income from operating leases	9	20

1 Restated prior-year figure.

Leases primarily relating to wind farm sites that have been contractually agreed, but not begun yet, lead to future lease payments of €118 million (previous year: €187 million). Moreover, potential lease payments predominantly relating to leases of wind farm space were disregarded when valuing lease liabilities. This relates to €390 million (previous year: €405 million) in variable payments which may come due depending on generation volumes and €261 million (previous year: €97 million) in potential payments associated with extension and termination options.

In addition to right-of-use assets, property, plant and equipment also include land and buildings leased as operating leases by RWE as lessor. As of 31 December 2021, the carrying amount of these assets totalled €153 million (previous year: €180 million).

The following payment claims resulted from these operating leases:

Nominal lease payments from operating leases € million	31 Dec 2021	31 Dec 2020
Due in up to 1 year	7	8
Due in > 1 to 2 years	6	7
Due in > 2 to 3 years	5	5
Due in > 3 to 4 years	5	5
Due in > 4 to 5 years	5	4
Due after 5 years	34	37

(12) Investments accounted for using the equity method

Information on material and non-material investments in associates and joint ventures accounted for using the equity method is presented in the following summaries:

Material investments accounted for using the equity method	Amprion GmbH, Dortmund		KELAG-Kärntner Elektrizitäts-AG / Kärntner Energieholding Beteiligungs GmbH (KEH), Klagenfurt (Austria)	
€ million	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Balance sheet[1]				
Non-current assets	6,676	5,953	1,826	1,780
Current assets	4,982	2,838	346	349
Non-current liabilities	2,657	2,001	950	946
Current liabilities	5,681	3,488	253	266
Share of equity[2]	833	829	436	393
Goodwill			198	198
Carrying amounts	833	829	634	591
Statement of comprehensive income[1]				
Revenue	9,000	12,622	1,061	1,300
Income after taxes[3]	137	495	110	112
Other comprehensive income	-20	-35	-6	-47
Total comprehensive income	117	460	104	65
Dividends (prorated)	25	25	19	19
RWE shareholding	25%	25%	49%	49%

1 Figures based on KEH's consolidated financial statements; KELAG is fully consolidated in these figures.
2 Figures based on proportional share of equity in KEH and KELAG.
3 Some prior-year figures restated.

Amprion GmbH, headquartered in Dortmund, Germany, is a transmission system operator for the electricity sector, pursuant to the German Energy Act. Amprion's main shareholder is a consortium of financial investors.

KELAG-Kärntner Elektrizitäts-AG, headquartered in Klagenfurt, Austria, is a leading Austrian energy supplier in the fields of electricity, district heating and natural gas. RWE has an interest of 49 % in Kärntner Energieholding Beteiligungs GmbH (KEH), KELAG's largest shareholder and also holds 12.85 % of KELAG directly (imputed RWE shareholding of 37.9 %).

Non-material investments accounted for using the equity method	Associates		Joint ventures	
€ million	31 Dec 2021	31 Dec 2020[1]	31 Dec 2021	31 Dec 2020[1]
Income (pro-rata)	27	24	160	187
Other comprehensive income	1	-28	13	-2
Total comprehensive income	28	-4	173	185
Carrying amounts	367	213	1,187	1,642

1 Some prior-year figures restated due to retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

The RWE Group holds shares with a book value of €3 million (previous year: €3 million) in associates and joint ventures, which are subject to temporary restrictions or conditions in relation to their distributions of profits, due to conditions in loan agreements.

(13) Other non-current financial assets

Other financial assets encompass non-consolidated subsidiaries, other investments and non-current securities.

Non-current securities amounting to €146 million and €3 million (previous year: €133 million, adjusted by €104 million, and €4 million) were deposited in trust for RWE AG and its subsidiaries, in order to cover credit balances stemming from the block model for pre-retirement part-time work, pursuant to Sec. 8a of the Pre-Retirement Part-Time Work Act and from the management of long-term working hours accounts pursuant to Sec. 7e of the German Code of Social Law IV, respectively. This coverage applies to the employees of RWE AG as well as to the employees of Group companies.

(14) Financial receivables

Financial receivables	31 Dec 2021		31 Dec 2020	
€ million	Non-current	Current	Non-current	Current
Loans to non-consolidated subsidiaries and investments	101	1	105	1
Collaterals for trading activities		11,997		2,154
Other financial receivables				
Accrued interest		64		43
Miscellaneous other financial receivables	10	332	26	284
	111	**12,394**	**131**	**2,482**

Companies of the RWE Group deposited collateral for the trading activities stated above for exchange-based and over-the-counter transactions. These are to guarantee that the obligations from the transactions are discharged even if the development of prices is not favourable for RWE. Regular replacement of the deposited collateral depends on the contractually agreed thresholds, above which collateral must be provided for the market value of the trading activities.

(15) Other receivables and other assets

Other receivables and other assets	31 Dec 2021		31 Dec 2020	
€ million	Non-current	Current	Non-current	Current
Derivatives	668	64,492	675	8,109
Capitalised surplus of plan assets over benefit obligations	459		172	
Prepayments for items other than inventories		167		148
CO_2 emission allowances		793		446
Miscellaneous other assets	2,363	1,353	2,587	1,118
	3,490	**66,805**	**3,434**	**9,821**
of which: financial assets	1,134	64,584	855	8,452
of which: non-financial assets	2,356	2,221	2,579	1,369

The financial instruments reported under miscellaneous other assets are measured at amortised cost. Derivative financial instruments are stated at fair value. The carrying values of exchange-traded derivatives with netting agreements are offset.

The increase in derivatives during the reporting period resulted from the significant price rises for over-the-counter commodity derivatives for electricity and natural gas, which cannot be netted.

€2,600 million of the miscellaneous other assets comprise the compensatory payments for our early exit from the lignite business awarded by the German government (previous year: €2,600 million). The EU Commission is expected to grant approval in 2022, as part of the review of compliance with state aid law.

Furthermore, in the previous year €86 million of the miscellaneous other assets were allocable to government grants awarded in relation with co-firing biomass in two Dutch power plants.

(16) Deferred taxes

Deferred tax assets and liabilities principally stem from the fact that measurements in the IFRS statements differ from those in the tax bases. As of 31 December 2021, no deferred tax liabilities were recognised for the difference between net assets and the carrying value of the subsidiaries and associates for tax purposes (known as 'outside basis differences') in the amount of €817 million (previous year: €820 million), as it is neither probable that there will be any distributions in the foreseeable future, nor will the temporary differences reduce in the foreseeable future. €36,348 million and €35,531 million of the gross deferred tax assets and liabilities, respectively, will be realised within twelve months (previous year: €3,404 million and €4,047 million).

The following is a breakdown of deferred tax assets and liabilities by item:

Deferred taxes	31 Dec 2021		31 Dec 2020[1]	
€ million	Assets	Liabilities	Assets	Liabilities
Non-current assets	487	2,055	663	1,367
Current assets	9,875	26,245	1,373	2,526
Exceptional tax items		126		58
Non-current liabilities				
Provisions for pensions	15	26	85	3
Other non-current liabilities	356	900	645	848
Current liabilities	26,473	9,286	2,031	1,521
	37,206	**38,638**	**4,797**	**6,323**
Tax loss carryforwards				
Corporate income tax (or comparable foreign income tax)	146		49	
Trade tax (or comparable foreign local income tax)	1		12	
Gross total	**37,353**	**38,638**	**4,858**	**6,323**
Netting	-36,690	-36,690	-4,461	-4,461
Net total	**663**	**1,948**	**397**	**1,862**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.) and retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020 (see commentary on page 95).

As of 31 December 2021, RWE reported deferred tax claims which exceeded the deferred tax liabilities by €48 million (previous year: €73 million), in relation to companies which suffered a loss in the current or previous period. The basis for the recognition of deferred tax assets is the judgement of the management that it is likely that the companies in question will generate taxable earnings, against which unutilised tax losses and deductible temporary differences can be applied.

The capitalised tax reduction claims from loss carryforwards result from the expected utilisation of previously unused tax loss carryforwards in subsequent years.

It is sufficiently certain that these tax carryforwards will be realised. At the end of the reporting period, corporate income tax loss carryforwards and trade tax loss carryforwards (or such related to comparable foreign income tax) for which no deferred tax claims have been recognised amounted to €4,187 million and €2,965 million, respectively (previous year: €2,811 million and 1,912 million).

The corporate income tax loss carryforwards do not have any time limits, but are not expected to be used for the most part.

As of 31 December 2021, temporary differences for which no deferred tax assets were recognised amounted to €14,678 million (previous year: €13,216 million).

In the year under review, a deferred tax expense of –€68 million arising from the currency translation of foreign financial statements was offset against equity (previous year: deferred tax income of €41 million).

(17) Inventories

Inventories € million	31 Dec 2021	31 Dec 2020
Raw materials, incl. nuclear fuel assemblies and earth excavated for lignite mining	436	579
Work in progress – goods / services	31	50
Finished goods and goods for resale	2,368	999
Prepayments	–7	4
	2,828	**1,632**

The carrying amount of inventories acquired for resale purposes was €2,340 million (previous year: €964 million). As in the previous year, this entire amount related to gas inventories in the reporting period.

The fair value of gas inventories is determined every month on the basis of the current price curves of the relevant indices for gas (e.g. NCG). The valuations are based on prices which can be observed directly or indirectly (Level 2 of the fair value hierarchy). Differences between the fair value and the carrying value of inventories acquired for resale purposes are recognised on the income statement at the end of the month.

(18) Marketable securities

Current marketable securities include fixed-interest marketable securities totalling €8,036 million (previous year: €4,216 million) which predominantly have a maturity of more than three months from the date of acquisition. Stocks and profit-participation certificates accounted for €4 million (previous year: €3 million). Marketable securities are stated at fair value.

(19) Cash and cash equivalents

Cash and cash equivalents € million	31 Dec 2021	31 Dec 2020
Cash and demand deposits	5,824	4,764
Marketable securities and other cash investments (maturity less than 3 months from the date of acquisition)	1	10
	5,825	**4,774**

RWE keeps demand deposits exclusively for short-term cash positions. For cash investments, banks are selected on the basis of various creditworthiness criteria, including their rating from one of the three renowned rating agencies – Moody's, Standard & Poor's and Fitch – as well as their equity capital and prices for credit default swaps. As in the previous year, interest rates on cash and cash equivalents were at market levels in 2021.

(20) Equity

A breakdown of fully paid-up equity is shown on page 92. The subscribed capital of RWE AG consists exclusively of common no-par-value bearer shares.

Subscribed capital	31 Dec 2021 Number of shares	31 Dec 2020 Number of shares	31 Dec 2021 Carrying amount	31 Dec 2020 Carrying amount
	in '000.	in '000.	€ million	€ million
Shares	676,220	676,220	1,731	1,731

On 18 August 2020, RWE AG decided on a capital increase in return for cash contributions with partial utilisation of the approved capital authorised by the General Meeting on 26 April 2018. The company's capital stock was thus increased by 10% via the issue of 61,474,549 new bearer shares, under the exclusion of existing shareholders' subscription rights. The new shares were placed with institutional investors at a price of €32.55 per share in an accelerated bookbuilding process. As a result of the capital increase, in the previous year the subscribed capital of RWE AG rose by €157,374,845.44 and its paid-in capital rose to €1,843,621,724.51. Transaction expenses of €11,070,500.71 were offset against retained earnings in the previous year.

As the approved capital was partially utilised in this capital increase, the General Meeting passed a resolution to replace the remaining authorisation with new approved capital on 28 April 2021. Pursuant to this resolution, the Executive Board is authorised, subject to Supervisory Board approval, to increase the company's capital stock by up to €346,224,663.04 – equivalent to approximately 20% of the current capital stock – until 27 April 2026 through the issue of up to 135,244,009 bearer shares in return for contributions in cash and/or in kind (approved capital).

In certain cases, with the approval of the Supervisory Board, the subscription rights of shareholders can be excluded.

On 28 April 2021, the General Meeting also decided on a conditional increase of the company's capital stock by up to €173,112,330.24, divided into up to 67,622,004 bearer shares. This conditional capital increase serves the purpose of granting shares to the holders or creditors of convertible and / or option bonds. It shall only be implemented by 27 April 2026 to the extent that the holders or creditors of convertible and / or option bonds issued on the basis of the resolution passed by the Annual General Meeting on 28 April 2021 by the company or a company affiliated with the company within the meaning of Sections 15 et seqq. of the German Stock Corporation Act, in which the company has a direct or indirect stake of at least 90%, exercise conversion / option rights, fulfil conversion / option obligations, or shares are tendered and no other forms of fulfilment are used. The Executive Board is authorised, subject to Supervisory Board approval, to determine further details of implementing conditional capital increases.

Pursuant to a resolution passed by the Annual General Meeting on 26 April 2018, the company was further authorised until 25 April 2023 to acquire shares of the company up to a volume of 10% of the capital stock when the resolution on this authorisation was passed, or if the following is lower, when this authorisation is exercised. Based on the authorisation, the Executive Board is authorised to cancel treasury shares without a further resolution by the Annual General Meeting. Moreover, the Executive Board is authorised to transfer or sell such shares to third parties under certain conditions and excluding shareholders' subscription rights. Furthermore, treasury shares may be issued to holders of option or convertible bonds under certain conditions. The Executive Board is also authorised to use the treasury shares to discharge obligations from future employee share schemes; in this regard, shareholders' subscription rights shall be excluded.

No treasury shares were held as of 31 December 2021, as was also the case at last year's reporting date.

In fiscal 2021, RWE AG purchased a total of 288,624 RWE shares (previous year: 314,808) for a purchase price of €9,459,816.32 on the capital market (previous year: €10,633,444.15). This is equivalent to €738,877.44 of the capital stock (0.04% of subscribed capital) (previous year: €805,908.48 and 0.05% of subscribed capital). Employees of RWE AG and its subsidiaries received a total of 288,624 shares for capital formation under the employee share plan (previous year: 314,808). This resulted in total proceeds of €9,356,616.42 (previous year: €10,516,392.73). The difference to the purchase price was offset against freely available retained earnings.

As a result of equity capital transactions with subsidiary companies which did not lead to a change of control, the share of equity attributable to RWE AG's shareholders changed by a total of – €10 million (previous year: – €145 million) and the share of equity attributable to other shareholders changed by a total of €6 million (previous year: €395 million). In the previous year, this included the subsequent effects of the 2019 acquisition of the 23.2 % non-controlling interest in the continuing innogy operations (change in RWE AG shareholders' interest in Group equity of – €298 million) as well as effects from the sale of a 49 % stake in the offshore UK wind farm Humber Gateway (€163 million change in the share of equity attributable to RWE AG's shareholders).

Accumulated other comprehensive income (OCI) reflects changes in the fair values of debt instruments measured at fair value through other comprehensive income, cash flow hedges and hedges of the net investment in foreign operations, as well as changes stemming from foreign currency translation adjustments from foreign financial statements.

As of 31 December 2021, the share of accumulated other comprehensive income attributable to investments accounted for using the equity method amounted to – €11 million (previous year: – €29 million).

During the reporting year, €7 million in differences from currency translation which had originally been recognised without an effect on income were realised as income (previous year: income of €3 million).

Dividend proposal
We propose to the Annual General Meeting that RWE AG's distributable profit for fiscal 2021 be appropriated as follows:

Distribution of a dividend of €0.90 per share.

Dividend	€608,598,043.20
Profit carryforward	€25,045.09
Distributable profit	€608,623,088.29

Based on a resolution of RWE AG's Annual General Meeting on 28 April 2021, the dividend for fiscal 2020 amounted to €0.85 per dividend-bearing share. The dividend payment to shareholders of RWE AG amounted to €575 million (previous year: €492 million).

Non-controlling interests

The share ownership of third parties in Group entities is presented in this item.

The income and expenses recognised directly in equity (OCI) include the following non-controlling interests:

Non-controlling interests in OCI € million	2021	2020
Currency translation adjustment	64	-25
Fair valuation of financial instruments used for hedging purposes	36	-17
Income and expenses recognised directly in equity, to be reclassified through profit or loss in the future	**100**	**-42**
	100	**-42**

Material non-controlling interests are attributable to the subsidiary Rampion Offshore Wind Limited., headquartered in Coventry, United Kingdom.

Subsidiaries with material non-controlling interests	Rampion Offshore Wind Limited, United Kingdom
€ million	31 Dec 2021
Balance sheet	
Non-current assets	1,929
Current assets	169
Non-current liabilities	250
Statement of comprehensive income	
Revenue	278
Income	85
Total comprehensive income	123
Cash flows from operating activities	183
Non-controlling interests	
Dividends paid to non-controlling interests	68
Income of non-controlling interests	42
Share of non-controlling interests in equity	49.90 %
Share of non-controlling interests in voting rights	49.90 %

Rampion Offshore Wind Limited, United Kingdom, was fully consolidated for the first time in the second quarter of 2021.

(21) Share-based payment

For executives of RWE AG as well as of affiliated companies, Long Term Incentive Plans (LTIPs) are in place as share-based payment systems known as Strategic Performance Plans (SPPs). The expenses associated with these are borne by the Group companies which employ the persons holding notional stocks.

The LTIP SPP 2016-2020 was introduced in 2016. It uses an internal performance target (net income of relevance to remuneration) derived from the mid-term planning and takes into account the development of RWE AG's share price. Executives receive conditionally granted virtual shares (performance shares). The final number of virtual shares in a tranche is determined based on the achievement of the adjusted net income target. Each of the issued LTIP SPP tranches has a term of four years before payment is possible.

The plan conditions of the LTIP SPP were adjusted and extended for grants starting from fiscal 2021. In the future, along with the development of adjusted net income of relevance to remuneration, the share-based payment scheme LTIP SPP 2021 will orientate to two additional success factors: the carbon footprint of our generation portfolio and the relative total shareholder return, which puts the total return of the RWE share in relation to that of other European utility stocks. These three success factors determine how many of the conditionally granted performance shares are finally granted at the end of the performance period. The performance period was extended from the previous one year to three years. Once it ends, all three success factors will be given equal weight in calculating the final grant. Thereafter, the performance shares must be held for a further year. Therefore, the vesting period will still be four years.

LTIP SPP 2016-2020	2017 tranche	2018 tranche	2019 tranche	2020 tranche
Start of term	1 Jan 2017	1 Jan 2018	1 Jan 2019	1 Jan 2020
Number of conditionally granted performance shares	1,338,027	883,974	932,889	935,331
Term (vesting period)	4 years	4 years	4 years	4 years
Performance target	Adjusted net income	Adjusted net income	Adjusted net income	Adjusted net income
Cap / number of performance shares	150%	150%	150%	150%
Cap / payment amount	200%	200%	200%	200%
Determination of payment	The payment amount is calculated on the basis of the determined number of performance shares multiplied by the sum of a) the mathematical average of the closing share price of the RWE share (ISIN DE 000703129), with all available decimal places, in Xetra trading of Deutsche Börse AG (or a successor trading system which subsequently takes the place of the Xetra system) for the last 30 trading days prior to the end of the vesting period rounded according to standard commercial practice to two decimal places, and b) the dividends paid per share for the fiscal years between the determination of the final number of performance shares and the end of the vesting period. Dividends do not bear interest and are not reinvested. If a dividend payment occurs during the 30-day period for calculating the share price in accordance with item a), the share prices of the trading days leading up to the payment (CUM share prices) are adjusted by the dividend, as the dividend would otherwise be considered twice. Payment amount = (number of finally granted performance shares) x (mathematical average of the share price + dividends paid). The payment amount calculated in this manner is limited to no more than 200% of the grant amount.			
Change in corporate control / merger	A change in corporate control ('change of control') shall occur if a) a shareholder gains control in accordance with Sec. 29 of the German Securities Acquisition and Takeover Act by holding at least 30% of the voting rights including third-party voting rights attributable to it in accordance with Sec. 30 of the German Securities Acquisition and Takeover Act, or b) a control agreement in accordance with Sec. 291 of the German Stock Corporation Act is concluded with RWE AG as the dependent company, or c) RWE AG is merged with another legal entity that does not belong to the Group in accordance with Sec. 2 of the German Company Transformation Act, unless the value of the other legal entity is less than 50% of the value of RWE AG based on the agreed conversion rate; in such a case, item a) shall not apply. In the event of a change of control, all of the performance shares which have been fully granted and have not been paid out shall be paid out early. The payment amount is determined according to the exercise conditions, with the deviation that the last 30 trading days prior to the announcement of the change in control is to be used; plus the dividends paid per share in the fiscal years between the determination of the final number of performance shares and the time of the change in control. The payment amount calculated in this manner shall be paid to the plan participant together with his or her next salary payment. All conditionally granted performance shares as of the effective date of the change of control shall lapse without consideration..			
Form of settlement	Cash settlement	Cash settlement	Cash settlement	Cash settlement
Payment date	2021	2022	2023	2024

LTIP SPP 2021	2021 tranche
Start of term	1 Jan 2021
Number of conditionally granted performance shares	823,566
Term (vesting period)	4 years
Performance targets	1. Adjusted net income; 2. CO_2 intensity; 3. Relative total shareholder return
Weighting of performance targets	Average achievement of performance targets, each weighted 1/3
Performance period	3 years
Cap / number of performance shares	150%
Cap / payment amount	200%
Determination of payment	The payment amount is calculated on the basis of the determined number of performance shares multiplied by the sum of a) the mathematical average of the closing share price of the RWE share (ISIN DE 000703129), with all available decimal places, in Xetra trading of Deutsche Börse AG (or a successor trading system which subsequently takes the place of the Xetra system) for the last 30 trading days prior to the end of the vesting period rounded according to standard commercial practice to two decimal places, and b) the dividends paid per share for the fiscal years between the determination of the final number of performance shares and the end of the vesting period. Dividends do not bear interest and are not reinvested. If a dividend payment occurs during the 30-day period for calculating the share price in accordance with item a), the share prices of the trading days leading up to the payment (CUM share prices) are adjusted by the dividend, as the dividend would otherwise be considered twice. Payment amount = (number of finally granted performance shares) x (mathematical average of the share price + dividends paid). The payment amount calculated in this manner is limited to no more than 200% of the grant amount.
Change in corporate control / merger	A change in corporate control ('change of control') shall occur if a) a shareholder gains control in accordance with Sec. 29 of the German Securities Acquisition and Takeover Act by holding at least 30% of the voting rights including third-party voting rights attributable to it in accordance with Sec. 30 of the German Securities Acquisition and Takeover Act, or b) a control agreement in accordance with Sec. 291 of the German Stock Corporation Act is concluded with RWE AG as the dependent company, or c) RWE AG is merged with another legal entity that does not belong to the Group in accordance with Sec. 2 of the German Company Transformation Act, unless the value of the other legal entity is less than 50% of the value of RWE AG based on the agreed conversion rate; in such a case, item a) shall not apply. In the event of a change of control, all of the performance shares which have been fully granted and have not been paid out shall be paid out without change on expiry of the holding period. The payment amount is determined according to the exercise conditions, with the deviation that the takeover price per share is to be used, plus the dividends paid per share in the fiscal years between the start of the vesting period and the time of the change in control. The value of all performance shares granted conditionally at the time of the change of control shall be determined with appropriate application of the exercise conditions based on the full-year results for the targets that are available up to the fiscal year in which the change of control occurs, even if in this case the performance period only lasts one or two years. The payment amount is determined according to the exercise conditions, with the deviation that the takeover price per share is to be used, plus the dividends paid per share in the fiscal years between the start of the vesting period and the time of the change in control. All conditionally granted performance shares for the calendar year of the change of control shall lapse without consideration.
Form of settlement	Cash settlement
Payment date	2025

The fair value of the performance shares conditionally granted under SPP included the following sums on the grant date:

Performance Shares from the RWE AG SPP €	2017 tranche	2018 tranche	2019 tranche	2020 tranche	2021 tranche
Fair value per share	11.62	18.80	19.10	26.41	34.07

The fair values of the tranches of the RWE AG SPP are based on RWE AG's current share price plus the dividends per share which have already been paid to the shareholders during the term of the corresponding tranche. The limited payment per SPP was implemented via a sold call option. The option value calculated using the Black Scholes Model was deducted. The maximum payments per conditionally granted SPP (= option strike) established in the plan conditions, the discount rates relative to the remaining term as well as the volatilities and expected dividends of RWE AG were considered in determining the option price.

Multivariate Monte Carlo simulations were used for the valuation of RWE AG's 2021 tranche of the SPP. In this context, the success factors not dependent on the capital market were taken as the best estimators without variability. In the valuation model, due consideration was given to the maximum payment amounts stipulated in the programme's conditions for each conditionally granted SPP (= option strike), the success factors not dependent on the capital market, the current level of the RWE AG share and the index, the volatilities and correlations, the discount rates for the remaining term and the expected dividends of RWE AG.

The performance shares displayed the following development in the fiscal year that just came to a close:

Performance Shares from the RWE AG SPP	2017 tranche	2018 tranche	2019 tranche	2020 tranche	2021 tranche
Outstanding at the start of the fiscal year	1,643,631	1,088,490	1,403,532	935,331	
Granted					823,566
Change[1]		-10,609	-7,973	77,820	
Paid out	-1,643,631				
Outstanding at the end of the fiscal year		1,077,881	1,395,559	1,013,151	823,566
Payable at the end of the fiscal year		1,077,881			

1 'Change' pertains to the final grant based on target achievement or the subsequent grant or lapse of performance shares.

For the SPP options exercised in the previous fiscal year, the average weighted daily share price on the day of exercise was €34.51.

During the period under review, expenses for the share-based payment system totalled €33 million (previous year: €38 million). As of the balance-sheet date, provisions for cash-settled share-based payment programmes amounted to €85 million (previous year: €85 million).

(22) Provisions

Provisions € million	31 Dec 2021 Non-current	Current	Total	31 Dec 2020 Non-current	Current	Total
Provisions for pensions and similar obligations	1,934		1,934	3,864		3,864
Provisions for nuclear waste management	5,577	452	6,029	6,113	338	6,451
Provisions for mining damage	4,871	122	4,993	4,729	85	4,814
	12,382	**574**	**12,956**	**14,706**	**423**	**15,129**
Other provisions						
Staff-related obligations (excluding restructuring)	304	832	1,136	339	651	990
Restructuring obligations	579	31	610	624	18	642
Purchase and sales obligations	1,266	213	1,479	1,366	124	1,490
Provisions for dismantling wind farms	1,196	2	1,198	1,125	11	1,136
Other dismantling and retrofitting obligations	553	94	647	648	70	718
Environmental protection obligations	73	1	74	76	2	78
Interest payment obligations	223		223	223		223
Obligations to deliver CO_2 emission allowances / certificates for renewable energies		2,099	2,099		1,332	1,332
Miscellaneous other provisions	367	422	789	363	373	736
	4,561	**3,694**	**8,255**	**4,764**	**2,581**	**7,345**
	16,943	**4,268**	**21,211**	**19,470**	**3,004**	**22,474**

Provisions for pensions and similar obligations. The company pension plan consists of defined contribution and defined benefit plans. The defined benefit commitments mainly relate to pension benefits based on final salary. These are exposed to the typical risks of longevity, inflation and salary increases.

In the reporting period, €36 million (previous year: €32 million) was paid into defined contribution plans. This includes payments made by RWE for a benefit plan in the Netherlands which covers the commitments of various employers. This fund does not provide the participating companies with information allowing for the pro-rata allocation of defined benefit obligations, plan assets and service cost. In the consolidated financial statements, the contributions are thus recognised analogously to a defined contribution plan, although this is a defined benefit plan. The pension plan for employees in the Netherlands is administered by Stichting Pensioenfonds ABP (see www.abp.nl). Contributions to the pension plan are calculated as a percentage rate of employees' salaries and are paid by the employees and employers. The rate of the contributions is determined by ABP. There are no minimum funding obligations. Approximately €9 million in employer contributions are expected to be paid to the ABP pension fund in the following fiscal 2022 (prior-year figure for fiscal 2021: €9 million). The contributions are used for all of the beneficiaries. If ABP's funds are insufficient, it can either curtail pension benefits and future post-employment benefits, or increase the contributions of the employer and employees. In the event that RWE terminates the ABP pension plan, ABP will charge a termination fee. Amongst other things, its level depends on the number of participants in the plan, the amount of salary and the age structure of the participants. As of 31 December 2021, we had around 600 active participants in the plan (previous year: approximately 600).

RWE transferred assets to RWE Pensionstreuhand e.V. within the framework of a contractual trust arrangement (CTA) in order to finance the pension commitments of German Group companies. There is no obligation to provide further funds. From the assets held in trust, funds were transferred to RWE Pensionsfonds AG to cover pension commitments to most of the employees who have already retired. RWE Pensionsfonds AG falls under the scope of the Act on the Supervision of Insurance Undertakings and oversight by the Federal Financial Supervisory Agency (BaFin). Insofar as a regulatory deficit occurs in the pension fund, supplementary payment shall be requested from the employer. Independently of the aforementioned rules, the liability of the employer shall remain in place. The boards of RWE Pensionstreuhand e.V. and RWE Pensionsfonds AG are responsible for ensuring that the funds under management are used in compliance with the contract and thus fulfil the requirements for recognition as plan assets. In March 2021, RWE made an extraordinary funding payment of €1,049 million to the assets held in trust, in order to further improve the capital coverage of the domestic pension obligations.

In the United Kingdom, it is legally mandated that defined benefit plans are provided with adequate and suitable assets to cover pension obligations. The corporate pension system is managed by the sector-wide Electricity Supply Pension Scheme (ESPS). Following completion of the E.ON transaction, dedicated independent sections were formed for RWE for the conventional generation business (RWE Section), for the renewables business acquired legally from innogy which has been consolidated with RWE without interruption (Innogy Section) and for the renewables business acquired from E.ON (Former E.ON Section). The sections are managed by trustees which are elected by members of the pension plans or appointed by the sponsoring employers. The trustees are responsible for managing the pension plans. This includes investments, pension payments and financing plans. The pension plans comprise the benefit obligations and plan assets for the subsidiaries of the RWE Group. It is required by law to assess the required financing of the pension plans once every three years in compliance with the UK regulations for pensions (a so-called funding valuation). This involves measuring pension obligations on the basis of conservative assumptions, which deviate from the requirements imposed by IFRS. The underlying actuarial assumptions primarily include the projected life expectancies of the members of the pension plans as well as assumptions relating to inflation, imputed interest rates and the market returns on the plan assets.

The last funding valuation for the RWE section was carried out on 31 March 2019 and showed that the RWE section had a financing deficit of £44.3 million, which was rectified with a payment of £48.3 million as of 31 March 2020. The next funding valuation must occur by 31 March 2022. A financing deficit of £103.4 million was revealed for the Innogy Section. It was subsequently agreed with the trustees to rectify this deficit with annual payments of £37.5 million, £36.3 million, £17.0 million and £17.0 million from 2020 to 2023. An agreement was also reached with the trustees to draw forward the next valuation to 31 March 2021. This valuation was completed in December 2021. No financing deficit was identified. Together with the trustees, the decision was then made not to undertake the annual payments for 2022 and 2023 resulting from the previous valuation. A valuation was carried out for the section of the renewables business acquired from E.ON on 31 March 2020. It revealed a financing deficit of £7 million. In December 2021, the sponsoring employers and the trustees decided to transfer the members of this section to the Innogy Section. Consequently, there is no need to settle the financing deficit.

The payments to settle the deficit are charged to the participating companies on the basis of a contractual agreement. Above and beyond this, payments are regularly made to finance the newly arising benefit obligations of active employees which increase the pension claims.

Provisions for defined benefit plans are determined using actuarial methods. We apply the following assumptions:

Calculation assumptions	31 Dec 2021		31 Dec 2020	
in %	Germany	Foreign[1]	Germany	Foreign[1]
Discount rate	1.10	1.80	0.80	1.30
Wage and salary growth rate	2.35	3.20	2.35	3.00
Pension increase rate	1.00, 1.60 and 1.75	2.20 and 3.10	1.00, 1.60 and 1.75	2.10 and 2.90

1 Pertains to benefit commitments to employees of the RWE Group in the UK.

Composition of plan assets (fair value)	31 Dec 2021				31 Dec 2020			
€ million	Germany[1]	Of which: Level 1 pursuant to IFRS 13	Foreign[2]	Of which: Level 1 pursuant to IFRS 13	Germany[1]	Of which: Level 1 pursuant to IFRS 13	Foreign[2]	Of which: Level 1 pursuant to IFRS 13
Equity instruments, exchange-traded funds	1,784	1,754	496	108	1,472	1,449	485	69
Interest-bearing instruments	5,430		4,146	419	3,785		3,956	
Real estate	1				1			
Mixed funds[3]			1,478	143	645	324	1,509	116
Alternative investments	663	609	386		711	542	412	
Other[4]	60	24	626	101	56	23	477	85
	7,938	**2,387**	**7,132**	**771**	**6,670**	**2,338**	**6,839**	**270**

1 Plan assets in Germany primarily pertain to assets of RWE AG and other Group companies which are managed by RWE Pensionstreuhand e.V. as a trust, as well as to assets of RWE Pensionsfonds AG.
2 Foreign plan assets pertain to the assets of the RWE Group within the British ESPS to cover benefit commitments to employees of the RWE Group in the UK.
3 Includes equity and interest-bearing instruments.
4 Includes reinsurance claims against insurance companies and other fund assets.

Our investment policy in Germany is based on a detailed analysis of the plan assets and the pension commitments and the relation of these two items to each other, in order to determine the best possible investment strategy (Asset Liability Management Study). Using an optimisation process, portfolios are identified which can earn the best targeted results at a defined level of risk. One of these efficient portfolios is selected and the strategic asset allocation is determined; furthermore, the related risks are analysed in detail.

The focus of RWE's strategic investment policy is on domestic and foreign government bonds. In order to increase the average yield, corporate bonds with a higher yield are also included in the portfolio. The ratio of equities in the portfolio is lower than that of bonds. Investment occurs in various regions. The investment position in equities is intended to earn a risk premium over bond investments over the long term. Furthermore, in order to achieve consistently high returns, there is also investment in products which are more likely to offer relatively regular positive returns over time. This involves products with returns which fluctuate like those of bond investments, but which achieve an additional return over the medium term, such as so-called absolute return products.

In the United Kingdom, our capital investment takes account of the structure of the pension obligations as well as liquidity and risk matters. The goal of the investment strategy in this context is to maintain the level of pension plan funding and ensure the full financing of the pension plans over time. To reduce financing costs and earn surplus returns, we also include higher-risk investments in our portfolio. The capital investment focusses on government and corporate bonds.

Pension provisions for pension commitments changed as follows:

Changes in pension provisions € million	Present value of pension commitments	Fair value of plan assets	Capitalised surplus of plan assets	Total
Balance at 1 Jan 2021	**17,201**	**13,509**	**172**	**3,864**
Current service cost	171			171
Interest cost / income	170	149		21
Return on fund assets less interest components		503		-503
Gain / loss on change in demographic assumptions	35			35
Gain / loss on change in financial assumptions	-782			-782
Experience-based gains / losses	-4			-4
Currency translation adjustments	458	474	18	2
Employee contributions	8	8		
Employer contributions [1]		1,129		-1,129
Benefits paid [2]	-727	-702		-25
Changes in the scope of consolidation / transfers	7	5		2
Past service cost	8			8
General administration expenses		-5		5
Change in capitalised surplus of plan assets			269	269
Balance at 31 Dec 2021	**16,545**	**15,070**	**459**	**1,934**
of which: domestic	9,844	7,938	3	1,909
of which: foreign	6,701	7,132	456	25

1 Of which: €1,092 million from initial and subsequent transfers to plan assets and €37 million in cash flows from operating activities.
2 Contained in cash flows from operating activities.

Changes in pension provisions € million	Present value of pension commitments	Fair value of plan assets	Capitalised surplus of plan assets	Total
Balance at 1 Jan 2020	**16,486**	**13,193**	**153**	**3,446**
Current service cost	148			148
Interest cost / income	238	201		37
Return on fund assets less interest components		859		-859
Gain / loss on change in demographic assumptions	-17			-17
Gain / loss on change in financial assumptions	1,435			1,435
Experience-based gains / losses	-106			-106
Currency translation adjustments	-352	-361	-10	-1
Employee contributions	8	8		
Employer contributions[1]		245		-245
Benefits paid [2]	-718	-690		-28
Changes in the scope of consolidation	71	62		9
Past service cost	8			8
General administration expenses		-8		8
Change in capitalised surplus of plan assets			29	29
Balance at 31 Dec 2020	**17,201**	**13,509**	**172**	**3,864**
of which: domestic	10,503	6,670		3,833
of which: foreign	6,698	6,839	172	31

1 Of which: €96 million from initial and subsequent transfers to plan assets and €149 million in cash flows from operating activities.
2 Contained in cash flows from operating activities.

Changes in the actuarial assumptions would lead to the following changes in the present value of the defined benefit obligations:

Sensitivity analysis of pension provisions	Changes in the present value of defined benefit obligations			
€ million	31 Dec 2021		31 Dec 2020	
Change in the discount rate by +50 / -50 basis points				
Domestic	-715	813	-792	903
Foreign	-458	518	-486	552
Change in the wage and salary growth rate by -50 / +50 basis points				
Domestic	-44	46	-63	65
Foreign	-36	42	-41	47
Change in the pension increase rate by -50 / +50 basis points				
Domestic	-463	507	-518	569
Foreign	-307	267	-339	382
Increase of one year in life expectancy				
Domestic		478		523
Foreign		223		210

The sensitivity analyses are based on the change of one assumption each, with all other assumptions remaining unchanged. Actual developments will probably be different than this. The methods of calculating the aforementioned sensitivities and for calculating the pension provisions are in agreement. The dependence of pension provisions on market interest rates is limited by an opposite effect. The background of this is that the commitments stemming from company pension plans are primarily covered by funds, and mostly plan assets exhibit negative correlation with the market yields of fixed-interest securities. Consequently, declines in market interest rates are typically reflected in an increase in plan assets, whereas rising market interest rates are typically reflected in a reduction in plan assets.

The present value of pension obligations, less the fair value of the plan assets, equals the net amount of funded and unfunded pension obligations.

As of the balance-sheet date, the recognised amount of pension provisions totalled €1,367 million for funded pension plans (previous year: €3,265 million) and €567 million for unfunded pension plans (previous year: €599 million).

As in the previous year, a portion of the past service cost related to effects in connection with restructuring measures in Germany and severance payments in Great Britain.

Domestic company pensions are subject to an obligation to review for adjustment every three years pursuant to the Act on the Improvement of Company Pensions (Sec 16 of the German Company Pension Act (BetrAVG)). Additionally, some commitments grant annual adjustments of pensions, which may exceed the adjustments in compliance with the legally mandated adjustment obligation.

Some domestic pension plans guarantee a certain pension level, taking into account the statutory pension (total retirement earnings schemes). As a result, future reductions in the statutory pension can result in higher pension payments by RWE.

The weighted average duration of the pension obligations was 16 years in Germany (previous year: 16 years) and 16 years outside of Germany (previous year: 17 years).

In fiscal 2022, RWE expects to make €65 million in payments for defined benefit plans of continuing operations (previous-year target: €240 million), as direct benefits and contributions to plan assets.

Provisions for nuclear energy and mining € million	Balance at 1 Jan 2021	Additions	Unused amounts released	Interest accretion	Amounts used	Balance at 31 Dec 2021
Provisions for nuclear waste management	6,451	162	-2	14	-596	6,029
Provisions for mining damage	4,814	116	-2	127	-62	4,993
	11,265	**278**	**-4**	**141**	**-658**	**11,022**

Provisions for nuclear waste management are recognised in the full amount for the nuclear power plants Biblis A and B, Emsland and Gundremmingen A, B and C, as well as Lingen and Mülheim-Kärlich. Provisions for waste disposal for the Dutch nuclear power plant Borssele are included at a rate of 30 %, in line with RWE's stake.

Provisions for nuclear waste disposal are almost exclusively reported as non-current provisions, and their settlement amount is discounted to the balance-sheet date. Based on the current state of planning, these provisions will essentially be used by the beginning of the 2040s. The discount rate calculated on the basis of the current level of market interest rates for no-risk cash investments was 0.0 % as of the balance-sheet date (previous year: 0.0 %). The escalation rate based on expectations with regard to general increases in wages and prices and productivity growth was 1.5 % (previous year: 1.5 %). As a result, the real discount rate used for nuclear waste management purposes, which is the difference between the discount rate and the escalation rate, amounted to – 1.5 % (previous year: – 1.5 %). An increase (decrease) in this rate by 0.1 percentage point would reduce (increase) the present value of the provision by roughly €40 million.

Excluding the interest accretion, additions to provisions for nuclear waste management are based on quantity-related increases in the provisions as well as updates of the cost estimates and amount to €162 million. Of the changes in provisions, €21 million was offset against the corresponding costs of nuclear power plants still in operation and the fuel elements. In the reporting period, we also used provisions of €245 million for the decommissioning of nuclear power plants. Decommissioning and dismantling costs had originally been capitalised in a corresponding amount and reported under the cost of the respective nuclear power plants.

The provisions of the law on the reassignment of responsibility for nuclear waste disposal stipulate that accountability for the shutdown and dismantling of the assets in Germany as well as for packaging radioactive waste remains with the companies. The shutdown and dismantling process encompasses all activities following the final termination of production by the nuclear power plant until the plant site is removed from the regulatory scope of the Nuclear Energy Act. A request to decommission and dismantle the nuclear power plant will be filed with the nuclear licensing authority during its operating period so that the decommissioning and dismantling work can be performed in time after the expiry of the operating permit. Dismantling operations essentially consist of dismantling and removal of the radioactive contamination from the facilities and structures, radiation protection, and regulatory monitoring of the dismantling measures and residual operations.

We thus subdivide our provisions for nuclear waste management into the residual operation of nuclear power plants, the dismantling of nuclear power station facilities as well as the cost of residual material processing and radioactive waste treatment facilities.

Provisions for nuclear waste management € million	31 Dec 2021	31 Dec 2020
Residual operation	2,211	2,707
Dismantling	2,126	2,007
Processing of residual material and waste management	1,692	1,737
	6,029	**6,451**

Provisions for the residual operation of nuclear power station facilities cover all steps that must be taken largely independent of dismantling and disposal but are necessary to ensure that the assets are safe and in compliance with permits or are required by the authorities. In addition to works monitoring and facility protection, these mainly include service, recurrent audits, maintenance, radiation and fire protection as well as infrastructural adjustments.

Provisions for the dismantling of nuclear power plant facilities include all work done to dismantle plants, parts of plants, systems and components as well as on buildings that must be dismantled to comply with the Nuclear Energy Act. They also consider the conventional dismantling of nuclear power plant facilities to fulfil legal or other obligations.

Provisions for residual material processing and waste management include the costs of processing radioactive residual material for non-hazardous recycling and the costs of treating radioactive waste produced during the plant's service life and dismantling operations. This includes the various processes for conditioning, proper packaging of the low-level and intermediate-level radioactive waste in suitable containers and the transportation of such waste to BGZ Gesellschaft für Zwischenlagerung mbH (BGZ), which has been commissioned by the Federal government for intermediate storage. This item also contains the cost of transporting the waste produced by recycling and of the proper packaging of spent nuclear fuel elements, i.e. the cost of procuring and loading freight and interim storage containers.

Commissioned by the plant operator, the internationally renowned company NIS Ingenieurgesellschaft mbH, Alzenau, assesses the prospective costs of residual operation and dismantling of the nuclear power plants on an annual basis. The costs are determined specifically for each facility and take into consideration the current state of the art, regulatory requirements and previous practical experience from ongoing and completed dismantling projects. Additionally, current developments are also incorporated into the cost calculations. They also include the cost of conditioning and packaging radioactive waste generated during dismantling operations and the transportation of such waste to BGZ. Further cost estimates for the disposal of radioactive waste are based on contracts with foreign reprocessing companies and other disposal companies. Furthermore, the cost estimates are based on plans by internal and external experts, in particular GNS Gesellschaft für Nuklear-Service mbH, (GNS) Essen.

In terms of their contractual definition, provisions for nuclear waste management break down as follows:

Provisions for nuclear waste management € million	31 Dec 2021	31 Dec 2020
Provisions for nuclear obligations, not yet contractually defined	4,148	4,623
Provisions for nuclear obligations, contractually defined	1,881	1,828
	6,029	**6,451**

The provision for obligations which are not yet contractually defined covers the costs of the remaining operational phase of the operating plants, the costs of dismantling as well as the residual material processing and waste treatment costs incurred in connection with waste produced as a result of shutdowns.

Provisions for contractually defined nuclear obligations relate to all obligations the value of which is specified in contracts under civil law. The obligations include the anticipated residual costs of reprocessing and returning the resulting radioactive waste. These costs stem from existing contracts with foreign reprocessing companies and with GNS. Moreover, these provisions also include the costs for transport and intermediate storage containers for and the loading of spent fuel assemblies within the framework of final direct storage. Furthermore, this item also includes the amounts for the professional packaging of radioactive operational waste as well as the in-house personnel costs incurred for the residual operation of plants which are permanently decommissioned.

Provisions for mining damage also consist almost entirely of non-current provisions and fully covered the volume of obligations as of the balance-sheet date. They are reported at their settlement amount discounted to the balance-sheet date. The cost estimates are based on internal planning and estimates and are largely backed by external expert opinions.

In discounting the amounts used in the coming 30 years, we have oriented ourselves towards the current market interest rates for risk-free cash investments. Since no market interest rates are available for later periods, a sustainable, long-term interest rate is used to discount the amounts used after the next 30 years. The average discount rate was 2.1 % (previous year: 2.0 %). The majority of the provisions still pertains to claims that are expected to materialise over the next 30 years. Based on the currently expected price and cost increases, the escalation rate was 1.5 % as in the previous year. The real discount rate applied for mining purposes, which is the difference between the discount rate and the escalation rate, was thus 0.6 % (previous year: 0.5 %). A decline of 0.1 percentage point in the real discount rate would increase the present value of the provision by around €140 million, while an increase of 0.1 percentage point would reduce the present value by around €130 million.

Excluding the interest accretion, additions to provisions for mining damage amounted to €116 million in the reporting period. The reason for this was quantity-induced increases in the obligatory volume and updates of the cost estimates, of which €21 million was capitalised in the item The interest accretion increased provisions for mining damage by €127 million, of which €6 million was capitalised in the item 'property, plant and equipment'.

Other provisions € million	Balance at 1 Jan 2021	Additions	Unused amounts released	Interest accretion	Changes in the scope of consolidation, currency adjustments, transfers	Amounts used	Balance at 31 Dec 2021
Staff-related obligations (excluding restructuring)	990	708	-25		37	-574	1,136
Restructuring obligations	642	96	-64	-15	-40	-9	610
Purchase and sales obligations	1,490	425	-77	-9		-350	1,479
Provisions for dismantling wind farms	1,136	159	-165	-105	175	-2	1,198
Other dismantling and retrofitting obligations	718	35	-92	-9	8	-13	647
Environmental protection obligations	78	1	-4		3	-4	74
Interest payment obligations	223						223
Obligations to deliver CO_2 emission allowances / certificates for renewable energies	1,332	2,095	-27		20	-1,321	2,099
Miscellaneous other provisions	736	435	-41		-17	-324	789
	7,345	**3,954**	**-495**	**-138**	**186**	**-2,597**	**8,255**

Provisions for staff-related obligations mainly consist of provisions for pre-retirement part-time work arrangements, severance, outstanding vacation and service jubilees and performance-based pay components. Based on current estimates, we expect most of these to be used from 2022 to 2025.

Provisions for restructuring obligations pertain mainly to measures for socially acceptable payroll downsizing. We currently expect most of these to be used from 2022 to 2038. In so doing, sums ear-marked for personnel measures are reclassified from provisions for restructuring obligations to provisions for staff-related obligations as soon as the underlying restructuring measure has been specified. This is the case if individual contracts governing socially acceptable payroll downsizing are signed by affected employees.

Provisions for purchase and sales obligations primarily relate to contingent losses from pending transactions.

From the current perspective, we expect that the majority of the **provisions for the dismantling of wind farms** will be used from 2022 to 2046, and the **provisions for other dismantling and retrofitting obligations** will be used from 2022 to 2060.

(23) Financial liabilities

Financial liabilities	31 Dec 2021		31 Dec 2020	
€ million	Non-current	Current	Non-current	Current
Bonds payable[1]	2,411		549	
Commerical paper		2,710		
Bank debt	2,014	3,569	1,528	83
Other financial liabilities				
Collateral for trading activities		4,239		716
Miscellaneous other financial liabilities	2,373	478	1,874	448
	6,798	**10,996**	**3,951**	**1,247**

1 Including hybrid bonds classified as debt as per IFRS.

The following overview shows the key data on the bonds of the RWE Group as of 31 December 2021:

Bonds payable Issuer	Outstanding amount	Carrying amount € million	Coupon in %	Maturity
RWE AG	€ 12 million	12	3.5	October 2037
RWE AG	€ 282 million[1]	281	3.5	April 2075
RWE AG	US$ 317 million[1]	278	6.625	July 2075
RWE AG	€ 500 million	500	0.625	June 2031
RWE AG	€ 750 million	747	0.5	November 2028
RWE AG	€ 600 million	593	1.0	November 2033
Bonds payable		**2,411**		

1 Hybrid bonds classified as debt as per IFRS.

In June 2021, RWE issued a green corporate bond with a volume of €500 million and a maturity of ten years. Based on a coupon of 0.625 % p.a. and an issue price of 99.711 %, the yield-to-maturity amounts to 0.655 % p.a. In accordance with RWE's guidelines for green bonds, the RWE Green Bond Framework, the proceeds from the issue may only be used for the financing or refinancing of wind and solar projects.

RWE issued another green bond in November 2021. It consisted of two tranches, with a volume of €750 million and a maturity of seven years and a volume of €600 million and a maturity of twelve years, respectively. Based on a coupon of 0.5 % p.a. and an issue price of 99.808 %, the yield-to-maturity amounts to 0.528 % p.a. for the first tranche. The yield-to-maturity is 1.077 % p.a. for the second tranche, with a coupon of 1.0 % and an issue price of 99.138 %.

In the previous year, a hybrid bond issued by RWE AG which was previously classified as debt pursuant to IAS 32 was cancelled on 4 September 2020. The redemption in the amount of €539 million was effected on 21 October 2020 without refinancing the hybrid bond with fresh hybrid capital. The hybrid bond had a 2.75 % coupon and maturity ending in April 2075.

€23 million of the financial liabilities are secured by mortgages (previous year: €31 million). Other financial liabilities contain lease liabilities.

(24) Income tax liabilities

Income tax liabilities contain uncertain income tax items in the amount of €905 million (previous year: €939 million). This item primarily includes income taxes for periods for which the tax authorities have not yet finalised a tax assessment and for the current year.

(25) Other liabilities

Other liabilities	31 Dec 2021		31 Dec 2020[1]	
€ million	Non-current	Current	Non-current	Current
Tax liabilities		226		158
Social security liabilities	1	20	1	14
Derivatives	873	76,119	554	8,106
Miscellaneous other liabilities	855	906	800	768
	1,729	**77,271**	**1,355**	**9,046**
of which: financial debt	961	76,677	640	8,414
of which: non-financial debt	768	594	715	632

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).

The increase in derivatives during the reporting period resulted from the significant price rises for over-the-counter commodity derivatives for electricity and natural gas, which cannot be netted.

The principal component of social security liabilities are the amounts payable to social security institutions.

Miscellaneous other liabilities contain €150 million in contract liabilities (previous year: €221 million).

Moreover, €63 million (previous year: €66 million) in miscellaneous other liabilities were allocable to state investment subsidies primarily granted in connection with the construction of wind farms.

Other information

(26) Earnings per share

Basic and diluted earnings per share are calculated by dividing the portion of net income attributable to RWE shareholders by the average number of shares outstanding; treasury shares are not taken into account in this calculation.

Earnings per share		2021	2020[1]
Net income for RWE AG shareholders	€ million	721	1,051
of which: from continuing operations		721	864
of which: from discontinued operations			187
Number of shares outstanding (weighted average)	in '000	676,220	637,286
Basic and diluted earnings per share	€	1.07	1.65
of which: from continuing operations		1.07	1.36
of which: from discontinued operations			0.29
Dividend per share	€	0.90[2]	0.85

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see commentary on pages 108 et seq.).
2 Dividend proposal for fiscal 2021, subject to the resolution of the Annual General Meeting on 28 April 2022.

(27) Reporting on financial instruments

Financial instruments are divided into non-derivative and derivative. Non-derivative financial assets essentially include other non-current financial assets, accounts receivable, marketable securities and cash and cash equivalents. Financial instruments are recognised either at amortised cost or at fair value, depending on their classification. Financial instruments are recognised in the following categories:

- Debt instruments measured at amortised cost: the contractual cash flows solely consist of interest and principal on the outstanding capital: there is an intention to hold the financial instrument until maturity.
- Debt instruments measured at fair value through other comprehensive income: the contractual cash flows solely consist of interest and principal on the outstanding capital; there is an intention to hold and sell the financial instrument.
- Equity instruments measured at fair value through other comprehensive income: the option to recognise changes in fair value directly in equity is exercised.
- Financial assets measured at fair value through profit or loss: the contractual cash flows of a debt instrument do not solely consist of interest and principal on the outstanding capital or the option to recognise changes in the fair value of equity instruments in other comprehensive income is not exercised.

On the liabilities side, non-derivative financial instruments principally include liabilities measured at amortised cost.

Financial instruments recognised at fair value are measured based on the published exchange price, insofar as the financial instruments are traded on an active market. The fair value of non-quoted debt and equity instruments is generally determined on the basis of discounted expected payment flows, taking into consideration macro-economic developments and corporate business plan data. Current market interest rates corresponding to the remaining maturity are used for discounting.

Derivative financial instruments are recognised at their fair values as of the balance-sheet date, insofar as they fall under the scope of IFRS 9. Exchange-traded products are measured using the published closing prices of the relevant exchange. Non-exchange traded products are measured on the basis of publicly available broker quotations or, if such quotations are not available, on generally accepted valuation methods. In doing so, we draw on prices on active markets as much as possible. If such prices are not available, company-specific planning estimates are used in the measurement process. These estimates encompass all of the market factors which other market participants would take into account in the course of price determination. Assumptions pertaining to the energy sector and economy are made within the scope of a comprehensive process with the involvement of both in-house and external experts.

Measurement of the fair value of a group of financial assets and financial liabilities is conducted on the basis of the net risk exposure per business partner.

The following overview presents the classifications of financial instruments measured at fair value in the fair value hierarchy prescribed by IFRS 13. The individual levels of the fair value hierarchy are defined as follows:

- Level 1: Measurement using (unadjusted) prices of identical financial instruments formed on active markets,
- Level 2: Measurement on the basis of input parameters which are not the prices from Level 1, but which can be observed for the financial instrument either directly (i. e. as price) or indirectly (i. e. derived from prices),
- Level 3: Measurement using factors which cannot be observed on the basis of market data.

Fair value hierarchy € million	Total 31 Dec 2021	Level 1	Level 2	Level 3	Total 31 Dec 2020	Level 1	Level 2	Level 3
Other financial assets[1]	5,477	4,960	235	282	4,237	3,659	214	364
Derivatives (assets)	65,160		61,281	3,879	8,784		8,085	699
of which: used for hedging purposes	6,768		6,768		1,634		1,634	
Securities	8,040	1,078	6,962		4,219	1,269	2,950	
Derivatives (liabilities)	76,992		75,760	1,232	8,660		8,404	256
of which: used for hedging purposes	14,609		14,609		1,498		1,498	

1 Some prior-year figures restated due to retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020 (see commentary on page 95).

Due to the higher number of price quotations on active markets, financial assets with a fair value of €16 million (previous year: €43 million) were reclassified from Level 2 to Level 1 and €93 million (previous year: €0 million) to Level 3. Conversely, due to a drop in the number of price quotations, financial assets with a fair value of €13 million (previous year: €93 million) were reclassified from Level 1 to Level 2.

The development of the fair values of Level 3 financial instruments is presented in the following table:

Level 3 financial instruments: Development in 2021 € million	Balance at 1 Jan 2021	Changes in the scope of consolidation, currency adjustments and other	Changes			Balance at 31 Dec 2021
			Recognised in profit or loss	Recognised in OCI	With a cash effect	
Other financial assets	364	-95	21	-103	95	282
Derivatives (assets)	699		3,466		-286	3,879
Derivatives (liabilities)	256	-29	1,190		-185	1,232

Level 3 financial instruments: Development in 2020 € million	Balance at 1 Jan 2020	Changes in the scope of consolidation, currency adjustments and other	Changes			Balance at 31 Dec 2020
			Recognised in profit or loss	Recognised in OCI	With a cash effect	
Other financial assets[1]	350	-52	-85	98	53	364
Derivatives (assets)	665	-9	42		1	699
Assets held for sale	8	-9			1	
Derivatives (liabilities)	577	-8	-313			256
Liabilities held for sale	4	-4				

1 Some prior-year figures restated due to retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020 (see commentary on page 95).

Amounts recognised in profit or loss generated through Level 3 financial instruments relate to the following line items on the income statement:

Level 3 financial instruments: Amounts recognised in profit or loss € million	Total 2021	Of which: attributable to financial instruments held at the balance-sheet date	Total 2020	Of which: attributable to financial instruments held at the balance-sheet date
Other operating income / expenses	2,276	2,277	356	852
Income from investments	21	20	-86	-85
	2,297	**2,297**	**270**	**767**

Level 3 derivative financial instruments essentially consist of energy purchase and commodity agreements, which relate to trading periods for which there are no active markets yet. The valuation of such depends on the development of electricity, oil and gas prices in particular. All other things being equal, rising market prices cause the fair values to increase, whereas declining gas prices cause them to drop. A change in pricing by + / – 10 % would cause the market value to rise by €82 million (previous year: €95 million) or decline by €82 million (previous year: €95 million).

Financial assets and liabilities can be broken down into the measurement categories with the following carrying amounts according to IFRS 9 in the year under review:

Carrying amounts by category € million	31 Dec 2021	31 Dec 2020
Financial assets measured at fair value through profit or loss	65,854	10,566
of which: obligatorily measured at fair value – continuing operations	65,854	10,566
Debt instruments measured at amortised cost[1]	24,911	10,766
of which: held for sale		2
Debt instruments measured at fair value through other comprehensive income	1,236	1,338
Equity instruments measured at fair value through other comprehensive income	4,819	3,702
Financial liabilities measured at fair value through profit or loss	62,384	7,163
of which: obligatorily measured at fair value – continuing operations	62,384	7,163
Financial liabilities measured at amortised cost	21,359	7,013
of which: held for sale		315

1 Restated prior-year figure.

The carrying amounts of financial assets and liabilities within the scope of IFRS 7 basically correspond to their fair values. The only deviations are for financial liabilities. The carrying amount of these is €16,385 million (previous year: €4,011 million), while the fair value amounts to €16,419 million (previous year: €4,281 million). Of this, €2,460 million (previous year: €607 million) is related to Level 1 and €13,959 million (previous year: €3,674 million) to Level 2 of the fair value hierarchy.

The following net results from financial instruments as per IFRS 7 were recognised on the income statement, depending on the category:

Net gain / loss by category € million	2021	2020
Financial assets and liabilities measured at fair value through profit or loss	-1,270	3,318
of which: obligatorily measured at fair value	-1,270	3,318
Debt instruments measured at amortised cost	600	-248
Debt instruments measured at fair value through other comprehensive income	59	-7
Equity instruments measured at fair value through other comprehensive income	194	193
Financial liabilities measured at amortised cost	-648	-303

The net result as per IFRS 7 essentially includes interest, dividends and results from the measurement of financial instruments at fair value.

The option to recognise changes in fair value in OCI is exercised for a portion of the investments in equity instruments. These are strategic investments and other long-term investments.

Fair value of equity instruments measured at fair value through other comprehensive income € million	31 Dec 2021	31 Dec 2020
Nordsee One GmbH	17	120
E.ON SE	4,802	3,582

In fiscal 2021, €194 million (previous year: €193 million) in income from dividends from these financial instruments was recognised, of which €0 million (previous year: €5 million) was attributable to equity instruments sold during the same year. In the previous year, their fair value at the derecognition date amounted to €782 million. The resulting loss amounted to €18 million in the previous year.

The following is an overview of the financial assets and financial liabilities which are netted out in accordance with IAS 32 or are subject to enforceable master netting agreements or similar agreements. The netted financial assets and liabilities essentially consist of collateral for stock market transactions due on a daily basis.

The related amounts not set off include cash collateral received and pledged for over-the-counter transactions as well as collateral pledged in advance for stock market transactions.

Netting of financial assets and financial liabilities as of 31 Dec 2021	Gross amounts recognised	Netting	Net amounts recognised	Related amounts not set off		Net amount
€ million				Financial instruments	Cash collateral received / pledged	
Derivatives (assets)	69,985	-65,273	4,712		-4,039	673
Derivatives (liabilities)	69,714	-61,564	8,150	-1,107	-7,004	39

Netting of financial assets and financial liabilities as of 31 Dec 2020	Gross amounts recognised	Netting	Net amounts recognised	Related amounts not set off		Net amount
€ million				Financial instruments	Cash collateral received / pledged	
Derivatives (assets)	10,111	-9,209	902		-495	407
Derivatives (liabilities)	8,024	-7,439	585	-267	-310	8

As an energy producer with international operations, the RWE Group is exposed to market, credit and liquidity risks in its ordinary business activity. We limit these risks via systematic, groupwide risk management. The range of action, responsibilities and controls are defined in binding internal directives.

Market risks stem from changes in exchange rates and share prices as well as interest rates and commodity prices, which can have an influence on business results.

Due to the RWE Group's international profile, currency management is a key issue. Fuels are traded in British pounds and US dollars as well as in other currencies. In addition, RWE does business in a number of currency areas. The companies of the RWE Group are required to hedge their foreign currency risks via RWE AG. Foreign currency risks arising from the involvement in and the financing of the renewable energy business are hedged by RWE Renewables International Participations B.V.

Interest rate risks stem primarily from financial debt and the Group's interest-bearing investments. We hedge against negative changes in value caused by unexpected interest-rate movements using non-derivative and derivative financial instruments.

Opportunities and risks from changes in the values of non-current securities are centrally controlled by a professional fund management system operated by RWE AG.

The Group's other financial transactions are recorded using centralised risk management software and monitored by RWE AG.

For commodity operations, risk management directives have been established by RWE AG's Controlling & Risk Management Department. These regulations stipulate that derivatives may be used to hedge price risks. Furthermore, commodity derivatives may be traded, subject to limits. Compliance with limits is monitored daily.

Risks stemming from fluctuations in commodity prices and financial market risks (foreign currency risks, interest rate risks, securities risks) are monitored and managed by RWE using indicators such as the Value at Risk (VaR) and sensitivities, amongst other things. In addition, for the management of interest rate risk, a Cash Flow at Risk (CFaR) is determined.

Using the VaR method, RWE determines and monitors the maximum expected loss arising from changes in market prices with a specific level of probability during specific periods. Historical price volatility is taken as a basis in the calculations. With the exception of the CFaR data, all VaR figures are based on a confidence interval of 95 % and a holding period of one day. For the CFaR, a confidence interval of 95 % and a holding period of one year is taken as a basis.

In respect of interest rate risks, RWE distinguishes between two risk categories: on the one hand, increases in interest rates can result in declines in the prices of securities from the holdings of RWE. This pertains primarily to fixed-rate instruments. Starting from fiscal 2021, price risk is measured using sensitivity analysis in relation to an interest rate change of 100 basis points. As of the balance-sheet date, it amounted to €28.2 million (previous year: €2.5 million). On the other hand, financing costs also increase along with the level of interest rates. The sensitivity of interest expenses to increases in market interest rates is measured with the CFaR. As of 31 December 2021 this amounted to €2.0 million (previous year: €18.6 million). RWE calculates the CFaR based on the assumption of the refinancing of maturing debt.

Starting from fiscal 2021, risks related to financial positions in foreign currency are also measured using sensitivity analysis, which shows the impact on the value of the position stemming from a 10% change in the exchange rate. As of 31 December 2021, this sensitivity was €0.3 million (previous year: €0.4 million).

Since fiscal 2021, we also measure the price risk of equities in RWE's portfolio using sensitivity analysis. As of the balance-sheet date, this analysis yielded the following results (before taxes): In the event of a 10% rise in the relevant equity prices, equity would increase by €490 million (previous year: €358 million) and income by €9 million (previous year: €0 million). In the event of a 10% fall in the relevant equity prices, equity would decrease by €490 million (previous year: €358 million) and income by €9 million (previous year: €0 million).

The key internal control parameters for commodity positions at RWE Supply & Trading are the VaR for the trading business and the VaR for the pooled gas and liquefied natural gas (LNG) business. Here, the maximum VaR is €50 million and €25 million, respectively. As of 31 December 2021, the VaR was €30.6 million in the trading business (previous year: €25.0 million) and €14.9 million for the pooled gas and LNG business (previous year: €6.7 million).

Additionally, stress tests are carried out on a monthly basis in relation to the trading and pooled LNG and gas business of RWE Supply & Trading to model the impact of commodity price changes on the earnings conditions and take risk-mitigating measures if necessary. In these stress tests, market price curves are modified, and the commodity position is re-valued on this basis. Historical scenarios of extreme prices and realistic, fictitious price scenarios are modelled. In the event that the stress tests exceed internal thresholds, these scenarios are then analysed in detail in relation to their impact and probability, and – if necessary – risk-mitigating measures are considered.

Commodity risks of the Group's power generation companies belonging to the Coal / Nuclear and Hydro / Biomass / Gas segments are managed by the Commodity Management Commitee (CMC) and hedged by the Supply & Trading segment on the basis of available market liquidity in accordance with Group guidelines. In accordance with the approach for long-term investments for example, it is not possible to manage commodity risks from long-term positions or positions which cannot be hedged due to their size and the prevailing market liquidity using the VaR concept. As a result, these positions are not included in the VaR figures. Above and beyond open production positions which have not yet been transferred, the Group companies belonging to the Coal / Nuclear and Hydro / Biomass / Gas segments are not allowed to maintain significant risk positions, according to a Group guideline. Furthermore, commodity price risks can exist in relation to the renewable generation positions and in the gas storage business. The commodity price risks associated with the renewable generation positions are managed by the Renewables Commodity Management Committee (RES CMC). The subsidiaries owning the gas storage facilities also manage their positions independently, in compliance with unbundling regulations.

One of our most important instruments to limit market risk is the conclusion of hedging transactions. The instruments most commonly used are forwards and options with foreign currency, interest rate swaps, interest rate currency swaps, equity capital derivatives, and forwards, options, futures and swaps with commodities.

Maturities of derivatives related to interest rates, currencies, equity capital, indices and commodities for the purpose of hedging are based on the maturities of the underlying transactions and are thus primarily short term and medium term in nature. Hedges of the foreign currency risks of foreign investments have maturities of up to ten years.

All derivative financial instruments within the scope of IFRS 9 are recognised as assets or liabilities and are measured at fair value. When interpreting their positive and negative fair values, it should be taken into account that, with the exception of trading in commodities, these financial instruments are generally matched with underlying transactions that carry offsetting risks.

Hedge accounting pursuant to IFRS 9 is used primarily for mitigating currency risks from net investments in foreign functional currencies, commodity market price risks, interest risks from non-current liabilities and currency and price risks from sales and purchase transactions.

In the previous year, fair value hedges were used to limit the market price risk exposure related to CO_2 emission allowances. In the case of fair value hedges, both the derivative as well as the underlying hedged transaction (in relation to the hedged risk) are recorded at fair value with an effect on income.

In the previous year, RWE held the following instruments to hedge the fair value of commodity price risks:

Fair value hedges as of 31 Dec 2020	Maturity 1 – 6 months	7 – 12 months	> 12 months
CO_2 derivatives			
Nominal volume (€ million)			39
Secured average price (€ / metric ton)			5.57

Cash flow hedges are primarily used to hedge against interest risks from non-current liabilities as well as currency and price risks from sales and purchase transactions. Hedging instruments consist of forwards, swaps and options with foreign currency and interest rates, and forwards, futures and swaps with commodities. Changes in the fair value of the hedging instruments – insofar as they affect the effective portion – are recorded in other comprehensive income until the underlying transaction is realised. The ineffective portion of changes in value is recognised in profit or loss. When hedging commodities, underlying and hedging transactions are based on the same price index. This generally does not result in ineffectiveness. When hedging foreign currency risks, ineffectiveness can result from the difference in timing between the origination of the hedged item and the hedging instrument. Ineffectiveness can likewise stem from hedges containing material foreign currency basis spreads. Upon realisation of the underlying transaction, the hedge's contribution to income from accumulated other comprehensive income is recognised on the income statement or is offset against the initial value recognition of an asset or a liability.

RWE held the following instruments to hedge future cash flows relating to foreign currency risks:

Cash flow hedges as of 31 Dec 2021	Maturity 1 – 6 months	7 – 12 months	> 12 months
Currency forwards – purchases			
Nominal volume (€ million)	850	377	686
Avg. EUR / USD exchange rate	1.17	1.19	1.17
Avg. EUR / GBP exchange rate	0.86	0.86	0.89
Avg. EUR / CAD exchange rate	1.60	1.48	1.65
Avg. EUR / DKK exchange rate			7.44
Avg. EUR / SGD exchange rate	1.59	1.60	1.62
Avg. EUR / CHF exchange rate	1.10		
Currency forwards – sales			
Nominal volume (€ million)	- 1,001	- 554	- 2,188
Avg. EUR / USD exchange rate	1.19	1.18	1.26
Avg. EUR / GBP exchange rate	0.87	0.88	0.90
Avg. EUR / CAD exchange rate	1.47	1.45	
Avg. EUR / DKK exchange rate			7.45

Cash flow hedges as of 31 Dec 2020	Maturity		
	1 – 6 months	7 – 12 months	> 12 months
Currency forwards – purchases			
Nominal volume (€ million)	522	258	234
Avg. EUR / USD exchange rate	1.19	1.19	1.20
Avg. EUR / GBP exchange rate	0.91	0.91	0.92
Avg. EUR / CAD exchange rate	1.54	1.63	1.64
Currency forwards – sales			
Nominal volume (€ million)	- 945	- 319	- 447
Avg. EUR / USD exchange rate	1.20	1.21	1.20
Avg. EUR / GBP exchange rate	0.90	0.91	0.91
Avg. EUR / CAD exchange rate	1.55	1.57	

RWE held the following instruments to hedge future cash flows relating to interest risks:

Cash flow hedges as of 31 Dec 2021	Maturity		
	1 – 6 months	7 – 12 months	> 12 months
Interest swaps			
Nominal volume (£ million)	950		1,155
Secured average interest rate (%)	1.62		1.82

Cash flow hedges as of 31 Dec 2020	Maturity		
	1 – 6 months	7 – 12 months	> 12 months
Interest swaps			
Nominal volume (£ million)			1,215
Secured average interest rate (%)			1.55

The commercial optimisation of the power plant portfolio is based on a dynamic hedging strategy. Hedged items and hedging instruments are constantly adjusted based on changes in market prices, market liquidity and the sales business with consumers. Commodity prices are hedged if this leads to a positive margin. Proprietary commodities trading is strictly separated from this when managing risks.

Hedges of net investment in a foreign operation are used to hedge the foreign currency risks of net investment in foreign entities whose functional currency is not the euro. We use interest rate currency swaps and other currency derivatives as hedging instruments. If there are changes in the fair value of interest rate currency swaps, the amount of the effective portion is recorded under foreign currency translation adjustments in other comprehensive income.

The forward and spot elements of the hedging instruments used in net investment hedges are treated separately and only the value of the spot element is designated. In these cases, the fair value change of the forward element (hedging costs) is recognised in other comprehensive income to the extent that the fair value change relates to the hedged net investment. Moreover, the fair value of the forward element as of the time of designation is amortised over the duration of the hedging instrument using the straight-line method and recognised in profit or loss.

RWE held the following instruments to hedge net investments in foreign operations:

Net investment hedges as of 31 Dec 2021	Maturity		
	1 - 6 months	7 - 12 months	> 12 months
Currency forwards – purchases			
Nominal volume (€ million)	59		2,888
Avg. EUR / GBP exchange rate	0.84		0.88
Currency forwards – sales			
Nominal volume (€ million)	- 702	- 557	- 7,507
Avg. EUR / GBP exchange rate	0.86	0.86	0.87

Net investment hedges as of 31 Dec 2020	Maturity		
	1 - 6 months	7 - 12 months	> 12 months
Currency forwards – purchases			
Nominal volume (€ million)	277		
Avg. EUR / GBP exchange rate	0.90		
Currency forwards – sales			
Nominal volume (€ million)	- 5,737		- 631
Avg. EUR / GBP exchange rate	0.91		0.63

The hedging instruments designated in hedging relationships had the following effects on the company's net asset, financial and earnings position:

Hedging instruments – effects on the net asset, financial and earnings position as of 31 Dec 2021	Nominal amount	Carrying amount		Fair value changes in the current period	Recognised ineffectiveness
€ million		Assets	Liabilities		
Cash flow hedges					
Interest risks	1,866		67	-93	
Foreign currency risks	-70		1	3	
Commodity price risks	6,890[1]	6,242	14,146	-7,899	
Net investment hedges					
Foreign currency risks		5	327	-386	70

1 The net nominal amount stated is made up of purchases in the amount of €7,733 million and sales in the amount of –€14,623 million.

Hedging instruments – effects on the net asset, financial and earnings position as of 31 Dec 2020	Nominal amount	Carrying amount		Fair value changes in the current period	Recognised ineffectiveness
€ million		Assets	Liabilities		
Fair value hedges					
Commodity price risks	39		192	56	
Cash flow hedges					
Foreign currency risks	729		177	-90	
Commodity price risks	2,444[1]	3,020	1,104	614	
Net investment hedges					
Foreign currency risks		6	366	122	67

1 The net nominal amount stated is made up of purchases in the amount of €1,086 million and sales in the amount of –€3,530 million.

The carrying amounts of the hedging instruments are recognised in the 'Other receivables and other assets' and 'Other liabilities' balance-sheet items.

The hedged items designated in hedging relationships had the following effects on the company's net asset, financial and earnings position:

Fair value hedges as of 31 Dec 2020 € million	Carrying amount		Of which: cumulative fair value adjustments		Changes in fair value in the reporting year
	Assets	Liabilities	Assets	Liabilities	
Commodity price risks	231		192		56

Cash flow hedges and net investment hedges as of 31 Dec 2021 € million	Changes in fair value during the current period	Reserve for current hedges	Reserve for terminated hedges
Cash flow hedges			
Interest risks	54	-68	14
Foreign currency risks	14	1	1
Commodity price risks	-4,973	-1,567	
Net investment hedges			
Foreign currency risks	-413	836	350

Cash flow hedges and net investment hedges as of 31 Dec 2020 € million	Changes in fair value during the current period	Reserve for current hedges	Reserve for terminated hedges
Cash flow hedges			
Interest risks	44	-50	
Foreign currency risks	-78	-59	-14
Commodity price risks	-1,528	3,094	-11
Net investment hedges			
Foreign currency risks	117	1,275	350

In the previous year, the carrying amounts of the hedged items for fair value hedges were stated in the 'other receivables and other assets' balance-sheet item. Amounts realised from other comprehensive income and any ineffectiveness are recognised in the items on the income statement in which the underlying transactions are also recognised with an effect on income. The amounts realised from other comprehensive income are recognised in the items 'revenue' and 'cost of materials', whereas any ineffectiveness is recognised in 'other operating income and expenses'. Amounts recognised and any ineffectiveness of hedging interest risks are recognised in 'financial income' and 'financial expenses' on the income statement.

The reconciliation of the changes in the hedge reserve in relation to the various risk categories of hedge accounting follows below:

Hedge reserve 2021 € million	
Balance at 1 Jan 2021	**1,837**
Cash flow hedges	
Effective portion of changes in market value	-5,243
Interest risks	3
Foreign currency risks	-14
Commodity price risks	-5,232
Gain or loss reclassified from OCI to the income statement – realisation of underlying transactions	470
Foreign currency risks	25
Commodity price risks	445
Gain or loss recognised as a basis adjustment	-586
Interest risks	
Foreign currency risks	-3
Commodity price risks	-583
Tax effect of the change in the hedge reserve	1,222
Net investment hedges	
Effective portion of changes in market value	-414
Foreign currency risks	-414
Ofsetting against currency adjustments	414
Fair value changes of hedging costs	24
Amortisation of hedging costs	33
Balance at 31 Dec 2021	**-2,243**

Hedge reserve 2020[1] € million	
Balance at 1 Jan 2020	**2,946**
Cash flow hedges	
Effective portion of changes in market value	-1,800
Interest risks	-55
Foreign currency risks	34
Commodity price risks	-1,779
Gain or loss reclassified from OCI to the income statement – realisation of underlying transactions	1,256
Foreign currency risks	
Commodity price risks	1,256
Gain or loss recognised as a basis adjustment	-982
Interest risks	
Foreign currency risks	1
Commodity price risks	-982
Tax effect of the change in the hedge reserve	417
Net investment hedges	
Effective portion of changes in market value	-147
Foreign currency risks	-147
Ofsetting against currency adjustments	147
Balance at 31 Dec 2020	**1,837**

1 Some prior-year figures restated.

As part of the reform of the current system for determining reference interest rates (the so-called IBOR reform), the existing reference rates and methods for determining such were replaced with alternative interest rates and methods. In the EU, the EONIA was discontinued on 3 January 2022, and in the United Kingdom the LIBOR was phased out after 31 December 2021.

With regard to the RWE Group, the IBOR reform impacts the accounting treatment of certain financial liabilities and hedging relationships which serve to reduce the interest rate risks associated with non-current liabilities. These hedging relationships are based on the 1-month GBP LIBOR and the 6-month GBP LIBOR. As of 31 December 2021, the transition to alternative interest rates was not yet complete. The designated hedging instruments had a nominal volume of €1,318 million and a carrying amount of €47 million as of the reporting date. The total carrying amount of the hedged financial liabilities was €1,413 million as of the reporting date.

RWE is managing the transition to the new benchmark rates by way of an interdisciplinary working group headed by the Finance & Credit Risk Department. Its focus is on supplementing, amending and reassessing the relevant contracts and carrying out the technically necessary system adjustments. With regard to the financial liabilities and derivatives designated in hedging relationships, RWE has initiated negotiations with the contractual partners to transition the interest rates previously based on the GBP LIBOR to the GBP SONIA plus a spread which offsets the difference between the two reference rates. The amended credit contracts were concluded on 10 January 2022, with an effective transition to SONIA as of 31 January 2022. As part of the transition from GBP LIBOR to SONIA plus a spread, the hedging instruments which hedged the previous interest rate risk from the GBP LIBOR were also adjusted. The hedging relationships were adjusted on 10 January 2022, with effective transition as of 31 January 2022.

Starting from 1 January 2020, RWE applied the amendments in IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform, which were published in September 2019. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs primarily mean that the uncertainties arising from the IBOR reform do not result in discontinuation of the hedging relationships. Hedge ineffectiveness continues to be recognised in the profit or loss.

At the time of the aforementioned contractual adjustments in January 2022, RWE also applied the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform - Phase 2, which were published in August 2020. These amendments allow for other temporary reliefs for the accounting treatment of hedging relationships which are affected by the IBOR reform.

Credit risks. In the fields of finance and commodities, RWE primarily has credit relationships with banks that have good creditworthiness and other trading partners with predominantly good creditworthiness. Furthermore, RWE has credit relationships primarily with banks and other business partners with good creditworthiness within the scope of large-scale projects such as the construction of wind farms. RWE reviews counterparty default risks before contracts are concluded. RWE mitigates such risks by establishing limits which are adjusted during the business relationships if the creditworthiness of the business partners changes. Counterparty risks are monitored constantly so that countermeasures can be initiated early on. Furthermore, RWE is exposed to credit risks due to the possibility of customers failing to meet their payment obligations. We identify these risks by conducting regular analyses of the creditworthiness of our customers and initiate countermeasures if necessary.

Due to the coronavirus crisis, the economic situation of many companies deteriorated. While the current economic recovery is leading to an improvement in their situation, RWE's business partners, competitors and customers may continue to be impacted by the consequences of the crisis, as well as by the very strong price developments seen on the energy markets since the fourth quarter of 2021. RWE is thus carefully monitoring critical branches of the economy and exercising greater caution when conducting new transactions or extending existing ones. If necessary, previously approved limits are being lowered.

Amongst other things, RWE demands guarantees, cash collateral and other forms of security in order to mitigate credit risks. Furthermore, RWE takes out credit insurance policies to protect against defaults. Bank guarantees received as collateral are from financial institutions with the required good ratings. Collateral for credit insurance is pledged by insurers with an investment-grade rating.

The maximum balance-sheet default risk is derived from the carrying amounts of the financial assets stated on the balance sheet. The default risks for derivatives correspond to their positive fair values. Risks can also stem from financial guarantees and loan commitments which we have to fulfil vis-à-vis external creditors in the event of a default of a certain debtor. As of 31 December 2021, these obligations amounted to €1,231 million (previous year: €417 million). As of 31 December 2021, default risks were balanced against credit collateral, financial guarantees, bank guarantees and other collaterals amounting to €10.1 billion (previous year: €3.6 billion). Of this, €0.6 billion relates to trade receivables (previous year: €0.8 billion), €1.5 billion to derivatives used for hedging purposes (previous year: €0.6 billion), and €8.0 billion to other derivatives (previous year: €2.2 billion). There were no material defaults in fiscal 2021 or the previous year.

In the RWE Group, the risk provision for financial assets is determined on the basis of expected credit losses. These are determined on the basis of the probability of default, loss given default and the exposure at default. We determine the probability of default and loss given default using historical data and forward-looking information. The exposure at default date for financial assets is the gross carrying amount on the balance-sheet date. The expected credit loss for financial assets determined on this basis corresponds to the difference between the contractually agreed payments and the payments expected by RWE, discounted by the original effective interest rate. The assignment to one of the levels described below influences the level of the expected losses and the effective interest income recognised.

- Stage 1 – Expected 12-month credit losses: At initial recognition, financial assets are generally assigned to this stage – with the exception of those that have been purchased or originated credit impaired, which are thus considered separately. The level of impairment results from the cash flows expected for the entire term of the financial instrument, multiplied by the probability of a default within 12 months from the reporting date. The effective interest rate used for measurement is determined on the basis of the carrying amount before impairment (gross).
- Stage 2 – Lifetime expected credit losses (gross): If the credit risk has risen significantly between initial recognition and the reporting date, the financial instrument is assigned to this stage. Unlike Stage 1, default events expected beyond the 12-month period from the reporting date are also considered in calculating the impairment. The effective interest rate used for measurement is still determined on the basis of the carrying amount before impairment (gross).
- Stage 3 – Lifetime expected credit losses (net): If in addition to the criteria for Stage 2 there is an objective indication of an impairment, the financial asset is assigned to Stage 3. The impairment is calculated analogously to Stage 2. In this case, however, the effective interest rate used for measurement is applied to the carrying amount after impairment (net).

In the RWE Group, risk provisions are formed for financial instruments in the following categories:

- debt instruments measured at amortised cost,
- debt instruments measured at fair value through other comprehensive income.

For debt instruments for which there has been no significant rise in credit risk since initial recognition, a risk provision is recognised in the amount of the expected 12-month credit losses (Stage 1). In addition, a financial instrument is assigned to Stage 1 of the impairment model if the absolute credit risk is low on the balance-sheet date. The credit risk is classified as low if the debtor's internal or external rating is investment-grade. For trade accounts receivable, the risk provision corresponds to the lifetime expected credit losses (Stage 2).

To determine whether a financial instrument is assigned to Stage 2 of the impairment model, it must be determined whether the credit risk has increased significantly since initial recognition. To make this assessment, we consider quantitative and qualitative information supported by our experience and assumptions regarding future developments. In so doing, special importance is accorded to the sector in which the RWE Group's debtors are active. Our experience is based on studies and data from financial analysts and government authorities, amongst others.

Special attention is paid to the following developments:

- significant deterioration of the internal or external rating of the financial instrument,
- unfavourable changes in risk indicators, e.g. credit spreads or debtor-related credit default swaps,
- negative development of the debtor's regulatory, technological or economic environment,
- danger of an unfavourable development of business resulting in a significant reduction in operating income.

Independent thereof, a significant rise in credit risk and thus an assignment of the financial instrument to Stage 2 are assumed if the contractually agreed payments are more than 30 days overdue and there is no information that contradicts the assumption of a payment default.

We draw conclusions about the potential default of a counterparty from information from internal credit risk management. If internal or external information indicates that the counterparty cannot fulfil its obligations, the associated receivables are classified as unrecoverable and assigned to Stage 3 of the impairment model. Examples of such information are:

- The debtor of the receivable has apparent financial difficulties.
- The debtor has already committed a breach of contract by missing or delaying payments.
- Concessions already had to be made to the debtor.
- An insolvency or another restructuring procedure is impending.
- The market for the financial asset is no longer active.
- A sale is only possible at a high discount, which reflects the debtor's reduced creditworthiness.

A payment default and an associated assignment of the financial asset to Stage 3 is also assumed if the contractually agreed payments are more than 90 days overdue and there is no information disproving the assumption of a payment default. Based on our experience, we generally assume that this assumption does not apply to trade accounts receivable.

A financial asset is depreciated if there are indications that the counterparty is in serious financial difficulty and the situation is unlikely to improve. We may also take legal recourse and other measures in order to enforce the contractually agreed payments in the event of an impairment.

The following impairments were recognised for financial assets stated under the following balance-sheet items within the scope of IFRS 7:

Impairment of financial assets € million	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Total
Financial receivables				
Balance at 1 Jan 2021	**6**		**13**	**19**
Remeasurement due to new measurement parameters	-2			-2
Redeemed or derecognised financial assets	-1		-2	-3
Level transfer		2		2
Balance at 31 Dec 2021	**3**	**2**	**11**	**16**

Impairment of financial assets € million	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Total
Financial receivables				
Balance at 1 Jan 2020	**11**	**3**	**11**	**25**
Remeasurement due to new measurement parameters	-5			-5
Level transfer		-3	2	-1
Balance at 31 Dec 2020	**6**		**13**	**19**

For trade accounts receivable, the expected credit loss is determined by applying the simplified approach taking account of the entire lifetime of the financial instruments.

In the RWE Group, there are no cases where a risk provision for trade accounts receivable was not recognised due to the collateral on the books.

The following tables show the development of the risk provisions for trade accounts receivable:

Risk provision for trade accounts receivable € million	
Balance at 1 Jan 2021	**42**
Addition	16
Redeemed / derecognised	-25
Changes in the scope of consolidation	-5
Balance at 31 Dec 2021	**28**

Risk provision for trade accounts receivable € million	
Balance at 1 Jan 2020	**32**
Addition	13
Changes in the scope of consolidation	-3
Balance at 31 Dec 2020	**42**

The following table presents the gross carrying amounts of the financial instruments under the scope of the impairment model:

Gross carrying amounts of financial assets as of 31 Dec 2021 € million	Equivalent to S&P scale	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Trade accounts receivable	Total
Class 1–5: low risk	AAA to BBB–	18,502	38		6,330	24,870
Class 6–9: medium risk	BB+ to BB–	776		11	345	1,132
Class 10: high risk	B+ to B–	37			138	175
Class 11: doubtful	CCC to C	1			10	11
Class 12: loss	D			1	38	39
		19,316	**38**	**12**	**6,861**	**26,227**

Gross carrying amounts of financial assets as of 31 Dec 2020[1] € million	Equivalent to S&P scale	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Trade accounts receivable	Total
Class 1 – 5: low risk	AAA to BBB–	9,000	42		2,779	11,821
Class 6 – 9: medium risk	BB+ to BB–	59		11	153	223
Class 10: high risk	B+ to B–	19			85	104
Class 11: doubtful	CCC to C				14	14
Class 12: loss	D			1	37	38
		9,078	**42**	**12**	**3,068**	**12,200**

1 Some prior-year figures restated.

Liquidity risks. As a rule, RWE Group companies refinance with RWE AG. In this regard, there is a risk that liquidity reserves will prove to be insufficient to meet financial obligations in a timely manner. In 2022, liabilities owed to banks of €3.6 billion (previous year: €0.1 billion) are due. Above and beyond this, commercial paper in the amount of €2.7 billion matures in 2022 (previous year: €0 billion).

As of 31 December 2021, holdings of cash and cash equivalents and current marketable securities amounted to €13,865 million (previous year: €8,993 million).

The volume of RWE AG's credit line amounts to €5 billion. Its two tranches expire in April 2022 (€2 billion) and April 2026 (€3 billion). The commercial paper programme allows for issuance up to a maximum amount of €5 billion (previous year: €5 billion). As of the balance-sheet date, €2.7 billion of this programme was used (previous year: €0 billion). Above and beyond this, RWE AG can finance itself using a €10 billion debt issuance programme; as of the balance-sheet date, outstanding bonds from this programme amounted to €1.85 billion (previous year: €0 billion) at RWE AG. Accordingly, the RWE Group's medium-term liquidity risk can be classified as low.

Financial liabilities falling under the scope of IFRS 7 are expected to result in the following (undiscounted) payments in the coming years:

Redemption and interest payments on financial liabilities € million	Carrying amounts 31 Dec 2021	Redemption payments			Interest payments		
		2022	2023 to 2026	From 2027	2022	2023 to 2026	From 2027
Bonds payable[1]	2,411		562	1,849	42	157	70
Commercial paper	2,710	2,710					
Bank debt	5,583	3,568	281	1,733	34	127	98
Lease liabilities	1,409	86	273	1,061	20	102	252
Other financial liabilities	1,442	374	441	649	80	197	498
Derivative financial liabilities	76,992	76,250	222	532	45	68	128
Collateral for trading activities	4,239	4,239					
Miscellaneous other financial liabilities	4,975	4,892	86	2			

1 Including hybrid bonds classified as debt as per IFRS, taking into account the earliest possible call date.

Redemption and interest payments on financial liabilities € million	Carrying amounts 31 Dec 2020	Redemption payments			Interest payments		
		2021	2022 to 2025	From 2026	2021	2022 to 2025	From 2026
Bonds payable[1]	549		282	267	27	110	22
Bank debt	1,611	85	140	1,385	26	44	9
Lease liabilities	1,187	86	263	957	22	91	404
Other financial liabilities	1,135	350	324	476	50	149	472
Derivative financial liabilities	8,661	7,857	201	605	20	78	151
Collateral for trading activities	716	716					
Miscellaneous other financial liabilities	2,687	2,645	82	2			

1 Including hybrid bonds classified as debt as per IFRS, taking into account the earliest possible call date.

Above and beyond this, as of 31 December 2021, there were financial guarantees for external creditors in the amount of €1,191 million (previous year: €364 million), which are to be allocated to the first year of repayment. Additionally, Group companies have provided loan commitments to third-party companies amounting to €40 million (previous year: €53 million), which are callable in 2022.

Detailed information on the risks of the RWE Group and on the objectives and procedures of the risk management is presented on pages 70 et seqq. in the review of operations.

(28) Contingent assets, contingent liabilities and financial commitments

As of 31 December 2021, the amount of contractual commitments totalled €5,668 million (previous year: €2,071 million). This mainly consisted of investment in property, plant and equipment.

We have made long-term contractual purchase commitments for supplies of fuels, including natural gas in particular. Payment obligations stemming from the major long-term purchase contracts amounted to €22.3 billion as of 31 December 2021 (previous year: €23.6 billion), of which €0.3 billion is due within one year (previous year: €0.3 billion).

Gas purchases by the RWE Group are partially based on long-term take-or-pay contracts. The conditions in these contracts, which have terms up to 2036 in some cases, are renegotiated by the contractual partners at certain intervals, which may result in changes in the reported payment obligations. Calculation of the payment obligations resulting from the purchase contracts is based on parameters from the internal planning.

Furthermore, RWE has long-term financial commitments for purchases of electricity. As of 31 December 2021, the minimum payment obligations stemming from the major purchase contracts totalled €7.1 billion (previous year: €7.1 billion), of which €0.4 billion is due within one year (previous year: €0.3 billion). Above and beyond this, there are also long-term purchase and service contracts for uranium, conversion, enrichment and fabrication.

We bear legal and contractual liability from our membership in various associations which exist in connection with power plant projects, profit- and loss-pooling agreements and for the provision of liability cover for nuclear risks, amongst others.

On the basis of a mutual benefit agreement, RWE AG and other parent companies of German nuclear power plant operators undertook to provide approximately €2,244 million in funding to liable nuclear power plant operators to ensure that they are able to meet their payment obligations in the event of nuclear damages. From 1 January 2022 onwards, RWE AG has a 36.927 % contractual share in the liability (37.299 % until 31 December 2021) plus 5 % for damage settlement costs.

As part of the Group restructuring that occurred in fiscal 2016, a large portion of the pension commitments which up to then had been reported at the holding level were transferred to former Group companies (former subsidiaries innogy SE, Essen, and affiliated companies) by cancelling the performance obligation existing on an intra-group basis. The guarantees remaining vis-à-vis external parties were cancelled. The Group is liable for the accrued claims of the active and former employees of these companies in the amount of €5,875 million (previous year: €6,404 million).

RWE AG and its subsidiaries are involved in official, regulatory and antitrust proceedings, litigation and arbitration proceedings related to their operations and are affected by the results of such. In some cases, out-of-court claims are also filed. However, RWE does not expect any material negative repercussions from these proceedings on the RWE Group's economic or financial position.

With the approval of the Senate, the Dutch Parliament passed an amendment of the Coal Phaseout Act, which limits the carbon dioxide emissions of power plants to 35% of the maximum possible level by the end of 2024. RWE will be entitled to compensation payments for the economic disadvantages it will suffer. As foreseen in the Act, we expect to submit an application for compensation in the upper triple-digit million range in a timely manner.

(29) Segment reporting

RWE is divided into five segments, which are separated from each other based on functional criteria.

In the Offshore Wind segment, we report on our business in offshore wind, which is overseen by RWE Renewables. The main production sites are located in the United Kingdom and Germany. In addition to electricity generation, activities in this field also include the development and realisation of projects to expand capacity.

Onshore Wind / Solar encompasses our activities with onshore wind, solar power and battery storage. Here again, in addition to electricity generation, the focus is on expanding capacities. RWE Renewables has operating responsibility. Along with the USA, the main production sites are located in the United Kingdom, Germany, Italy, Spain, Poland and the Netherlands, as well as in Australia in the field of solar power.

Activities with run-of-river, pumped storage, biomass, and gas-fired power plants are bundled in the Hydro / Biomass / Gas segment. It also contains the Dutch hard coal power stations Amer 9 and Eemshaven, which are increasingly co-firing biomass, and the company RWE Technology International, which specialises in project management and engineering services. This segment is the responsibility of RWE Generation, which has also been responsible for formulating and implementing our hydrogen strategy since 2021. The 37.9 % stake in the Austrian energy utility KELAG is also reported in the Hydro / Biomass / Gas segment.

The Supply & Trading segment contains energy and commodities trading, the marketing and hedging of the RWE Group's electricity position and the gas midstream business. This segment is the responsibility of RWE Supply & Trading, which also supplies certain major industrial and commercial customers with electricity and natural gas. Additionally, gas storage facilities in Germany and the Czech Republic also belong to this segment.

The Coal / Nuclear segment covers German electricity production using lignite and nuclear power, as well as lignite mining operations in the Rhineland. It also includes the investment in the Dutch power plant operator EPZ (30%) and URANIT (50%), which holds a 33% stake in Urenco, a uranium enrichment specialist. The aforementioned activities and investments are the responsibility of the group company RWE Power.

'Other, consolidation' covers RWE AG, consolidation effects and the activities of other business areas which are not presented separately. These activities primarily include our non-controlling interests in the German transmission system operator Amprion and in E.ON; the E.ON dividend is reported in the financial result.

Segment reporting Divisions 2021 € million	Offshore Wind	Onshore Wind / Solar	Hydro / Biomass / Gas	Supply & Trading	Other, consolidation	Core business	Coal / Nuclear	Consoli-dation	RWE Group
External revenue (incl. natural gas tax / electricity tax)	**688**	**2,324**	**1,316**	**19,518**	**4**	**23,850**	**911**		**24,761**
Intra-group revenue	808	361	5,361	5,214	-10,986	758	4,116	-4,874	
Total revenue	1,496	2,685	6,677	24,732	-10,982	24,608	5,027	-4,874	24,761
Adjusted EBIT	636	-145	418	721	-106	1,524	661		2,185
Operating income from investments	116	10	61	68	47	302	51		353
Operating income from investments accounted for using the equity method	105	10	62	7	48	232	53		285
Operating depreciation, amortisation and impairment losses	474	403	313	48	-1	1,237	228		1,465
Impairment losses		80	7			87	872		959
Adjusted EBITDA	**1,110**	**258**	**731**	**769**	**-107**	**2,761**	**889**		**3,650**
Carrying amount of investments accounted for using the equity method	973	382	700	3	833	2,891	130		3,021
Capital expenditure on intangible assets, property, plant and equipment	1,683	1,404	294	47	2	3,430	259		3,689

Regions 2021 € million	Germany	UK	Rest of Europe	North America	Other	RWE Group
External revenue[1,2,3]	9,081	8,259	6,051	810	325	24,526
Intangible assets and property, plant and equipment	4,941	13,045	3,402	4,261	219	25,868

1 Excluding natural gas tax / electricity tax.
2 Broken down by the region in which the service was provided.
3 Including state subsidies received which do not conform to IFRS 15 and refunds paid to state bodies, among other things from CfD contracts, amounting to -€45 million in the UK, €2 million in Rest of Europe and €6 million in Other.

Segment reporting Divisions 2020[1] € million	Offshore Wind	Onshore Wind / Solar	Hydro / Biomass / Gas	Supply & Trading	Other, consolidation	Core business	Coal / Nuclear	Consoli-dation	RWE Group
External revenue (incl. natural gas tax / electricity tax)	**332**	**1,855**	**1,059**	**9,789**	**7**	**13,042**	**854**		**13,896**
Intra-group revenue	959	304	3,144	2,778	-6,803	382	3,075	-3,457	
Total revenue	1,291	2,159	4,203	12,567	-6,796	13,424	3,929	-3,457	13,896
Adjusted EBIT	697	138	283	496	-25	1,589	234		1,823
Operating income from investments	127	15	53	-57	123	261	95		356
Operating income from investments accounted for using the equity method	120	4	52	6	124	306	95		401
Operating depreciation, amortisation and impairment losses	372	385	338	43		1,138	325		1,463
Impairment losses		79	561	64		704	1,097		1,801
Adjusted EBITDA	**1,069**	**523**	**621**	**539**	**-25**	**2,727**	**559**		**3,286**
Carrying amount of investments accounted for using the equity method	1,490	171	655	3	830	3,149	127		3,276
Capital expenditure on intangible assets and property, plant and equipment	756	1,154	153	43		2,106	183	-4	2,285

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see pages 108 et seq.).

Regions 2020 € million	Germany	UK	Rest of Europe	North America	Other	RWE Group
External revenue[1,2,3]	3,988	3,909	3,958	1,146	687	13,688
Intangible assets and property, plant and equipment[4]	5,714	10,811	3,049	2,953	273	22,800

1 Excluding natural gas tax / electricity tax.
2 Broken down by the region in which the service was provided.
3 Including state subsidies received which do not conform to IFRS 15 and refunds paid to state bodies, among other things from CfD contracts, amounting to €31 million in the UK, €19 million in Rest of Europe and €1 million in Other.
4 Some prior-year figures restated due to retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020 (see page 95).

External revenue by product in 2021 € million	Offshore Wind	Onshore Wind / Solar	Hydro / Biomass / Gas	Supply & Trading	Other	Core business	Coal / Nuclear	RWE Group
External revenue[1]	**688**	**2,324**	**1,315**	**19,296**	**4**	**23,627**	**899**	**24,526**
of which: electricity[2]	688	2,107	877	16,540		20,212	264	20,476
of which: gas				2,142		2,142		2,142
of which: other revenue		217	438	614	4	1,273	635	1,908

1 Excluding natural gas tax / electricity tax.
2 Including state subsidies received which do not conform to IFRS 15 and refunds paid to state bodies, among other things from CfD contracts, amounting to –€39 million in Offshore Wind and €2 million in Onshore Wind / Solar.

External revenue by product in 2020 € million	Offshore Wind	Onshore Wind / Solar	Hydro / Biomass / Gas	Supply & Trading	Other	Core business	Coal / Nuclear	RWE Group
External revenue[1]	**332**	**1,855**	**1,056**	**9,597**	**9**	**12,849**	**839**	**13,688**
of which: electricity[2]	332	1,676	684	8,775	1	11,468	233	11,701
of which: gas			5	529		534		534
of which: other revenue		179	367	293	8	847	606	1,453

1 Excluding natural gas tax / electricity tax.
2 Including state subsidies received which do not conform to IFRS 15 and refunds paid to state bodies, among other things from CfD contracts, amounting to €51 million in Onshore Wind / Solar.

Notes on segment data. The external revenue of the segments Offshore Wind and Onshore Wind / Solar contains state subsidies and refunds paid to state bodies for the sale of green electricity, including subsidies from contracts for differences, amounting to -€39 million (previous year: €0 million) and €2 million (previous year: €51 million), respectively, which do not meet the definition of IFRS 15. These contracts for differences are used as a state subsidy mechanism and essentially result in a fixed price for the electricity that is sold, by offsetting positive and negative deviations (in so-called two-way contracts for difference) and negative deviations (in so-called one-way contracts for difference) from a defined reference price that is agreed with state contractual partners or the subsidy mechanism counterparty. We report revenue between the segments as RWE intra-group revenue. Internal supply of goods and services is settled at arm's length conditions.

Adjusted EBITDA is used for internal management. The following table presents the reconciliation of adjusted EBITDA to adjusted EBIT and income from continuing operations before tax:

Reconciliation of income items € million	2021	2020[1]
Adjusted EBITDA	**3,650**	**3,286**
– Operating depreciation, amortisation and impairment losses	-1,465	-1,463
Adjusted EBIT	**2,185**	**1,823**
+ Non-operating result	-650	-104
+ Financial result	-13	-454
Income from continuing operations before tax	**1,522**	**1,265**

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see pages 108 et seq.).

Income and expenses that are unusual from an economic perspective, or stem from exceptional events, prejudice the assessment of operating activities. They are reclassified to the non-operating result. In addition to proceeds from the disposal of shareholdings or non-current assets not necessary for operations, this item mainly covers effects from the valuation of certain derivatives. These involve valuation effects which are only temporary and mainly arise because financial instruments to hedge price risks are reported at their fair value on the respective reporting date, while the hedged underlying transactions may only be recorded with an effect on income upon the realisation of such. A loss of €168 million is reported in the item 'other' (previous year: -€2,003 million). The 2020 result included impairment charges on power plants and opencast lignite mines amounting to €1.8 billion. Impairments were recognised in the lignite business during the reporting period as well, in the amount of €780 million. The compensation of €880 million paid to us in November 2021 by the German Federal government for the phaseout of nuclear energy in Germany had a positive effect.

Non-operating result € million	2021	2020[1]
Disposal result	21	13
Impact of the valuation of derivatives on earnings	-503	1,886
Other	-168	-2,003
Non-operating result	**-650**	-104

1 Some prior-year figures restated due to a retroactive change in the recognition of tax benefits to subsidise renewable energy in the USA (see pages 108 et seq.).

(30) Notes to the cash flow statement

The cash flow statement classifies cash flows according to operating, investing and financing activities. Cash and cash equivalents in the cash flow statement correspond to the amount stated on the balance sheet. Cash and cash equivalents consist of cash on hand, demand deposits and fixed-interest marketable securities with a maturity of three months or less from the date of acquisition.

Among other things, cash flows from operating activities include:

- cash flows from interest and dividends of €263 million (previous year: €281 million) and cash flows used for interest expenses of €284 million (previous year: €299 million),
- €163 million (previous year: -€72 million) in taxes on income paid (less refunds),
- income from investments, corrected for items without an effect on cash flows, in particular from accounting using the equity method, which amounted to €185 million (previous year: €323 million).

Cash flows from the acquisition and sale of consolidated subsidiaries and other business units are included in cash flows from investing activities, while effects stemming from exchange rate developments and other changes in value are shown separately. During the fiscal year, sales prices in the amount of €619 million (previous year: €872 million) were recognised for disposals resulting in a change of control. During the fiscal year, purchase prices amounting to – €5 million (previous year: €270 million) were recognised for acquisitions which also resulted in a change of control. The pre-payment of a purchase price in the previous year, which was already reported in the cash flows from investing activities last year, is not included in this figure, as there had been no change of control at that point in time. As in the previous year, sales prices received and purchase prices paid were effected exclusively in cash. In relation to this, cash and cash equivalents (disregarding assets held for sale) were acquired in the amount of €52 million (previous year: €0 million) and were sold in the amount of €39 million (previous year: €5 million).

With regard to subsidiaries or other business units of which control was gained or lost, the amounts of assets and liabilities (with the exception of cash and cash equivalents) are presented in the following, broken down by main groups:

Balance-sheet items 2021 € million	Additions	Disposals
Non-current assets	**2,073**	**786**
Intangible assets	951	29
Property, plant and equipment	1,003	119
Other non-current assets	119	638
Current assets	**451**	**1,238**
Non-current liabilities	**189**	**201**
Provisions	116	1
Financial liabilities	24	175
Other non-current liabilities	49	25
Current liabilities	**27**	**654**

Balance-sheet items 2020 € million	Additions	Disposals
Non-current assets	**541**	**131**
Intangible assets	395	6
Property, plant and equipment	133	120
Other non-current assets	13	5
Current assets	**10**	**1,357**
Non-current liabilities	**48**	**20**
Provisions		3
Financial liabilities		11
Other non-current liabilities	48	6
Current liabilities	**89**	**584**

Cash flows from financing activities of continuing operations include €575 million (previous year: €492 million) which was distributed to RWE shareholders, and €155 million (previous year: €30 million) which was distributed to non-controlling shareholders. Furthermore, cash flows from financing activities include purchases of €1 million (previous year: €485 million) and sales in the amount of -€7 million (previous year: €562 million) of shares in subsidiaries and other business units which did not lead to a change of control.

Changes in liabilities from financing activities are presented in the following table:

Development of financial liabilities € million	1 Jan 2021	Increase / repayment	Changes in the scope of consolidation	Currency effects	Changes in fair values	Other changes	31 Dec 2021
Current financial liabilities	1,247	9,535	-1	-206	148	273	10,996
Non-current financial liabilities	3,951	2,862	-138	241		-118	6,798
Other items		-10,026					

Development of financial liabilities € million	1 Jan 2020	Increase / repayment	Changes in the scope of consolidation	Currency effects	Changes in fair values	Other changes	31 Dec 2020
Current financial liabilities	1,689	15	38	15	-276	-234	1,247
Non-current financial liabilities	3,924	592	-289	-183		-93	3,951
Other items		-546					

The amount stated in the ‘other items’ line item contains cash-effective changes resulting from derivative financial instruments and margin payments, which are recognised in cash flows from financing activities in the cash flow statement and in financial liabilities in the balance sheet.

The item ‘other changes’ includes interest expenses which are reported in cash flows from operating activities.

Restrictions on the disposal of cash and cash equivalents amounted to €4 million (previous year: €45 million).

(31) Related party disclosures

Within the framework of their ordinary business activities, RWE AG and its subsidiaries have business relationships with numerous companies. These include associated companies and joint ventures, which are classified as related parties. In particular, this category includes material investments of the RWE Group, which are accounted for using the equity method.

Business transactions were concluded with major associates and joint ventures, resulting in the following items in RWE's consolidated financial statements:

Key items from transactions with associates and joint ventures € million	Associated companies		Joint ventures	
	2021	2020	2021	2020
Income	597	320	140	182
Expenses	370	187	30	46
Receivables	170	119	56	49
Liabilities	247	134	65	72

The key items from transactions with associates and joint ventures mainly stem from supply and service transactions. In addition to supply and service transactions, there are also financial links with joint ventures. During the reporting period, income of €1 million (previous year: €0 million) was recorded from interest-bearing loans to joint ventures. As of the balance-sheet date, financial receivables accounted for €44 million of the receivables from joint ventures (previous year: €42 million). All transactions were completed at arm's length conditions, i. e. on principle the conditions of these transactions did not differ from those with other enterprises. €173 million of the receivables (previous year: €124 million) and €266 million of the liabilities (previous year: €162 million) fall due within one year. Other obligations from executory contracts amounted to €114 million (previous year: €112 million).

Above and beyond this, the RWE Group did not execute any material transactions with related companies or persons.

The members of the Executive Board and Supervisory Board of RWE AG are deemed to be key management personnel for the RWE Group, in respect of whom the following information on total compensation is to be reported pursuant to IAS 24.

Key management personnel (Executive and Supervisory Board members) received €11,673,000 in short-term compensation components for fiscal 2021 (previous year: €8,357,000). Additionally, share-based payments within the framework of LTIP SPP amounted to €3,191,000 (previous year: €4,731,000) and the pension service cost amounted to €0 (previous year: €595,000). Share-based payment was measured according to IFRS 2 and service cost for pensions according to IAS 19. Provisions totalling €11,334,000 (previous year: €32,959,000) were formed for obligations vis-à-vis key management personnel.

The following information pertains to total remuneration pursuant to the guidelines of German commercial law.

In total, the remuneration of the Executive Board amounted to €12,234,000 (previous year: €8,501,000). This contains share-based payments amounting to €4,417,000 (129,635 RWE performance shares) granted within the framework of the LTIP SPP. In the previous year, share-based payments amounting to €2,934,000 (111,070 RWE performance shares) were granted.

Including remuneration from subsidiaries for the exercise of mandates, the Supervisory Board received total remuneration of €3,571,000 (previous year: €2,880,000) in fiscal 2021. The employee representatives on the Supervisory Board have labour contracts with the respective Group companies. Remuneration occurs in accordance with the relevant contractual conditions.

During the period under review, no loans or advances were granted to members of the Executive Board. Two employee representatives on the Supervisory Board had employee loans totalling €17,000.

Former members of the Executive Board and their surviving dependants received €11,432,000 (previous year: €10,962,000), of which €678,000 came from subsidiaries (previous year: €671,000). As of the balance-sheet date, €148,241,000 (previous year: €145,620,000) were accrued for defined benefit obligations to former members of the

Executive Board and their surviving dependants. Of this, €6,405,000 was set aside at subsidiaries (previous year: €6,925,000).

Information on the members of the Executive and Supervisory Boards is presented on pages 220 et seqq. of the Notes.

(32) Auditors' fees

The fees for audit services primarily contain the fees for the audit of the consolidated financial statements and for the audit of the financial statements of RWE AG and its subsidiaries, along with the review of the interim statements. Other assurance services mainly include fees for reviews related to statutory or court-ordered requirements. In particular, the fees for tax services include compensation for consultation in the preparation of tax returns and other national and international tax-related matters as well as review of resolutions of the tax authorities. Other services include compensation for consultation related to M&A activity.

RWE recognised the following fees as expenses for the services rendered by the auditors of the consolidated financial statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) and companies belonging to PwC's international network:

PwC network fees	2021		2020	
€ million	Total	Of which: Germany	Total	Of which: Germany
Audit services	12.5	6.8	10.7	5.8
Other assurance services	0.5	0.4	1.2	1.0
Tax services	0.3	0.3	0.3[1]	0.2
Other services	0.7	0.7	2.5	2.5
	14.0	**8.2**	**14.7[1]**	**9.5**

1 Restated prior-year figure.

(33) Application of the exemption rule pursuant to Sec. 264, Para. 3 and Sec. 264b of the German Commercial Code

In fiscal 2021, the following German subsidiaries made partial use of the exemption clause pursuant to Sec. 264, Para. 3 and Sec. 264b of the German Commercial Code (HGB):

- BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen
- GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen
- Kernkraftwerk Lingen Gesellschaft mit beschränkter Haftung, Lingen (Ems)
- KMG Kernbrennstoff-Management Gesellschaft mit beschränkter Haftung, Essen
- Nordsee Windpark Beteiligungs GmbH, Essen
- Rheinbraun Brennstoff GmbH, Cologne
- Rheinische Baustoffwerke GmbH, Bergheim
- RV Rheinbraun Handel und Dienstleistungen GmbH, Cologne
- RWE Battery Solutions GmbH, Essen
- RWE Generation Service GmbH, Essen
- RWE Renewables Beteiligungs GmbH, Dortmund
- RWE Renewables Offshore HoldCo One GmbH, Essen
- RWE Renewables Offshore HoldCo Three GmbH, Essen
- RWE Renewables Offshore HoldCo Two GmbH, Essen
- RWE Technology International GmbH, Essen
- RWE Trading Services GmbH, Essen

(34) Events after the balance-sheet date

In the period from 1 January 2022 until the completion of the consolidated financial statements on 3 March 2022, the following significant events occurred:

RWE enters US offshore wind market. At the end of February 2022, we were successful in an auction of seabed leases for offshore wind sites in the New York Bight. A joint venture between RWE and National Grid Ventures secured an area for US$1.1 billion, on which about 3 GW of generation capacity can be built, which would be capable of producing enough electricity to serve 1.1 million US homes. The auction included six lease sites, with bidders being allowed to secure one each. Every successful bid conferred the right to develop a site and participate in upcoming auctions of the conditions for purchasing the electricity in the states of New York and New Jersey. If the project progresses as planned, our offshore wind farm in the New York Bight will be commissioned during this decade.

Wind joint venture with Northland Power launched. In January 2022, RWE and Northland Power initiated a joint venture for the development of wind energy projects in the German North Sea. We expect this cooperation to deliver substantial synergies, resulting in cost savings in the development, construction and operation of the assets. RWE owns 51 % and our Canadian partner owns 49 % of the joint venture, which encompasses three offshore wind projects aiming to develop a total capacity of 1.3 GW. The sites of the future wind farms are located north of the Island of Juist. Before forging the joint venture, we had co-operated with Northland Power on two of the three projects. One project is focussed on a 433 MW wind farm on a site officially called N-3.8, which we secured via a step-in right following an invitation to tender in 2021 (see page 41). The other initiative was dedicated to the construction and operation of a 420 MW wind farm, which we hope to build on the N-3.5 site. We also have a step-in right for this area, but have not exercised it yet. RWE initially only held a 15 % share of both ventures and had originally developed the third joint venture project alone. It is centred around a 480 MW wind farm at the N-3.6 site, for which we also hold a step-in right which has not been made use of to date. The auctions for the sites N-3.5 and N-3.6 should be held in 2023. In the event that other companies are successful, we can exercise our step-in rights.

RWE once again successful in British capacity market auctions. The British capacity market held another auction on 22 February, relating to the delivery period from 1 October 2025 to 30 September 2026. We secured a payment for all participating RWE power stations, including two small new-builds. Altogether, these assets have a secured capacity of 6,647 MW. At £30.59 / kW per annum (plus inflation adjustment), the capacity payment established in the bidding procedure was the highest such figure since the capacity market auctions started in 2014. A total of 42.4 GW in generation capacity qualified for a capacity payment at the auction. During the delivery period, they will receive remuneration for being online and contributing to electricity supply.

Huge uncertainty after Russian attack on Ukraine. Russian troops marched into Ukraine at the end of February. This constitutes an invasion under international law, prompting outrage and consternation around the globe. Many countries including the USA, EU member states and the United Kingdom imposed economic sanctions on Russia. Uncertainty concerning commodity deliveries from Russia to Europe has caused a significant increase in gas and electricity trading quotations. In some European countries, including Germany, governments are working on measures to reduce dependency on Russian oil and gas imports. When the consolidated financial statements were prepared in early March 2022, it was impossible to predict the development of the Ukraine conflict or its consequences. Although RWE does not have business activities in Russia or Ukraine, further escalation of the conflict and discontinuation of supply relationships with Russian companies could have notable effects on our assets, liabilities, financial position and profit or loss. It is possible, for example, that Russian commodity suppliers will no longer be able to meet their obligations and that we will have to purchase commodities at high prices on the market. It cannot be ruled out that contractual partners may become insolvent due to sanctions. Additionally, changes in security prices due to a stock market crisis resulting from the Ukraine conflict may have a significant impact on RWE's financial assets and those of our pension funds. More detailed information can be found in the chapter entitled 'Development of risks and opportunities', which starts on page 70.

(35) Declaration according to Sec. 161 of the German Stock Corporation Act

The declaration on the German Corporate Governance Code prescribed by Sec. 161 of the German Stock Corporation Act (AktG) has been submitted for RWE AG and has been made permanently and publicly available to shareholders on the Internet pages of RWE AG.

Essen, 3 March 2022

The Executive Board

Krebber Müller Seeger

1 www.rwe.com/statement-of-compliance-2021

4.7 List of shareholdings (part of the Notes)

List of shareholdings as per Sec. 285 No. 11 and No. 11a and Sec. 313 Para. 2 (in relation to Sec. 315 e Para. 1) of HGB as of 31 December 2021

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Aktivabedrijf Wind Nederland B.V., Geertruidenberg/Netherlands		100	-7,452	-18,208
Alte Haase Bergwerks-Verwaltungs-Gesellschaft mbH, Dortmund		100	-69,129	-2,441
Amrum-Offshore West GmbH, Essen		100	2,632	86,150
An Suidhe Wind Farm Limited, Swindon/United Kingdom		100	24,339	229
Anacacho Holdco, LLC, Wilmington/USA		100	58,538	-80
Anacacho Wind Farm, LLC, Wilmington/USA		100	124,124	1,248
Andromeda Wind s.r.l., Bolzano/Italy		51	10,651	2,229
Avolta Storage Limited, Kilkenny/Ireland		100	-520	-34
Baltic Trade and Invest Sp. z o.o., Słupsk/Poland		100	16,821	-738
Belectric Canada Solar Inc., Vancouver/Canada		100	550	535
Belectric Photovoltaic India Private Limited, Mumbai/India		100	1,824	949
BELECTRIC Solar Power, S.L. en liquidación, Barcelona/Spain		100	390	337
BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen	100	100	201	[1]
Big Star Solar, LLC, Wilmington/USA		100	0	0
Bilbster Wind Farm Limited, Swindon/United Kingdom		100	4,255	75
Blackjack Creek Wind Farm, LLC, Wilmington/USA		100	0	0
Boiling Springs Holdco, LLC, Wilmington/USA		100	113,656	-264
Boiling Springs Wind Farm, LLC, Wilmington/USA		100	113,669	-11,014
Bright Arrow Solar, LLC, Wilmington/USA		100	0	0

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Bruenning's Breeze Holdco, LLC, Wilmington/USA		100	87,793	-442
Bruenning's Breeze Wind Farm, LLC, Wilmington/USA		100	214,346	-10,228
Carl Scholl GmbH, Cologne		100	463	-151
Carnedd Wen Wind Farm Limited, Swindon/United Kingdom		100	-4,856	-229
Cassadaga Class B Holdings LLC, Wilmington/USA		100	173,678	-76
Cassadaga Wind Holdings LLC, Wilmington/USA		100	172,739	-980
Cassadaga Wind LLC, Chicago/USA		100	253,679	-24,138
Champion WF Holdco, LLC, Wilmington/USA		100	14,469	-87,805
Champion Wind Farm, LLC, Wilmington/USA		100	14,469	-87,805
Cloghaneleskirt Energy Supply Limited, Kilkenny/Ireland		100	152	114
Colbeck's Corner Holdco, LLC, Wilmington/USA		100	68,609	-446
Colbeck's Corner, LLC, Wilmington/USA		100	223,316	-9,802
Conrad Solar Inc., Vancouver/Canada		100	0	0
DOTTO MORCONE S.r.l., Rome/Italy		100	4,351	4,189
Dromadda Beg Wind Farm Limited, Kilkenny/Ireland		100	2,806	688
Edgware Energy Limited, Swindon/United Kingdom		100	374	231
El Algodon Alto Wind Farm, LLC, Wilmington/USA		100	-437	-419
Electra Insurance Limited, Hamilton/Bermudas		100	26,288	-724
Energy Resources Holding B.V., Geertruidenberg/Netherlands		100	99,656	-13,461
Energy Resources Ventures B.V., Geertruidenberg/Netherlands		100	17,416	-1,292
Extension Du Parc Eolien De L'Epine Marie Madeleine SAS, Clichy/France		100	-39	-41
Extension Du Parc Eolien Du Douiche SAS, Clichy/France		100	7	-3
Farma Wiatrowa Barzowice Sp. z o.o., Warsaw/Poland		100	30,179	1,399

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6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Farma Wiatrowa Rozdrazew sp. z o.o., Warsaw/Poland		100	-414	-7
Forest Creek Investco, Inc., Wilmington/USA		100	102	-7
Forest Creek WF Holdco, LLC, Wilmington/USA		100	14,565	-63,829
Forest Creek Wind Farm, LLC, Wilmington/USA		100	14,565	-63,829
Fri-El Anzi Holding s.r.l., Bolzano/Italy		51	6,997	855
Fri-El Anzi s.r.l., Bolzano/Italy		100	8,209	1,303
Fri-El Guardionara s.r.l., Bolzano/Italy		51	10,868	1,640
GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	17,585,771	[1]
Generación Fotovoltaica Castellano Manchega, S.L., Murcia/Spain		100	-21	-56
Generación Fotovoltaica De Alarcos, S.L.U., Barcelona/Spain		100	656	579
Generación Fotovoltaica Puerta del Sol, S.L.U., Murcia/Spain		100	67	-17
GfV Gesellschaft für Vermögensverwaltung mbH, Dortmund	100	100	126,158	-7,685
Grandview Holdco, LLC, Wilmington/USA		100	92,929	-786
Green Gecco GmbH & Co. KG, Essen		51	69,851	6,325
Hardin Class B Holdings LLC, Wilmington/USA		100	164,320	-179
Hardin Wind Holdings LLC, Wilmington/USA		100	162,302	-2,076
Hardin Wind LLC, Chicago/USA		100	253,464	-10,029
Harryburn Wind Farm Limited, Swindon/United Kingdom		100	5	19
Hickory Park Solar, LLC, Wilmington/USA		100	-9,065	-6,255
Inadale Wind Farm, LLC, Wilmington/USA		100	40,947	17,047
Kernkraftwerk Lingen Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	20,034	[1]
Kernkraftwerke Lippe-Ems Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	432,269	[1]
KMG Kernbrennstoff-Management Gesellschaft mit beschränkter Haftung, Essen		100	696,225	[1]

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2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Knabs Ridge Wind Farm Limited, Swindon/United Kingdom		100	13,870	1,129
Las Vaguadas I Fotovoltaica S.L., Barcelona/Spain		100	32	- 123
Limondale Sun Farm Pty. Ltd., Melbourne/Australia		100	3,477	- 18,722
Little Cheyne Court Wind Farm Limited, Swindon/United Kingdom		59	32,823	7,140
MI-FONDS G50, Frankfurt am Main	100	100	77,784	- 243
ML Wind LLP, Swindon/United Kingdom		51	70,121	8,144
Munnsville Investco, LLC, Wilmington/USA		100	14,165	- 28
Munnsville WF Holdco, LLC, Wilmington/USA		100	766	- 34,996
Munnsville Wind Farm, LLC, Wilmington/USA		100	766	- 34,996
Nordsee Windpark Beteiligungs GmbH, Essen		100	15,318	[1]
Panther Creek Holdco, LLC, Wilmington/USA		100	202,899	0
Panther Creek Three Class B, LLC, Wilmington/USA		100	220,448	0
Panther Creek Three Holdco, LLC, Wilmington/USA		100	220,448	0
Panther Creek Wind Farm I&II, LLC, Wilmington/USA		100	317,329	- 9,962
Panther Creek Wind Farm Three, LLC, Wilmington/USA		100	70,889	- 17,391
Parc Eolien D'Allerey SAS, Clichy/France		100	- 118	- 96
Parc Eolien De Catillon-Fumechon SAS, Clichy/France		100	26	- 2
Parc Eolien De La Brie Nangissienne SAS, Clichy/France		100	23	- 4
Parc Eolien De La Butte Aux Chiens SAS, Clichy/France		100	27	- 2
Parc Eolien De La Voie Corette SAS, Clichy/France		100	- 94	- 36
Parc Eolien De Luçay-Le-Libre Et De Giroux SAS, Clichy/France		100	20	- 4
Parc Eolien De Martinpuich SAS, Clichy/France		100	- 15	- 20
Parc Eolien Des Grands Lazards SAS, Clichy/France		100	26	- 2

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2 Figures from the Group's consolidated financial statements.
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4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Parc Eolien Des Hauts-Bouleaux SAS, Clichy/France		100	-113	-37
Parc Eolien Des Nouvions SAS, Clichy/France		100	-164	-61
Parc Eolien Du Balinot SAS, Clichy/France		100	26	-2
Parc Eolien Du Ban Saint-Jean SAS, Clichy/France		100	25	-2
Parc Eolien Du Catesis SAS, Clichy/France		100	-27	-25
Parc Eolien Du Chemin De Chálons SAS, Clichy/France		100	5	-4
Parc Eolien Du Chemin De Saint-Gilles SAS, Clichy/France		100	-14	-9
Parc Eolien Du Mirebalais SAS, Clichy/France		100	26	-2
Parc Eolien Du Moulin Du Bocage SAS, Clichy/France		100	26	-2
Parc Eolien Les Pierrots SAS, Clichy/France		60	-633	-302
Park Wiatrowy Dolice Sp. z o.o., Warsaw/Poland		100	224	-300
Park Wiatrowy Gaworzyce Sp. z o.o., Warsaw/Poland		100	59	-616
Peyton Creek Holdco, LLC, Wilmington/USA		100	-51	13,277
Peyton Creek Wind Farm, LLC, Wilmington/USA		100	179,821	-2,580
Piecki Sp. z o.o., Warsaw/Poland		51	21,525	3,062
Pioneer Trail Wind Farm, LLC, Wilmington/USA		100	153,861	3,253
Primus Projekt GmbH & Co. KG, Hanover		100	0	-331
Pyron Wind Farm, LLC, Wilmington/USA		100	80,726	14,416
Radford's Run Holdco, LLC, Wilmington/USA		100	126,858	-516
Radford's Run Wind Farm, LLC, Wilmington/USA		100	409,862	-19,884
Rampion Offshore Wind Limited, Coventry/United Kingdom		50	1,251,676	129,641
Rampion Renewables Limited, Coventry/United Kingdom		100	1,038,964	390,537
Renewables Solar Holding GmbH, Kolitzheim		100	43,839	38,816

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2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Rheinbraun Brennstoff GmbH, Cologne		100	82,619	[1]
Rheinische Baustoffwerke GmbH, Bergheim		100	9,236	[1]
Rheinkraftwerk Albbruck-Dogern Aktiengesellschaft, Waldshut-Tiengen		77	32,103	1,757
Rhenas Insurance Limited, Sliema/Malta	100	100	60,708	1,327
Rhyl Flats Wind Farm Limited, Swindon/United Kingdom		50	127,978	13,150
Roscoe WF Holdco, LLC, Wilmington/USA		100	1,711	-150,971
Roscoe Wind Farm, LLC, Wilmington/USA		100	1,711	-150,971
RV Rheinbraun Handel und Dienstleistungen GmbH, Cologne		100	36,694	[1]
RWE & Turcas Güney Elektrik Üretim A.S., Ankara/Turkey		70	97,561	-1,220
RWE Aktiengesellschaft, Essen			8,359,158	1,108,098
RWE Battery Solutions GmbH, Essen		100	1,180	[1]
RWE Bergheim Windparkbetriebsgesellschaft mbH, Hanover		100	25	[1]
RWE Brise Windparkbetriebsgesellschaft mbH, Hanover		100	226	[1]
RWE Canada Ltd., Saint John/Canada		100	4,635	-596
RWE Eemshaven Holding II B.V., Geertruidenberg/Netherlands		100	-953,590	-450,075
RWE Energie Odnawialne Sp. z o.o., Szczecin/Poland		100	117,729	11,227
RWE Energy Services, LLC, Wilmington/USA		100	856	-44
RWE Evendorf Windparkbetriebsgesellschaft mbH, Hanover		100	25	[1]
RWE Gas Storage CZ, s.r.o., Prague/Czech Republic		100	347,075	26,423
RWE Gas Storage West GmbH, Dortmund		100	350,087	[1]
RWE Generation Holding B.V., Geertruidenberg/Netherlands		100	-56,300	39,100
RWE Generation Hydro GmbH, Essen		100	25	[1]
RWE Generation NL B.V., Geertruidenberg/Netherlands		100	-550,990	-296,475

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Generation NL Personeel B.V., Geertruidenberg/Netherlands		100	15,327	1,106
RWE Generation SE, Essen	100	100	270,659	8,850[1]
RWE Generation Service GmbH, Essen		100	25	[1]
RWE Generation UK Holdings Limited, Swindon/United Kingdom		100	3,066,711	198,692
RWE Generation UK plc, Swindon/United Kingdom		100	1,632,056	27,517
RWE Hörup Windparkbetriebsgesellschaft mbH, Hörup		100	26	[1]
RWE indeland Windpark Eschweiler GmbH & Co. KG, Eschweiler		51	45,822	4,385
RWE Investco EPC Mgmt, LLC, Wilmington/USA		100	398,948	10,568
RWE Investco Mgmt II, LLC, Wilmington/USA		100	568,737	11,076
RWE Investco Mgmt, LLC, Wilmington/USA		100	1,598,287	-6,916
RWE Kaskasi GmbH, Hamburg		100	1,811	[1]
RWE KL Limited, Swindon/United Kingdom		100	-43,501	-17,927
RWE Lengerich Windparkbetriebsgesellschaft mbH, Gersten		100	25	[1]
RWE Limondale Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	8,386	-31,305
RWE Lüneburger Heide Windparkbetriebsgesellschaft mbH, Walsrode		100	25	[1]
RWE Magicat Holdco, LLC, Wilmington/USA		100	74,464	2,854
RWE Markinch Limited, Swindon/United Kingdom		100	94,357	-3,235
RWE Mistral Windparkbetriebsgesellschaft mbH, Hanover		100	578	[1]
RWE Nuclear GmbH, Essen	100	100	137,286	37,286[1]
RWE Offshore Wind Netherlands B.V., Geertruidenberg/Netherlands		100	-338	-387
RWE Personeel B.V., Geertruidenberg/Netherlands		100	-14	-5
RWE Power Aktiengesellschaft, Cologne and Essen	100	100	2,109,457	72,248[1]
RWE Renewables Americas, LLC, Wilmington/USA		100	1,608,434	-154,642

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	Direct	Total	€ '000	€ '000
RWE Renewables Asset Management, LLC, Wilmington/USA		100	281,468	2,937
RWE Renewables Australia Pty. Ltd., Melbourne/Australia		100	269	289
RWE Renewables Benelux B.V., Geertruidenberg/Netherlands		100	-44,190	-1,708
RWE Renewables Beteiligungs GmbH, Dortmund		100	8,950	[1]
RWE Renewables Canada Holdings Inc., Vancouver/Canada		100	-1,266	209
RWE Renewables Denmark A/S, Rødby/Denmark		100	1,342	1,241
RWE Renewables Development, LLC, Wilmington/USA		100	791,489	-14,998
RWE Renewables Energy Marketing Australia Pty. Ltd., Melbourne/Australia		100	-5	-5
RWE Renewables Energy Marketing, LLC, Wilmington/USA		100	57,600	-377,113
RWE Renewables GmbH, Essen		100	1,109	[1]
RWE Renewables GYM 2 Limited, Swindon/United Kingdom		100	-8,666	4,215
RWE Renewables GYM 3 Limited, Swindon/United Kingdom		100	-8,667	4,215
RWE Renewables GYM 4 Limited, Swindon/United Kingdom		100	-25,993	10,379
RWE Renewables HoldCo B.V., Geertruidenberg/Netherlands		100	270,757	0
RWE Renewables Iberia, S.A.U. – Group – (pre-consolidated)			162,287	11,322[2]
Danta de Energías, S.A., Soria/Spain		99		
Explotaciones Eólicas de Aldehuelas, S.L., Soria/Spain		95		
General de Mantenimiento 21, S.L.U., Barcelona/Spain		100		
Hidroeléctrica del Trasvase, S.A., Barcelona/Spain		60		
RWE Renewables Iberia, S.A.U., Barcelona/Spain		100		
RWE Renewables International Participations B.V., Geertruidenberg/Netherlands		100	350,070	244,043
RWE Renewables Ireland Limited, Kilkenny/Ireland		100	-8,536	-2,645
RWE Renewables Italia S.r.l., Rome/Italy		100	393,034	-1,418

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Renewables Japan G.K., Tokyo/Japan		100	9,024	-3,360
RWE Renewables Management UK Limited, Swindon/United Kingdom		100	120,181	1,572
RWE Renewables Offshore HoldCo One GmbH, Essen		100	25	[1]
RWE Renewables Offshore HoldCo Three GmbH, Essen		100	25	[1]
RWE Renewables Offshore HoldCo Two GmbH, Essen		100	25	[1]
RWE Renewables O&M, LLC, Wilmington/USA		100	19,543	10,795
RWE Renewables Operations Australia Pty Ltd, Melbourne/Australia		100	1,558	710
RWE Renewables Poland Sp. z o.o., Warsaw/Poland		100	412,146	23,210
RWE Renewables QSE, LLC, Wilmington/USA		100	-4,754	20
RWE Renewables Services, LLC, Wilmington/USA		100	407,654	-46,240
RWE Renewables Sweden AB, Malmö/Sweden		100	58,576	4,638
RWE Renewables UK Blyth Limited, Coventry/United Kingdom		100	1,325	700
RWE Renewables UK Dogger Bank South One Limited, Swindon/United Kingdom		100	-985	-964
RWE Renewables UK Dogger Bank South Two Limited, Swindon/United Kingdom		100	-985	-964
RWE Renewables UK Holdings Limited, Swindon/United Kingdom		100	1,866,890	128,297
RWE Renewables UK Humber Wind Limited, Coventry/United Kingdom		51	596,843	59,989
RWE Renewables UK Limited, Coventry/United Kingdom		100	549,041	593
RWE Renewables UK London Array Limited, Coventry/United Kingdom		100	170,757	50,398
RWE Renewables UK Onshore Wind Limited, Coventry/United Kingdom		100	95,315	20,690
RWE Renewables UK Operations Limited, Coventry/United Kingdom		100	59,702	19,238
RWE Renewables UK Robin Rigg East Limited, Coventry/United Kingdom		100	102,060	23,490
RWE Renewables UK Robin Rigg West Limited, Coventry/United Kingdom		100	86,281	12,689
RWE Renewables UK Scroby Sands Limited, Coventry/United Kingdom		100	64,593	6,179

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	Direct	Total	€ '000	€ '000
RWE Renewables UK Swindon Limited, Swindon/United Kingdom		100	2,366,891	84,707
RWE Renewables UK Wind Services Limited, Coventry/United Kingdom		100	39,212	13,152
RWE Renewables UK Zone Six Limited, Coventry/United Kingdom		100	0	0
RWE Renouvelables France SAS, Clichy/France		100	111,747	-5,872
RWE Solar Development, LLC, Wilmington/USA		100	269,466	-15,214
RWE Solar NC Lessee LLC, Wilmington/USA		100	14,396	-393
RWE Solar NC Pledgor LLC, Wilmington/USA		100	2,516	0
RWE Solar Netherlands B.V., Geertruidenberg/Netherlands		100	-238	-238
RWE Solar PV, LLC, Wilmington/USA		100	64,885	-6,258
RWE Sommerland Windparkbetriebsgesellschaft mbH, Sommerland		100	26	[1]
RWE Süderdeich Windparkbetriebsgesellschaft mbH, Süderdeich		100	106	[1]
RWE Supply & Trading Asia-Pacific PTE. LTD., Singapore/Singapore		100	47,311	17,311
RWE Supply & Trading CZ, a.s., Prague/Czech Republic		100	255,599	-8,131
RWE Supply & Trading GmbH, Essen	100	100	446,778	[1]
RWE Supply & Trading Japan KK, Tokyo/Japan		100	6,483	-937
RWE Supply & Trading Participations Limited, London/United Kingdom		100	14,557	46
RWE Supply and Trading (Shanghai) Co. Ltd, Shanghai/China		100	11,108	-1,677
RWE Technology International GmbH, Essen		100	15,788	3,861[1]
RWE Technology Tasarim ve Mühendislik Danismanlik Ticaret Limited Sirketi, Istanbul/Turkey		100	42	6
RWE Technology UK Limited, Swindon/United Kingdom		100	2,521	375
RWE Titz Windparkbetriebsgesellschaft mbH, Essen		100	25	[1]
RWE Trading Services GmbH, Essen		100	5,735	[1]
RWE Wind Karehamn AB, Malmö/Sweden		100	33,670	75

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	Direct	Total	€ '000	€ '000
RWE Wind Onshore Deutschland GmbH, Hanover		100	80,111	1
RWE Wind Services Denmark A/S, Rødby/Denmark		100	8,941	5,207
RWE Windpark Bedburg A44n GmbH & Co. KG, Bedburg		51	12,086	-66
RWE Windpark Bedburg GmbH & Co. KG, Bedburg		51	59,713	7,721
RWE Windpark Garzweiler GmbH & Co. KG, Essen		51	33,301	889
RWE Windpower Netherlands B.V., Geertruidenberg/Netherlands		100	8,271	3,511
RWEST Middle East Holdings B.V., 's-Hertogenbosch/Netherlands		100	11,894	5,540
Sand Bluff WF Holdco, LLC, Wilmington/USA		100	-2,040	-8,442
Sand Bluff Wind Farm, LLC, Wilmington/USA		100	-4,781	-2,628
Settlers Trail Wind Farm, LLC, Wilmington/USA		100	20,028	-143,866
Sofia Offshore Wind Farm Holdings Limited, Swindon/United Kingdom		100	0	0
Sofia Offshore Wind Farm Limited, Swindon/United Kingdom		100	-433	-17
Solar Holding India GmbH, Kolitzheim		100	5,924	-2
Solar Holding Poland GmbH, Kolitzheim		100	13	-2
SOLARENGO Energia, Unipessoal, Lda., Cascais/Portugal		100	-369	-218
Solarengo Portugal, SGPS, Unipessoal Lda., Cascais/Portugal		100	9,709	-14
SRS EcoTherm GmbH, Salzbergen		90	21,497	4,304
Taber Solar 1 Inc., Vancouver/Canada		100	8,699	-1,297
Taber Solar 2 Inc., Vancouver/Canada		100	4,655	-4,319
Tamworth Holdings, LLC, Raleigh/USA		100	8,115	128
Tanager Holdings, LLC, Raleigh/USA		100	7,554	84
Tech Park Solar, LLC, Wilmington/USA		100	13,090	45
The Hollies Wind Farm Limited, Swindon/United Kingdom		100	731	162

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	Direct	Total	€ '000	€ '000
Triton Knoll HoldCo Limited, Swindon/United Kingdom		59	98,705	0
Triton Knoll Offshore Wind Farm Limited, Swindon/United Kingdom		100	-150,791	666
Valencia Solar, LLC, Tucson/USA		100	10,623	1,045
West of the Pecos Holdco, LLC, Wilmington/USA		100	65,527	-7
West of the Pecos Solar, LLC, Wilmington/USA		100	109,492	-339
Wind Farm Deliceto s.r.l., Bolzano/Italy		100	25,525	1,767
Windpark Eekerpolder B.V., Geertruidenberg/Netherlands		100	1,824	2,021
Windpark Kattenberg B.V., Geertruidenberg/Netherlands		100	1,155	390
Windpark Nordsee Ost GmbH, Heligoland		100	256	[1]
Windpark Oostpolderdijk B.V., Geertruidenberg/Netherlands		100	-47	-17
Windpark Zuidwester B.V., Geertruidenberg/Netherlands		100	8,164	-584
WKN Windkraft Nord GmbH & Co. Windpark Wönkhausen KG, Hanover		100	2,977	779

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	Direct	Total	€ '000	€ '000
Agenzia Carboni S.r.l., Genoa/Italy		100	224	17
Alcamo II S.r.l., Milan/Italy		100	-4	-29
Alvarado Solar S.L., Barcelona/Spain		100	4	-11
Anemos Ala Segarra, S.L., Reus/Spain		100	3	0
Ashwood Solar I, LLC, Wilmington/USA		100	0	0
Auzoberri Desarrollo, S.L.U., Barasoain/Spain		100	233	-1
Azagra Energy Quel, S.L.U., Barasoain/Spain		100	382	-2
Baron Winds II LLC, Chicago/USA		100	0	0
Baron Winds LLC, Chicago/USA		100	0	0
Belectric Inversiones Latinoamericana S.L., Barcelona/Spain		100	115	-9
BELECTRIC JV GmbH, Kolitzheim		100	53	2
Belectric Mexico Fotovoltaica S.de R.L. de C.V., Bosques de las Lomas/Mexico		100	-26	-20
Blackbeard Solar, LLC, Wilmington/USA		100	0	0
Blackbriar Battery, LLC, Wilmington/USA		100	0	0
Blueberry Hills LLC, Chicago/USA		100	0	0
BO Baltic Offshore GmbH, Hamburg		98	6	-2
Bowler Flats Energy Hub LLC, Chicago/USA		100	0	0
Buckeye Wind LLC, Chicago/USA		100	0	0
Burgar Hill Wind Farm Limited, Swindon/United Kingdom		100	0	0
Bursjöliden Vind AB, Malmö/Sweden		100	573	0
Camaiore Sp. z o.o., Warsaw/Poland		100	-11	-13
Camellia Solar LLC, Wilmington/USA		100	0	0
Camellia Solar Member LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Camster II Wind Farm Limited, Swindon/United Kingdom		100		[3]
Cardinal Wind Farm, LLC, Wilmington/USA		100	0	0
Carmagnola Sp. z o.o., Warsaw/Poland		100	-11	-13
Casarano Sp. z o.o., Warsaw/Poland		100	-11	-13
Casey Fork Solar, LLC, Wilmington/USA		100	0	0
Cattleman Wind Farm II, LLC, Wilmington/USA		100	0	0
Cattleman Wind Farm, LLC, Wilmington/USA		100	0	0
Cecina Sp. z o.o., Warsaw/Poland		100	-11	-13
Cercola Sp. z o.o., Warsaw/Poland		100	-11	-13
Cerignola Sp. z o.o., Warsaw/Poland		100	-11	-13
Champaign Wind LLC, Chicago/USA		100	0	0
Clavellinas Solar, S.L., Barcelona/Spain		100	5	-9
Clinton Wind, LLC, Wilmington/USA		100	0	0
Cordeneos Sp. z o.o., Warsaw/Poland		100	-11	-12
Cordova Wind Farm, LLC, Wilmington/USA		100	0	0
Cormano Sp. z o.o., Warsaw/Poland		100	-12	-13
Cremona Sp. z o.o., Warsaw/Poland		100	-11	-13
Curns Energy Limited, Kilkenny/Ireland		70	-1,036	-393
Decadia GmbH, Essen	100	100	2,715	424
Dohema Offshore sp. z o.o., Główczyce/Poland		100	12	-2
E & Z Industrie-Lösungen GmbH, Essen		100	16,975	-1,099
Eko-En 1 Sp. z o.o., Warsaw/Poland		100	12	-12
Eko-En 2 Sp. z o.o., Warsaw/Poland		100	47	-33

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	Direct	Total	€ '000	€ '000
Eko-En 3 Sp. z o.o., Warsaw/Poland		100	422	-22
Eko-En 4 Sp. z o.o., Warsaw/Poland		100	401	-13
Eko-En 5 Sp. z o.o., Warsaw/Poland		100	-4	-8
El Navajo Solar, S.L., Barcelona/Spain		100	1	-5
Emisja Zero Sp. z o.o., Zielona Góra/Poland		100	4	-2
Enchant Solar 4 Inc., Vancouver/Canada		100	0	0
Eólica Alta Anoia, S.L., Reus/Spain		100	3	0
Eólica La Conca, S.L., Reus/Spain		100	3	0
Eólica La Conca 2, S.L., Reus/Spain		100	3	0
Eólica La Conca 3, S.L., Reus/Spain		100	3	0
EverPower Maine LLC, Chicago/USA		100	0	0
EverPower Ohio LLC, Chicago/USA		100	0	0
EverPower Solar LLC, Chicago/USA		100	0	0
EverPower Wind Development, LLC, Chicago/USA		100	0	0
Extension Du Parc Eolien Des Nouvions SAS, Clichy/France		100	27	-2
Fifth Standard Solar PV, LLC, Wilmington/USA		100	0	0
Flatlands Wind Farm, LLC, Wilmington/USA		100	0	0
Flexilis Power Limited, Kilkenny/Ireland		100	0	0
Florida Solar and Power Group LLC, Wilmington/USA		100	0	0
Frazier Solar, LLC, Wilmington/USA		100	0	0
Gazules I Fotovoltaica, S.L., Barcelona/Spain		100	-78	-119
Gazules II Solar, S.L., Barcelona/Spain		100	-107	-118
GBV Achtunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	[1]

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	Direct	Total	€ '000	€ '000
GBV Dreiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	25	[1]
GBV Einunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	30	[1]
GBV Siebte Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	100	[1]
Geun Heung Offshore Wind Power Co., Ltd., Seoul/South Korea		100		[3]
Goldcup 29644 AB, Sundsvall/Sweden		100		[3]
Goldcup 29645 AB, Sundsvall/Sweden		100		[3]
Goldcup 29646 AB, Sundsvall/Sweden		100		[3]
Grandview Wind Farm III, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm IV, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm V, LLC, Wilmington/USA		100	0	0
Green Gecco Verwaltungs GmbH, Essen		51	38	1
Greenswitch Wind, LLC, Wilmington/USA		100		[3]
Haube Wind Sp. z o.o., Słupsk/Poland		100	191	-1,502
Hickory Park Class B, LLC, Wilmington/USA		100		[3]
Hickory Park Holdco, LLC, Wilmington/USA		100		[3]
Highland III LLC, Chicago/USA		100	0	0
Horse Thief Wind Project LLC, Chicago/USA		100	0	0
INDI Energie B.V., 's-Hertogenbosch/Netherlands		100	62	0
INDI Solar-Projects 1 B.V., Utrecht/Netherlands		100	89	82
Infraestructuras de Aldehuelas, S.A., Barcelona/Spain		100	428	0
Infrastrukturgesellschaft Netz Lübz mit beschränkter Haftung, Hanover		100	60	-28
Iron Horse Battery Storage, LLC, Wilmington/USA		100	10,133	-247
Janus Solar PV, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Jerez Fotovoltaica S.L., Barcelona/Spain		100	8	-8
Jugondo Desarrollo, S.L.U., Barasoain/Spain		100	1,185	-2
Kieswerk Kaarst GmbH & Co. KG, Bergheim		51	3,454	1,254
Kieswerk Kaarst Verwaltungs GmbH, Bergheim		51	31	0
La Casa Wind, LLC, Wilmington/USA		100		[3]
Lake Fork Wind Farm, LLC, Wilmington/USA		100	0	0
Lampasas Wind LLC, Chicago/USA		100	0	0
Las Vaguadas II Solar S.L., Barcelona/Spain		100	6	-7
Lumbier Energy Judas, S.L.U., Barasoain/Spain		100	358	-2
Mahanoy Mountain, LLC, Chicago/USA		100	0	0
Major Wind Farm, LLC, Wilmington/USA		100	0	0
March Road Solar, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV 2, LLC, Wilmington/USA		100	0	0
Maricopa Land Holding, LLC, Wilmington/USA		100	0	0
Maricopa West Solar PV 2, LLC, Wilmington/USA		100	0	0
Maryland Sunlight 1 LLC, Wilmington/USA		100	0	0
Mason Dixon Wind LLC, Chicago/USA		100	0	0
Morska Farma Wiatrowa Antares sp. z o.o., Warsaw/Poland		100	50	-33
Mud Springs Wind Project LLC, Chicago/USA		100	0	0
Muñegre Desarrollo, S.L.U., Barasoain/Spain		100	202	-1
Northern Orchard Solar PV, LLC, Wilmington/USA		100	0	0
Northern Orchard Solar PV 2, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Northern Orchard Solar PV 3, LLC, Wilmington/USA		100	0	0
Nouvions Poste de Raccordement SAS, Clichy/France		100	-4	-2
Oddeheia Wind DA, Oslo/Norway		100		3
Offshore-Windpark Delta Nordsee GmbH, Hamburg		100	493	1
Ohio Sunlight 1 LLC, Wilmington/USA		100	0	0
Olmunite Investments sp. z o.o., Główczyce/Poland		100	-2	-3
Oranje Wind Power B.V., Geertruidenberg/Netherlands		100	0	0
Oranje Wind Power C.V., Geertruidenberg/Netherlands		100	0	0
Orcoien Energy Orcoien, S.L.U., Barasoain/Spain		100	209	-4
Owen Prairie Wind Farm, LLC, Wilmington/USA		100	0	0
Painter Energy Storage, LLC, Wilmington/USA		100	0	0
Panther Creek Solar, LLC, Wilmington/USA		100	0	0
Parc Eolien De Beg Ar C'hra SAS, Clichy/France		100	26	-2
Parc Eolien De Canny SAS, Clichy/France		100	33	-2
Parc Eolien de Dissay-sous-Courcillon SAS, Clichy/France		100		3
Parc Eolien De Foissy-Sur-Vanne SAS, Clichy/France		100	33	-2
Parc Eolien de Froidmont-cohartille SAS, Clichy/France		100		3
Parc Eolien De Ganochaud SAS, Clichy/France		100	20	-3
Parc Eolien De La Cabane Blanche SAS, Clichy/France		100	22	-3
Parc Eolien De La Croix Blanche SAS, Clichy/France		100	27	-2
Parc Eolien De La Jarrie-Audouin SAS, Clichy/France		100	33	-2
Parc Eolien De La Plaine De Beaulieu SAS, Clichy/France		100	33	-2
Parc Eolien de la Vallée de l'Eaulne SAS, Clichy/France		100	35	-2

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Parc Eolien De Langeron SAS, Clichy/France		100	21	-3
Parc Eolien de Langonnet SAS, Clichy/France		100		3
Parc Eolien De L'Avre SAS, Clichy/France		100	23	-2
Parc Eolien De Mesbrecourt-Richecourt SAS, Clichy/France		100	33	-2
Parc Eolien de Morley SAS, Clichy/France		100		3
Parc Eolien De Nuisement Et Cheniers SAS, Clichy/France		100	33	-2
Parc Eolien De Soudron SAS, Clichy/France		100	33	-2
Parc Eolien de Viam SAS, Clichy/France		100		3
Parc Eolien De Villeneuve Minervois SAS, Clichy/France		100	33	-2
Parc Eolien Des Ailes Du Gótinâis SAS, Clichy/France		100	33	-2
Parc Eolien des Baumes SAS, Clichy/France		100	35	-2
Parc Eolien des Cinq Poiriers SAS, Clichy/France		100	35	-2
Parc Eolien des Milles Vents SAS, Clichy/France		100	35	-2
Parc Eolien Des Raisinières SAS, Clichy/France		100	33	-2
Parc Eolien D'Ormesnil SAS, Clichy/France		100	33	-2
Parc Eolien Du Bocage SAS, Clichy/France		100	-91	-14
Parc Eolien Du Champ Madame SAS, Clichy/France		100	33	-2
Parc Eolien Du Chemin Vert SAS, Clichy/France		100	33	-2
Parc Eolien Du Mont Hellet SAS, Clichy/France		100	33	-2
Parc Eolien Du Mont Herbé SAS, Clichy/France		100	26	-2
Parc Eolien Du Moulin De Thiau SAS, Clichy/France		100	26	-3
Parc Eolien Du Plateau De La Chapelle-Surchésy SAS, Clichy/France		100	33	-2
Parc Eolien Du Ru Garnier SAS, Clichy/France		100	27	-2

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Parc Eolien 106 SAS, Clichy/France		100	35	-2
Parc Eolien 107 SAS, Clichy/France		100	35	-2
Parc Eolien 108 SAS, Clichy/France		100	35	-2
Parc Eolien 111 SAS, Clichy/France		100		3
Parc Eolien 112 SAS, Clichy/France		100		3
Parc Eolien 113 SAS, Clichy/France		100		3
Parc Eolien 114 SAS, Clichy/France		100		3
Parc Eolien 115 SAS, Clichy/France		100		3
Parc Solaire de Canny SAS, Clichy/France		100		3
Parc Solaire de Gannat SAS, Clichy/France		100		3
Parc Solaire de l'Echineau SAS, Clichy/France		100	35	-2
Parc Solaire de Pimorin SAS, Clichy/France		100	35	-2
Parc Solaire de Vernusse SAS, Clichy/France		100		3
Parc Solaire des Pierrieres SAS, Clichy/France		100	35	-2
Parc Solaire du Ban Saint Jean SAS, Clichy/France		100		3
Parc Ynni Cymunedol Alwen Cyfyngedig, Swindon/United Kingdom		100	0	0
Parque Eólico El Ópalo, S. de R.L. de C.V., Ciudad de México/Mexico		100		3
Pawnee Spirit Wind Farm, LLC, Wilmington/USA		100	0	0
Paz 'Éole SAS, Clichy/France		100	26	-2
Pe Ell North LLC, Chicago/USA		100	0	0
PI E&P Holding Limited, George Town/Cayman Islands		100	46,563	-5
PI E&P US Holding LLC, New York City/USA		100	45,834	-285
Pinckard Solar LLC, Wilmington/USA		100	0	0

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Pinckard Solar Member LLC, Wilmington/USA		100	0	0
Pinto Pass, LLC, Wilmington/USA		100	0	0
Pipkin Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
Prairie Creek Wind, LLC, Wilmington/USA		100		3
Proyectos Solares Iberia I, S.L., Barcelona/Spain		100	22	-5
Proyectos Solares Iberia II, S.L., Barcelona/Spain		100	26	-12
Proyectos Solares Iberia III, S.L., Barcelona/Spain		100	20	-5
Proyectos Solares Iberia IV, S.L., Barcelona/Spain		100	21	-5
Proyectos Solares Iberia V, S.L., Barcelona/Spain		100	21	-5
Pryor Caves Wind Project LLC, Chicago/USA		100	0	0
PT Rheincoal Supply & Trading Indonesia, PT, Jakarta/Indonesia		100	1,441	-157
Quartz Solar, LLC, Wilmington/USA		100		3
Quintana Fotovoltaica S.L.U., Barcelona/Spain		100	3	-5
RD Hanau GmbH, Hanau		100	0	1
R-Gen Renewables Limited, Altrincham/United Kingdom		100		3
Ribaforada Energy Ribaforada, S.L.U., Barasoain/Spain		100	212	-2
Roadrunner Crossing Wind Farm, LLC, Wilmington/USA		100	0	0
Rose Rock Wind Farm, LLC, Wilmington/USA		100	0	0
Rouget Road Solar Farm, LLC, Lake Mary/USA		100		3
RWE & Turcas Dogalgaz Ithalat ve Ihracat A.S., Istanbul/Turkey		100	535	175
RWE AUSTRALIA PTY LTD, Brisbane/Australia		100	58	14
RWE Belgium BV, Brussels/Belgium		100	1,388	0
RWE Carbon Sourcing North America, LLC, Wilmington/USA		100	0	0

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Dhabi Union Energy LLC, Abu Dhabi/United Arab Emirates		49	36	0
RWE Dils Energie NV, Hasselt/Belgium		100	0	0
RWE Eemshydrogen B.V., Geertruidenberg/Netherlands		100	0	0
RWE Energy APAC Co. Ltd., Chengdu/China		100	-99	-1,918
RWE Enerji Toptan Satis A.S., Istanbul/Turkey		100	2,118	250
RWE Gas Storage Beteiligungsverwaltungs GmbH, Essen		100	10,985	-4
RWE Hillston Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	2	235
RWE indeland Windpark Eschweiler Verwaltungs GmbH, Eschweiler		100	60	6
RWE Ingen!us Limited, Swindon/United Kingdom		100	2,660	36
RWE NSW PTY LTD, Sydney/Australia		100	51	-27
RWE Offshore Development, LLC, Wilmington/USA		100		[3]
RWE Offshore Wind A/S, Rødby/Denmark		100		[3]
RWE Offshore Wind GmbH, Essen		100	25	[1]
RWE Offshore Wind Holdings LLC, Dover/USA		100	-106	-1,065
RWE Offshore Wind Netherlands Participations I B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations II B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations III B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations IV B.V., Geertruidenberg/Netherlands		100	0	0
RWE Pensionsfonds AG, Essen	100	100	3,950	78
RWE Principal Investments UK Limited, Swindon/United Kingdom		100	84	-215
RWE Principal Investments USA, LLC, New York City/USA		100	6,759	943
RWE Renewables Australia Holdings Pty Ltd., Brisbane/Australia		100	-319	-823
RWE Renewables Chile SpA, Santiago/Chile		100	7,108	-2,036

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Renewables Deutschland GmbH, Schönefeld		100	25	1
RWE Renewables France SAS, Levallois-Perret/France		100	4,045	-437
RWE Renewables Hellas Single Member S.A., Athens/Greece		100		3
RWE Renewables Japan Holdings K.K., Tokyo/Japan		100		3
RWE Renewables Korea LLC, Seoul/South Korea		100	948	-76
RWE Renewables Land, LLC, Wilmington/USA		100		3
RWE Renewables Mexico, S. de R.L. de C.V., Ciudad de México/Mexico		100	-357	-1,572
RWE Renewables Offshore Development One GmbH, Essen		100		3
RWE Renewables Offshore Development Two GmbH, Essen		100		3
RWE Renewables Offshore HoldCo Four GmbH, Essen		100		3
RWE Renewables Services GmbH, Essen		100	25	-377
RWE Renewables Services Mexico, S. de R.L. de C.V., Ciudad de México/Mexico		100	226	-297
RWE Renewables Taiwan Ltd., Taipei City/Taiwan		100	153	-6
RWE Renewables Trident Offshore GmbH, Essen		100		3
RWE Renewables UK Spareco Limited, Swindon/United Kingdom		100	0	0
RWE Slovak Holding B.V., Geertruidenberg/Netherlands	100	100	242	158
RWE Solar Poland Sp. z o.o., Warsaw/Poland		100	-654	-514
RWE Stallingborough Limited, Swindon/United Kingdom		100	0	0
RWE Supply & Trading (India) Private Limited, Mumbai/India		100	927	55
RWE SUPPLY TRADING TURKEY ENERJI ANONIM SIRKETI, Istanbul/Turkey		100	542	36
RWE Technology International Energy Environment Engineering GmbH, Essen		100	25	1
RWE TECNOLOGIA LTDA, Rio de Janeiro/Brazil		100	94	-1
RWE THOR 1 B.V., Geertruidenberg/Netherlands		100		3

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE THOR 2 B.V., Geertruidenberg/Netherlands		100		3
RWE THOR 3 B.V., Geertruidenberg/Netherlands		100		3
RWE THOR 4 B.V., Geertruidenberg/Netherlands		100		3
RWE Trading Americas Inc., New York City/USA		100	3,010	-6,947
RWE Trading Services Limited, Swindon/United Kingdom		100	1,438	35
RWE Wind Development AS, Oslo/Norway		100	167	-31
RWE Wind Holding A/S, Rødby/Denmark		100		3
RWE Wind Norway AB, Malmö/Sweden		100	5,596	-14
RWE Wind Projects AB, Malmö/Sweden		100	5	0
RWE Wind Service Italia S.r.l., Milan/Italy		100	243	-8
RWE Wind Services Norway AS, Oslo/Norway		100	40	-124
RWE Wind Transmission AB, Malmö/Sweden		100	694	-6
RWE Windpark Bedburg A44n Verwaltungs GmbH, Bedburg		100	28	3
RWE Windpark Bedburg Verwaltungs GmbH, Bedburg		51	48	1
RWE Windpark Garzweiler Verwaltungs GmbH, Essen		100	23	-4
RWE Windpark Papenhagen GmbH & Co. KG, Hanover		100	564	-12
RWE Windpark Papenhagen Verwaltungs GmbH, Hanover		100	38	4
RWE Windparks Deutschland GmbH, Essen		100	24	1
RWEST NA Investments GmbH, Essen		100	77	-40,761
RWEST PARTICIPAÇÕES, Rio de Janeiro/Brazil		100		3
RWEST PI Bras Limited, London/United Kingdom		100	23,818	-1,837
RWEST PI FRE Holding LLC, New York City/USA		100	2	-11
SB Retrofit, LLC, Dallas/USA		100		3

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Scioto Solar LLC, Wilmington/USA		100	0	0
Seohae Offshore Wind Power Co., Ltd., Taean-gun/South Korea		100		3
Sergenite Investments sp. z o.o., Główczyce/Poland		100	-2	-3
Servanin Sp. z o.o., Warsaw/Poland		100		3
Sharco Wind sp. z o.o., Główczyce/Poland		100	0	-2
Shay Solar, LLC, Wilmington/USA		100	0	0
Snow Shoe Wind Farm, LLC, Wilmington/USA		100	0	0
Solar PV Construction Poland sp. z.o.o., Warsaw/Poland		100	-135	-41
Sparta North, LLC, Wilmington/USA		100	0	0
Sparta South, LLC, Wilmington/USA		100	0	0
Stillwater Energy Storage, LLC, Wilmington/USA		100	0	0
Storage Facility 1 Ltd., Slough/United Kingdom		100	-75	-33
Sun Data GmbH (i.L.), Kolitzheim		100	60	-7
Sunrise Energy Generation Pvt. Ltd., Mumbai/India		100	77	3
Sunrise Wind Holdings, LLC, Chicago/USA		100	0	0
Tafalla Energy Tafalla, S.L.U., Barasoain/Spain		100	212	-2
TE Portfolio Financing One, LLC, Wilmington/USA		100		3
Terrapin Hills LLC, Chicago/USA		100	0	0
Thor Wind Farm I/S, Rødby/Denmark		100		3
Three Rocks Solar, LLC, Wilmington/USA		100	0	0
Tierra Blanca Wind Farm, LLC, Wilmington/USA		100	0	0
Tika Solar, S. de R.L. de C.V., Ciudad de México/Mexico		100		3
Tipton Wind, LLC, Wilmington/USA		100	0	0

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Valverde Wind Farm, LLC, Wilmington/USA		100	0	0
VDE Komplementär GmbH, Hanover		100	13	-17
Venado Wind Farm, LLC, Wilmington/USA		100	0	0
Versuchsatomkraftwerk Kahl GmbH, Karlstein am Main		80	665	31
Vici Wind Farm II, LLC, Wilmington/USA		100	0	0
Vici Wind Farm III, LLC, Wilmington/USA		100	0	0
Vici Wind Farm, LLC, Wilmington/USA		100	0	0
Villarrobledo Desarrollo 2, S.L.U., Barasoain/Spain		100	1,185	-2
Vindkraftpark Aurvandil AB, Uppsala/Sweden		100	606	-135
Vindkraftpark Brynhild AB, Uppsala/Sweden		100	3,300	3
Vortex Energy Deutschland GmbH, Kassel		100	4,397	-265
Vortex Energy Windpark GmbH & Co. KG, Hanover		100	4,900	-2,177
VSL Primus Sp. z o.o., Warsaw/Poland		100	0	0
Walker Road Solar Farm, LLC, Lake Mary/USA		100		[3]
West Fork Solar, LLC, Wilmington/USA		100	0	0
Wildcat Wind Farm II, LLC, Wilmington/USA		100	0	0
Wildcat Wind Farm III, LLC, Wilmington/USA		100	0	0
Willowbrook Solar I, LLC, Wilmington/USA		100	0	0
Windpark Winterlingen-Alb GmbH & Co. KG, Hanover		100	3,350	-503
WIT Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
WR Graceland Solar, LLC, Wilmington/USA		100	0	0
Zielone Glówczyce Sp. z o.o., Główczyce/Poland		100	4,192	-277

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III. Joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Greater Gabbard Offshore Winds Limited, Reading/United Kingdom		50	1,090,232	102,399
N.V. Elektriciteits-Produktiemaatschappij Zuid-Nederland EPZ, Borssele/Netherlands		30	93,082	10,335

IV. Affiliated companies of joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Enzee B.V., Borssele/Netherlands		100	506	406

V. Associated companies of joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
B.V. NEA, Arnhem/Netherlands		29	74,611	1,512

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VI. Joint ventures accounted for using the equity method	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
AS 3 Beteiligungs GmbH, Essen		51[4]	31,598	1,779
AWE-Arkona-Windpark Entwicklungs-GmbH, Hamburg		50	1,073,377	138,320
Awel y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		60[4]	14,871	-473
C-Power N.V., Ostend/Belgium		27	286,106	29,287
Elevate Wind Holdco, LLC, Wilmington/USA		50	140,100	-10,341
Galloper Wind Farm Holding Company Limited, Swindon/United Kingdom		25	-30,155	46,189
Grandview Wind Farm, LLC, Wilmington/USA		50	252,278	-19,610
Gwynt y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		50	-3,679	-457
Meton Energy S.A., Athens/Greece		51[4]		[3]
RWE Venture Capital GmbH, Essen		75[4]	432	-410
Société Electrique de l'Our S.A., Luxembourg/Luxembourg		40	17,212	4,697[2]
TCP Petcoke Corporation, Dover/USA		50	33,535	2,112[2]
URANIT GmbH, Jülich		50	70,416	147,383

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VII. Associates accounted for using the equity method	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Amprion GmbH, Dortmund	25	25	2,466,400	216,600
Belectric Gulf Limited, Abu Dhabi/United Arab Emirates		49	2,655	-5,518
Bray Offshore Wind Limited, Kilkenny/Ireland		50	-107	-9
DOTI Deutsche Offshore-Testfeld- und Infrastruktur-GmbH & Co. KG, Oldenburg		26	34,574	-17,351
GNS Gesellschaft für Nuklear-Service mbH, Essen		28	33,248	11,097[2]
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim		40	140,729	6,647
Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Austria		49	969,918	109,841[2]
KELAG-Kärntner Elektrizitäts-AG, Klagenfurt/Austria		13[5]	969,067	110,063[2]
Kish Offshore Wind Limited, Kilkenny/Ireland		50	-128	-9
Magicat Holdco, LLC, Wilmington/USA		20	276,350	-14,337
Mingas-Power GmbH, Essen		40	4,881	4,212
Nysäter Wind AB, Malmö/Sweden		20	47,706	-7,188
PEARL PETROLEUM COMPANY LIMITED, Road Town/British Virgin Islands		10[6]	1,791,179	143,505
Rødsand 2 Offshore Wind Farm AB, Malmö/Sweden		20	131,320	18,235
RWE Renewables Technology Fund I GmbH & Co. KG, Dortmund		78[4]	14,619	945
Schluchseewerk Aktiengesellschaft, Laufenburg (Baden)		50	70,575	2,809
Vela Wind Holdco, LLC, Wilmington/USA		25	149,560	0
Vliegasunie B.V., De Bilt/Netherlands		75[4]	5,395	-478

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VIII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Abwasser-Gesellschaft Knapsack, Gesellschaft mit beschränkter Haftung, Hürth		33	472	242
Akita Yurihonjo Yojou Wind Energy K.K., Yurihonjo/Japan		50		3
Alfred Thiel-Gedächtnis-Unterstützungskasse GmbH, Essen		50	5,483	370
Ascent Energy LLC, Wilmington/USA		50	82,215	-8,617
Bight Wind Holdings, LLC, Wilmington/USA		70		3
CARBON Climate Protection GmbH, Langenlois/Austria		50	4,931	3,826
CARBON Egypt Ltd. (under liquidation), Cairo/Egypt		49	-2,290	-247
Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, Essen		31	1,732	1,221
DOTI Management GmbH, Oldenburg		26	120	0
Dunkerque Eoliennes En Mer SAS, Montpellier/France		32	-17	-26
Fassi Coal Pty. Ltd., Rutherford/Australia		47	-10,197	-3,030
First River Energy LLC, Denver/USA		40	-1,399	-7,197
Five Estuaries Offshore Wind Farm Limited, Swindon/United Kingdom		25	8,460	-229
Fond du Moulin SAS, Asnières-sur-Seine/France		25	-135	-39
Gemeinschaftswerk Hattingen Gesellschaft mit beschränkter Haftung, Essen		52	2,045	-403
GfS Gesellschaft für Simulatorschulung mbH, Essen		33	67	3
Kraftwerk Buer GbR, Gelsenkirchen		50	5,113	0
KSG Kraftwerks-Simulator-Gesellschaft mbH, Essen		33	666	26
KÜCKHOVENER Deponiebetrieb GmbH & Co. Kommanditgesellschaft, Bergheim		50	27	0
KÜCKHOVENER Deponiebetrieb Verwaltungs-GmbH, Bergheim		50	26	0
LDO Coal Pty. Ltd., Rutherford/Australia		47	-103	78
London Array Limited, Tunbridge Wells/United Kingdom		30	0	0
Moravske Hidroelektrane d.o.o., Belgrade/Serbia		51	4,000	-5

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VIII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Netzanbindung Tewel OHG, Cuxhaven		25	563	-25
New England Aqua Ventus, LLC, Los Angeles/USA		50	837	-515
North Falls Offshore Wind Farm HoldCo Limited, Swindon/United Kingdom		50	0	0
Parc Eolien De Sepmes SAS, Angers/France		50	37	-3
Parc Eolien Des Monts Jumeaux SAS, Paris/France		50	3	-4
Parc Eolien Du Coupru SAS, Paris/France		50	-76	-26
Parc Eolien Du Vilpion SAS, Paris/France		50	-108	-37
Q-Portal GmbH, Grevenbroich		49	2,639	114
Rampion Extension Development Limited, Swindon/United Kingdom		50	10,212	-23
Scarweather Sands Limited, Coventry/United Kingdom		50	0	0
TetraSpar Demonstrator ApS, Copenhagen/Denmark		23	3,349	-14,410
Toledo PV A.E.I.E., Madrid/Spain		33	965	635
TPG Wind Limited, Coventry/United Kingdom		50	339	753
Umspannwerk Putlitz GmbH & Co. KG, Oldenburg		25	0	-87
Versorium Energy (GP) Ltd., Calgary/Canada		48		[3]
Versorium Energy LP, Calgary/Canada		50		[3]
Walden Renewables Development LLC, New York City/USA		92	17,050	9,274
Windesco Inc, Boston/USA		21	5,187	-1,765
WINDTEST Grevenbroich GmbH, Grevenbroich		38	896	-70
WP France 15 SAS, Puteaux/France		40	-42	-18

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

IX. Other investments	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
APEP Dachfonds GmbH & Co. KG, Munich	36	36	81,373	14,880
Chrysalix Energy II U.S. Limited Partnership, Vancouver/Canada		6	17,964	1,680
Chrysalix Energy III U.S. Limited Partnership, Vancouver/Canada		5	69,375	-5,555
Energías Renovables de Ávila, S.A., Madrid/Spain		17	595	0
E.ON SE, Essen		15	10,642,800	2,113,800
Glenrothes Paper Limited, Glenrothes/United Kingdom		0	-594	0
High-Tech Gründerfonds II GmbH & Co. KG, Bonn		1	107,586	0
HOCHTEMPERATUR-KERNKRAFTWERK Gesellschaft mit beschränkter Haftung (HKG) Gemeinsames Europäisches Unternehmen, Hamm		31	0	0
Nordsee One GmbH, Oststeinbek		15	69,649	44,956
Nordsee Three GmbH, Oststeinbek		15	68	-4
Nordsee Two GmbH, Oststeinbek		15	67	-4
OPPENHEIM PRIVATE EQUITY Institutionelle Anleger GmbH & Co. KG, Cologne	29	29	0	-159
Parque Eólico Cassiopea, S.L., Oviedo/Spain		10	82	0
Parque Eólico Escorpio, S.A., Oviedo/Spain		10	2,392	0
Parque Eólico Leo, S.L., Oviedo/Spain		10	316	0
PEAG Holding GmbH, Dortmund	12	12	19,636	1,693
Promocion y Gestion Cáncer, S.L., Oviedo/Spain		10	95	0
SET Fund II C.V., Amsterdam/Netherlands		6	21,877	-2,423
Stem Inc., Milbrae/USA		4	4,415	-95,326

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

IX. Other investments	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Sustainable Energy Technology Fund C.V., Amsterdam/Netherlands		48	18,947	-4,185
Technologiezentrum Jülich GmbH, Jülich		5	2,147	191
Transport- und Frischbeton-Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Aachen, Aachen		17	390	122
Trinkaus Secondary GmbH & Co. KGaA, Düsseldorf	43	43	1,000	-25
Umspannwerk Lübz GbR, Lübz		18	41	13
Versorgungskasse Energie (VVaG) i.L., Hanover		0	51,729	0
Versorium Energy Ltd., Calgary/Canada		15	-309	-117

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Additions to affiliated companies included in the consolidated financial statements			
Panther Creek Three Class B, LLC, Wilmington/USA	100		100
Panther Creek Three Holdco, LLC, Wilmington/USA	100		100
Rampion Offshore Wind Limited, Coventry/United Kingdom	50		50
RWE Generation Service GmbH, Essen	100		100
RWE Renewables Offshore HoldCo One GmbH, Essen	100		100
RWE Renewables Offshore HoldCo Three GmbH, Essen	100		100
RWE Renewables Offshore HoldCo Two GmbH, Essen	100		100
RWE Renewables UK Dogger Bank South One Limited, Swindon/United Kingdom	100		100
RWE Renewables UK Dogger Bank South Two Limited, Swindon/United Kingdom	100		100
Solarengo Portugal, SGPS, Unipessoal Lda., Cascais/Portugal	100		100
Additions to joint ventures accounted for using the equity method	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Meton Energy S.A., Athens/Greece	51[1]		51
Change of joint ventures accounted for using the equity method into affiliated companies included in the consolidated financial statements	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Rampion Renewables Limited, Coventry/United Kingdom	100	60[1]	40
Change of affiliated companies included in the consolidated financial statements into associated companies accounted for using the equity method			
Vela Wind Holdco, LLC, Wilmington/USA	25	100	-75

1 No control by virtue of company contract.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Disposal of affiliated companies included in the consolidated financial statements			
Belectric France S.à.r.l., Vendres/France		100	-100
BELECTRIC GmbH, Kolitzheim		100	-100
Belectric Israel Ltd., Be'er Sheva/Israel		100	-100
Belectric Italia s.r.l., Latina/Italy		100	-100
Belectric Solar Ltd., Slough/United Kingdom		100	-100
Centrale Hydroelectrique d'Oussiat S.A.S., Paris/France		100	-100
Cranell Holdco, LLC, Wilmington/USA		100	-100
Cranell Wind Farm, LLC, Wilmington/USA		100	-100
Energies Charentus S.A.S., Paris/France		100	-100
Energies France S.A.S., Paris/France		100	-100
Energies Maintenance S.A.S., Paris/France		100	-100
Energies Saint Remy S.A.S., Paris/France		100	-100
Energies VAR 1 S.A.S., Paris/France		100	-100
Energies VAR 3 S.A.S., Paris/France		100	-100
Glen Kyllachy Wind Farm Limited, Swindon/United Kingdom		100	-100
Inversiones Belectric Chile LTDA, Santiago de Chile/Chile		100	-100
INVESTERG - Investimentos em Energias, Sociedade Gestora de Participações Sociais, Lda., São João do Estoril/Portugal		100	-100
LUSITERG – Gestão e Produção Energética, Lda., São João do Estoril/Portugal		74	-74
Raymond Holdco, LLC, Wilmington/USA		100	-100
Raymond Wind Farm, LLC, Wilmington/USA		100	-100
SAS Île de France S.A.S., Paris/France		100	-100
Stella Holdco, LLC, Wilmington/USA		100	-100
Stella Wind Farm, LLC, Wilmington/USA		100	-100
West Raymond Holdco, LLC, Wilmington/USA		100	-100
West Raymond Wind Farm, LLC, Wilmington/USA		100	-100

Changes in shareholding with change of control	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Disposal of associated companies accounted for using the equity method			
ATBERG – Eólicas do Alto Tâmega e Barroso, Lda., Ribeira de Pena/Portugal		40	- 40
HIDROERG – Projectos Energéticos, Lda., Lisbon/Portugal		32	- 32

Changes in shareholding without change of control	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Affiliated companies which are included in the consolidated financial statements			
Parc Eolien Les Pierrots SAS, Clichy/France	60	100	- 40
RWE Windpark Bedburg A44n GmbH & Co. KG, Bedburg	51	100	- 49

4.8 Boards (part of the Notes)

As of 3 March 2022

Supervisory Board

Dr. Werner Brandt
Bad Homburg
Chairman
Chairman of the Supervisory Board of ProSiebenSat.1 Media SE
Year of birth: 1954
Member since 18 April 2013
End of term: 2025

Other appointments:
- ProSiebenSat.1 Media SE[1] until 5 May 2022 (Chairman)
- Siemens AG[1]

Frank Bsirske[2]
Isernhagen
Deputy Chairman until 15 September 2021
Former Chairman of ver.di - Vereinte Dienstleistungsgewerkschaft
Year of birth: 1952
Member from 9 January 2001 to 15 September 2021

Other appointments:
- Deutsche Bank AG[1]

Ralf Sikorski[2]
Hanover
Deputy Chairman since 21 September 2021
Deputy Chairman of IG Bergbau, Chemie, Energie
Year of birth: 1961
Member since 1 July 2014
End of term: 2026

Other appointments:
- CHEMIE Pensionsfonds AG
- Lanxess AG[1]
- Lanxess Deutschland GmbH
- RAG AG
- RWE Generation SE[3]
- RWE Power AG[3]
- KSBG Kommunale Verwaltungsgesellschaft GmbH

Michael Bochinsky[2]
Grevenbroich
Deputy Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 1 August 2018
End of term: 2026

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Sandra Bossemeyer[2]
Duisburg
Chairwoman of the Works Council of RWE AG
Representative of the disabled
Year of birth: 1965
Member since 20 April 2016
End of term: 2026

Martin Bröker[2]
Bochum
Head of Corporate IT & SAP at RWE AG
Year of birth: 1966
Member from 1 September 2018 to 15 September 2021

Dr. Hans Friedrich Bünting
Mülheim an der Ruhr
Independent Corporate Consultant
Year of birth: 1964
Member since 28 April 2021
End of term: 2025

Anja Dubbert[2]
Essen
Business Development Manager
Member of the Works Council of RWE Supply & Trading GmbH
Year of birth: 1979
Member from 27 September 2019 to 15 September 2021

Matthias Dürbaum[2]
Heimbach
Chairman of the Works Council of the Hambach Opencast Mine, RWE Power AG
Year of birth: 1987
Member since 30 September 2019
End of term: 2026

Ute Gerbaulet
Düsseldorf
General Partner at Dr. August Oetker KG
Year of birth: 1968
Member since 27 April 2017
End of term: 2024

Other appointments:
• Flaschenpost SE
- Dr. August Oetker Nahrungsmittel KG (Chairwoman)
- OEDIV Oetker Daten- und Informationsverarbeitung KG (Chairwoman)
- Oetker Digital GmbH (Chairwoman)
- Radeberger Gruppe KG
- NRW.Bank AöR

Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel
Essen
Former Chairman of the Executive Board of HOCHTIEF AG
Independent Corporate Consultant
Year of birth: 1947
Member since 18 April 2013
End of term: 2024

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Mag. Dr. h.c. Monika Kircher
Krumpendorf, Austria
Independent Corporate Consultant
Year of birth: 1957
Member since 15 October 2016
End of term: 2025

Other appointments:
- Andritz AG[1]
- Kärntner Energieholding Beteiligungs GmbH (Chairwoman)
- KELAG-Kärntner Elektrizitäts AG
- Siemens AG Austria

Thomas Kufen
Essen
Mayor of the City of Essen
Year of birth: 1973
Court-appointed Member since 18 October 2021[4]

Other appointments:
• Essener Versorgungs- und Verkehrsgesellschaft mbH (EVV) (Chairman)
• Stadtwerke Essen AG (Chairman)
- Advisory Board, Sparkasse Essen (Chairman)
- RAG Foundation (Member of the Board of Trustees)

Reiner van Limbeck[2]
Dinslaken
Chairman of the Works Council of the Essen Headquarters, RWE Generation SE and RWE Technology International GmbH
Year of birth: 1965
Member since 15 September 2021
End of term: 2026

Other appointments:
• RWE Generation SE[3]

Harald Louis[2]
Jülich
Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 20 April 2016
End of term: 2026

Other appointments:
• RWE Power AG[3]

Dagmar Mühlenfeld
Mülheim an der Ruhr
Former Mayor of the City of Mülheim an der Ruhr
Managing Director of JUNI gGmbH (Junior-Uni Ruhr)
Year of birth: 1951
Member from 4 January 2005 to 28 April 2021

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- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.
4 The AGM on 28 April 2022 will decide on Mr. Kufen's appointment to the Supervisory Board.

Peter Ottmann
Nettetal
Former Managing Director of Verband der kommunalen RWE-Aktionäre GmbH
Attorney
Former Chief Administrative Officer of Viersen County
Year of birth: 1951
Member from 20 April 2016 to 28 April 2021

Dagmar Paasch[2]
Solingen
Head of NRW Supply and Waste Management Division at ver.di Dienstleistungsgewerkschaft
Year of birth: 1974
Member from 15 September 2021
End of term: 2026

Other appointments:
• RWE Generation SE[3]

Günther Schartz
Wincheringen
Former Chief Administrative Officer of the District of Trier-Saarburg
Year of birth: 1962
Member from 20 April 2016 to 30 September 2021

Dr. Erhard Schipporeit
Hanover
Independent Corporate Consultant
Year of birth: 1949
Member since 20 April 2016
End of term: 2024

Other appointments:
• BDO AG Wirtschaftsprüfungsgesellschaft
• Hannover Rück SE[1]
• HDI Haftpflichtverband der Deutschen Industrie VVaG
• Talanx AG[1]

Dr. Wolfgang Schüssel
Vienna, Austria
Former Federal Chancellor of the Republic of Austria
Year of birth: 1945
Member from 1 March 2010 to 28 April 2021

Other appointments:
- Adenauer Stiftung (Chairman of the Board of Trustees)
- PJSC LUKOIL[1]

Dirk Schuhmacher[2]
Rommerskirchen
Chairman of the HW Grefrath Works Council, RWE Power AG
Year of birth: 1970
Member since 15 September 2021
End of term: 2026

Ullrich Sierau
Dortmund
Independent Consultant for Companies, Administrations, Political Parties and Civil Society Initiatives
Year of birth: 1956
Member since 20 April 2011
End of term: 2024

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- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Hauke Stars
Königstein
Member of the Executive Board of Volkswagen AG
Year of birth: 1967
Member since 28 April 2021
End of term: 2025

Other appointments:
• Audi AG
• CARIAD SE
- Kühne + Nagel International AG

Helle Valentin
Birkeroed, Denmark
Managing Partner, IBM Consulting EMEA, IBM Corporation
Year of birth: 1967
Member since 28 April 2021
End of term: 2025

Other appointments:
- PFA Holding A / S, Denmark until 7 March 2022
- PFA Pension, Forsikringsaktieselskab, Denmark until 7 March 2022
- IBM Danmark ApS, Denmark

Dr. Andreas Wagner[2]
Grevenbroich
Head of Drilling and Water Management, RWE Power AG
Year of birth: 1967
Member since 15 September 2021
End of term: 2026

Marion Weckes[2]
Dormagen
Officer of the Group Works Council of GEA Group AG
Year of birth: 1975
Member since 20 April 2016
End of term: 2026

Leonhard Zubrowski[2]
Lippetal
Chairman of the Group Works Council of RWE AG
Year of birth: 1961
Member from 1 July 2014 to 15 September 2021

Other appointments:
• RWE Generation SE[3]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Supervisory Board Committees

Executive Committee of the Supervisory Board
Dr. Werner Brandt (Chairman)
Ute Gerbaulet
Prof. Dr. Hans-Peter Keitel
Reiner van Limbeck
Dirk Schuhmacher
Ralf Sikorski

Mediation Committee in accordance with Section 27, Paragraph 3 of the German Co-Determination Act
Dr. Werner Brandt (Chairman)
Thomas Kufen
Ralf Sikorski
Marion Weckes

Personnel Affairs Committee
Dr. Werner Brandt (Chairman)
Sandra Bossemeyer
Dr. Hans Friedrich Bünting
Harald Louis
Ralf Sikorski
Hauke Stars

Audit Committee
Dr. Erhard Schipporeit (Chairman)
Michael Bochinsky
Matthias Dürbaum
Mag. Dr. h.c. Monika Kircher
Dagmar Paasch
Ullrich Sierau

Nomination Committee
Dr. Werner Brandt (Chairman)
Prof. Dr. Hans-Peter Keitel
Hauke Stars

Strategy and Sustainability Committee
Dr. Werner Brandt (Chairman)
Michael Bochinsky
Dr. Hans Friedrich Bünting
Prof. Dr. Hans-Peter Keitel
Harald Louis
Dagmar Paasch
Ralf Sikorski
Helle Valentin

Executive Board

Dr. Markus Krebber
Chief Executive Officer since 1 May 2021
Member of the Executive Board of RWE AG since 1 October 2016, appointed until 30 June 2026
Chief Financial Officer to 30 April 2021

Offices:
- Group Communications & Public Affairs
- Energy Transition & Regulatory Affairs
- Legal, Compliance & Insurance
- Mergers & Acquisitions
- Strategy & Sustainability
- Corporate Transformation

Other appointments:
- RWE Generation SE[2] (Chairman)
- RWE Power AG[2]
- RWE Renewables GmbH[2] (Chairman)
- RWE Supply & Trading GmbH[2]

Dr. Michael Müller
Chief Financial Officer since 1 May 2021
Member of the Executive Board of RWE AG since 1 November 2020, appointed until 31 October 2023
Managing Director and CFO of RWE Supply & Trading GmbH from 1 September 2016 to 30 April 2021 (posts held concurrently from 1 November 2020 to 30 April 2021)

Offices:
- Accounting
- Controlling & Risk Management
- Finance & Credit Risk
- Investor Relations
- Tax

Other appointments:
- Amprion GmbH
- RWE Generation SE[2]
- RWE Power AG[2]
- RWE Renewables GmbH[2]
- RWE Supply & Trading GmbH[2] (Chairman)

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Office within the Group.

Zvezdana Seeger
Chief HR Officer and Labour Director since 1 November 2020
Member of the Executive Board of RWE AG since 1 November 2020, appointed until 31 October 2023

Offices:
- HR Services & Analytics
- Employee Relations
- People Management & Talent Attraction
- Group Information Technology
- Internal Audit & Security

Other appointments:
- Deutsche Kreditbank AG
- RWE Generation SE[2]
- RWE Pensionsfonds AG[2] (Chairwoman)
- RWE Power AG[2] (Chairwoman)
- RWE Supply & Trading GmbH[2]
- \- Kärntner Energieholding Beteilgungs GmbH
- \- KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

Dr. Rolf Martin Schmitz
Chief Executive Officer of RWE AG from 15 October 2016 to 30 April 2021
Member of the Executive Board of RWE AG from 1 May 2009 to 30 April 2021
Labour Director of RWE AG from 1 May 2017 to 31 October 2020

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
\- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Office within the Group.

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3a HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

4.9 Independent auditor's report

To RWE Aktiengesellschaft, Essen

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of RWE Aktiengesellschaft, Essen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of RWE Aktiengesellschaft, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537 / 2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit

Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Recoverability of goodwill
❷ Recoverability in the „Coal / Nuclear" segment

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ Recoverability of goodwill

① In the consolidated financial statements of RWE Aktiengesellschaft, goodwill amounting to €2.7 billion (1.9 % of consolidated total assets; previous year: €2.7 billion, or 4.4 % of consolidated total assets) is reported under the balance sheet item "Intangible assets". Goodwill is tested for impairment annually or when there are indications of impairment, to determine any possible need for write-downs. The carrying amounts of the relevant cash-generating units, including goodwill, are compared with the corresponding recoverable amounts in the context of the impairment tests. The recoverable amount is generally calculated on the basis of fair value less costs of disposal. The impairment tests are performed at the level of the cash-generating units or groups of cash-generating units to which the respective goodwill is allocated. The measurements to calculate the fair value less costs of disposal carried out for the purposes of the impairment tests are based on the present values of the future cash flows generally derived from the planning projections for the next three years (medium-term plan) prepared by the executive directors and acknowledged by the supervisory board. Expectations relating to future market developments and country-specific assumptions about the performance of macroeconomic indicators are also taken into account. Present values are calculated using discounted cash flow models. The discount rate applied is the weighted average cost of capital for the relevant cash-generating unit. The impairment test determined that no write-downs were necessary. The outcome of these valuations is dependent to a large extent on the estimates made by the executive directors of the future cash inflows of the cash-generating units, and on the respective discount rates, rates of growth and other assumptions employed. The measurement is therefore subject to considerable uncertainty. Against this background and due to the underlying complexity of the measurement, this matter was of particular significance in the context of our audit.

② As part of our audit, we, among other things, evaluated the method used for performing impairment tests and assessed the calculation of the weighted average cost of capital. In addition, we assessed whether the future cash inflows underlying the measurements together with the weighted cost of capital used represent an appropriate basis for the impairment tests overall. We evaluated the appropriateness of the future cash inflows used in the calculations, among other things, by comparing this data with the Group's medium-term plan and by reconciling it against general and sector-specific market expectations. In this context, we also assessed whether the costs of Group functions were properly included in the respective cash-generating unit. With the knowledge that even relatively small changes in the discount rate applied can have material effects on the fair values less costs of disposal calculated in this way, we also focused our assessment on the parameters used to determine the discount rate applied, and evaluated the measurement model. Furthermore, we evaluated the sensitivity analyses performed by the Company in order to assess any impairment risk (carrying amount higher than recoverable amount) in the event of a reasonably possible change in a material assumption underlying the measurement. Overall, the measurement parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures relating to goodwill are contained in the notes to the financial statements in section "Notes to the Balance Sheet" in note "(10) Intangible assets".

❷ Recoverability in the „Coal / Nuclear" segment

① In the consolidated financial statements of RWE Aktiengesellschaft open cast mines (hereinafter referred to as "property, plant and equipment") in the "Coal / Nuclear" segment amounting to €0.9 billion were impaired due to the significant deterioration on market conditions stemming from regulatory climate protection measures. The recoverability of property, plant and equipment was tested on the basis of their fair values less costs of disposal that exceed their values in use. The fair values of the respective property, plant and equipment are determined by the Company as the present value of the future cash flows using discounted cash flow models. The budget projections for the coming three years (medium-term planning) prepared by the executive directors and acknowledged by the supervisory board are used as a basis and extrapolated on the basis of long-term assumptions with regard to electricity, coal, natural gas and CO_2 certificate prices as well as the planned service lives. The outcome of these valuations is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the discount rates, rates of growth and other assumptions employed. The measurement is therefore subject to considerable uncertainties, so that this matter was of particular significance in the context of our audit.

② As part of our audit, we, among other things, evaluated the method used for testing the recoverability of property, plant and equipment and assessed the calculation of the weighted average cost of capital. In addition, we assessed whether the future cash inflows underlying the measurements together with the weighted cost of capital used represent an appropriate basis for testing recoverability overall. We assessed the appropriateness of the future cash inflows used in the measurement by, inter alia, comparing this data with the medium-term planning and reconciling it against general and sector-specific market expectations with regard to electricity, coal, natural gas and CO_2 certificate prices and the planned service lives. Furthermore, on the basis of the medium-term planning, we assessed the recoverability of the property, plant and equipment based on the evidence provided to us. With the knowledge that even relatively small changes in the discount rate applied can have material effects on the fair values calculated in this way, we also focused our assessment on the parameters used to determine the discount rate applied, and evaluated the measurement model. Overall, the measurement parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures relating to impairments of property, plant and equipment are contained in the notes to the financial statements in section "Notes to the Income Statement" in note "(5) Depreciation, amortization and impairment losses".

Other Information

The executive directors are responsible for the other information.

The other information comprises

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the separate non-financial group report pursuant to § 315b Abs. 3 HGB
- the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file RWE_AG_KA_KLB_ESEF_2021-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2021, contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i. e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019 / 815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019 / 815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on April 28, 2021. We were engaged by the supervisory board on April 28, 2021. We have been the group auditor of RWE Aktiengesellschaft, Essen without interruption since the financial year 2001.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Aissata Touré.

Essen, March 4, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Markus Dittmann) Wirtschaftsprüfer (German Public Auditor)	(sgd. Aissata Touré) Wirtschaftsprüferin (German Public Auditor)

4.10 Information on the auditor

The consolidated financial statements of RWE AG and its subsidiaries for the 2021 fiscal year – consisting of the Group balance sheet, Group income statement and statement of comprehensive income, Group statement of changes in equity, Group cash flow statement and Group notes to the financial statements – were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

The auditor at PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft responsible for RWE is Ms. Aissata Touré. Ms. Touré performed this function for the first time.

5

Further information

"The most beautiful aspect of recultivation is experiencing nature reborn in all its diversity."

Gregor Eßer, Director of the Recultivation Research Centre, RWE Power

5.1 Five-year overview

Five-year overview of the RWE Group[1]		2021	2020	2019	2018	2017
External revenue (excluding natural gas tax / electricity tax)	€ million	24,526	13,688	13,125	13,406	13,822
Adjusted EBITDA	€ million	3,650	3,286	2,489	1,538	2,149
Adjusted EBIT	€ million	2,185	1,823	1,267	619	1,170
Income before tax	€ million	1,522	1,265	-752	49	2,056
Net income / RWE AG shareholders' share in income	€ million	721	1,051	8,498	335	1,900
Earnings per share	€	1.07	1.65	13.82	0.54	3.09
Cash flows from operating activities of continuing operations	€ million	7,274	4,125	-977	4,611	-3,771
Free cash flow	€ million	4,562	1,132	-2,053	3,439	-4,439
Non-current assets	€ million	38,863	34,418	35,768	18,595	45,694
Current assets	€ million	103,446	27,224	28,241	61,513	23,365
Balance sheet equity	€ million	16,996	17,706	17,467	14,257	11,991
Non-current liabilities	€ million	28,306	27,435	26,937	20,007	36,774
Current liabilities	€ million	97,007	16,501	19,605	45,844	20,294
Balance sheet total	€ million	142,309	61,642	64,009	80,108	69,059
Equity ratio	%	11.9	28.7	27.3	17.8	17.4
Net assets (+) / net debt (–)	€ million	360	-4,432	-7,159	-19,339	-20,227
Workforce at the end of the year[2]		18,246	19,498	19,792	17,748	59,547
CO_2 emissions of our power stations	million metric tons	80.9	67.0	88.1	118.0	131.8

1 The comparability of some of the figures for various fiscal years is limited due to changes in reporting.
2 Converted to full-time positions.

5.2 Imprint

RWE Aktiengesellschaft
RWE Platz 1
45141 Essen
Germany

Phone +49 201 5179-0
Fax +49 201 5179-5299
E-mail contact@rwe.com

Investor Relations
Phone +49 201 5179-5619
Fax +49 201 5179-420042
Internet www.rwe.com/ir
E-mail invest@rwe.com

Corporate Communications
Phone +49 201 5179-5009
E-mail communications@rwe.com

For annual reports, interim reports, interim statements and further information on RWE, please visit us online at www.rwe.com/en.

RWE is a member of DIRK – the German Investor Relations Association.

This document was published on 15 March 2022. It is a translation of the German annual report. The consolidated financial statements and the review of operations are also published in the German Federal Gazette. These are the definitive versions.

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André Laaks, Essen, Germany
RWE Mediendatenbank

Financial calendar 2022 / 2023

28 April 2022	Virtual Annual General Meeting
29 April 2022	Ex-dividend date
03 May 2022	Dividend payment
12 May 2022	Interim statement on the first quarter of 2022
11 August 2022	Interim report on the first half of 2022
10 November 2022	Interim statement on the first three quarters of 2022
21 March 2023	Annual report for fiscal 2022
04 May 2023	Annual General Meeting
05 May 2023	Ex-dividend date
09 May 2023	Dividend payment
11 May 2023	Interim statement on the first quarter of 2023
10 August 2023	Interim report on the first half of 2023
14 November 2023	Interim statement on the first three quarters of 2023

The Annual General Meeting and all events concerning the publication of our financial reports are broadcast live on the internet and recorded. We will keep recordings on our website for at least twelve months.

7-8 Audited Financial Statement 2019 RWE AG

Financial Statements of RWE AG 2019

Financial Statements of RWE AG

The financial statements and review of operations of RWE AG for the 2019 fiscal year are submitted electronically to Bundesanzeiger Verlag GmbH, Cologne, Germany, the operator of the Bundesanzeiger (Federal Gazette), and published in the Bundesanzeiger. The review of operations of RWE AG has been combined with the review of operations of the RWE Group and is published in our annual report on pages 27 to 95.

Balance Sheet at 31 December 2019

Assets € million	(Notes)	31 Dec 2019	31 Dec 2018
Non-current assets	(1)		
Financial assets		**20,628**	**25,166**
Current assets			
Accounts receivable and other assets	(2)		
Accounts receivable from affiliated companies		10,233	3,669
Other assets		6,054	476
Marketable securities	(3)	485	1,906
Cash and cash equivalents	(4)	2,444	2,958
		19,216	**9,009**
Prepaid expenses	(5)	**2**	**3**
		39,846	**34,178**

Equity and liabilities € million	(Notes)	31 Dec 2019	31 Dec 2018
Equity	(7)		
Subscribed capital			
Common shares		1,574	1,474
Preferred shares			100
		1,574	1,574
Capital reserve		2,385	2,385
Retained earnings			
Other retained earnings		1,287	1,265
Distributable profit		492	430
		5,738	**5,654**
Provisions	(8)		
Provisions for pensions and similar obligations		720	691
Provisions for taxes		1,040	1,487
Other provisions		477	522
		2,237	**2,700**
Liabilities	(9)		
Bonds		1,122	2,144
Bank debt		599	286
Trade accounts payable		36	11
Accounts payable to affiliated companies		29,213	23,169
Other liabilities		901	214
		31,871	**25,824**
		39,846	**34,178**

Income Statement for the period from 1 January to 31 December 2019

€ million	(Notes)	2019	2018
Net income from financial assets	(13)	1,758	1,091
Net interest	(14)	31	-391
Other operating income	(15)	108	86
Staff costs	(16)	-63	-51
Other operating expenses	(17)	-1,595	-262
Taxes on income	(18)	275	-1
Income after taxes		**514**	**472**
Net income		**514**	**472**
Profit carryforward from the previous year		0	0
Transfer to other retained earnings		-22	-42
Distributable profit		**492**	**430**

0 = Small amount.

Notes at 31 December 2019

Basis of presentation

RWE Aktiengesellschaft (RWE AG), headquartered in Essen, Germany, is entered in the Commercial Register B of the District Court of Essen under HRB 14525. The financial statements have been prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Individual balance sheet and income statement items have been combined in order to improve the clarity of the presentation. Furthermore, the order of the items on the income statement has been adjusted. These items are stated and explained separately in the notes to the financial statements. The income statement has been prepared using the nature of expense method. The financial statements have been prepared in euros (€) and amounts are stated in millions of euros (€ million).

The transaction agreed with E.ON SE in March 2018 was largely implemented in the fiscal year. Within the scope of this transaction, the stake in innogy SE, Essen was sold by GBV Vierunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen. In exchange, nearly the entire renewable energy business of E.ON SE and innogy SE will be acquired by companies affiliated with RWE AG.

Accounting policies

Investments in affiliated companies and investments are stated at cost or at lower fair values.

Long-term securities are valued at cost or lower market value.

Loans and employer loans are accounted for at nominal value or at lower fair value.

Cash and cash equivalents, accounts receivable and other assets are disclosed at nominal value after deducting required valuation allowances. All identifiable individual risks are taken into account. Non-interest-bearing accounts receivable for other assets are discounted to their present value. Current securities are valued at cost or lower market value. Expenses incurred prior to the balance-sheet date are reported under prepaid expenses if they represent expenses for a certain period thereafter.

Within the framework of the corporate and trade tax group, all deferred taxes of the group are attributable to RWE AG as the parent company and hence as the entity liable to pay tax, insofar as continued existence of the group is expected. The capitalisation option pursuant to Sec. 274, Para. 1, Sent. 2 of HGB is not exercised, as a result of which a surplus of deferred tax assets is not reflected in the accounts.

Provisions are recognised at the settlement amount dictated by prudent business judgement.

Provisions for pensions and similar obligations are based on actuarial computations using Klaus Heubeck's 2018G reference tables – which take into account generation-dependent life expectancies – applying the projected unit credit method. They are discounted using the average market interest rate of the last ten years published by the German Central Bank based on an assumed remaining term of 15 years. In December 2019, this interest rate amounted to 2.71 % (previous year: 3.21 %). The extension of the reference period for determining the average market interest rate from seven years to ten years in 2016 results in a difference of €377 million as of the balance-sheet date.

In respect of other calculation assumptions, annual wage and salary increases of 2.35 % (previous year: 2.35 %), pension increases (depending on the pension scheme) of 1.0 %, 1.60 % and 1.75 % (previous year: 1.0 %, 1.60 % and 1.75 %) and company-specific fluctuation assumptions were considered. Insofar as there are assets used to fund the obligation pursuant to Sec. 246, Para. 2 of HGB, the provision derives from the balance of the actuarial present value of the obligations and the fair value of the assets used to fund the obligation; the fair value essentially corresponds to the market value of the assets used to fund the obligation. After netting, the impact of changes in the discount rate, changes in the fair value of the assets used to fund the obligation and ongoing returns on the assets used to fund the obligation are reported in net interest.

Measurement of provisions for service anniversary obligations and for pre-retirement part-time employment occurs on the basis of actuarial principles, using an interest rate of 1.97 % (previous year: 2.32 %) and 0.72 % (previous year: 0.97 %), respectively.

All identifiable risks, uncertain liabilities and anticipated losses from pending business transactions are taken into account in the assessment of other provisions.

Liabilities are valued at settlement amounts.

Revenues for the fiscal year which comprise income after the balance-sheet date are reported as deferred income.

Contingent liabilities are valued according to the extent of liability existing as of the balance-sheet date.

Insofar as possible, valuation units pursuant to Sec. 254 of HGB are formed.

Foreign currency transactions are recognised at the exchange rate prevailing at the time of first entry or – when hedged – at the forward rate. Receivables and liabilities which are not hedged are measured at the exchange rate as at the balance-sheet date, taking into account the imparity principle for maturities over one year.

Notes to the Balance Sheet

(1) Non-current assets

An analysis and description of the movements of non-current assets summarised in the balance sheet during the year under review is presented in the following:

Roll-forward of non-current assets € million	Cost				Accumulated amortisation				Carrying amounts	
	Balance at 1 Jan 2019	Additions	Disposals	Balance at 31 Dec 2019	Balance at 1 Jan 2019	Write-backs	Amorti-sation	Balance at 31 Dec 2019	Balance at 31 Dec 2018	Balance at 31 Dec 2019
Financial assets										
Shares in affiliated companies	18,876	704	3,720	15,860	233	233	119	119	18,643	15,741
Loans to affiliated companies	4,488		1,884	2,604					4,488	2,604
Investments	264			264					264	264
Long-term securities	2,029	87		2,116	258	161		97	1,771	2,019
Other loans	0	0	0	0					0	0
	25,657	**791**	**5,604**	**20,844**	**491**	**394**	**119**	**216**	**25,166**	**20,628**

0 = Small amount.

The additions to shares in affiliated companies relate to RWE Slovak Holding B.V., Geertruidenberg/Netherlands.

The disposals associated with shares in affiliated companies primarily relate to a capital decrease at BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen.

The disposals in connection with loans to affiliated companies result from the transfer of loans to innogy SE, Essen, to E.ON SE, Essen, and from repayments by GBV Vierunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen, and RWE Generation SE, Essen.

Long-term securities consist exclusively of shares in investment funds.

Information on shareholdings pursuant to Sec. 285, No. 11 and No. 11a of HGB is presented on pages 19 to 49.

(2) Accounts receivable and other assets

€ million	31 Dec 2019	Of which: RT[1] > 1 year	31 Dec 2018	Of which: RT[1] > 1 year
Accounts receivable from affiliated companies	10,233	165	3,669	750
Other assets	6,054	264	476	246
	16,287	**429**	**4,145**	**996**

[1] RT = remaining term.

Accounts receivable from affiliated companies include claims arising from loans, tax group accounting settlements and ongoing clearing transactions.

The addition to accounts receivable from affiliated companies is largely due to the financing of the acquisition of the renewable energy business of E.ON SE, Essen, by companies affiliated with RWE AG.

Other assets primarily include the right to the transfer of assets from E.ON SE, Essen, in the amount of €5.7 billion in connection with the acquisition of the renewable energy business, the gas storage business and the stake in the Austrian power utility Kelag from innogy SE, Essen. These assets are to be acquired by RWE Group companies over the course of the coming year. Furthermore, other assets consist of tax refund claims, claims from cash collateral provided, interest accruals and interest receivables.

(3) Marketable securities

Other marketable securities relate to money market funds from the investment of cash and cash equivalents.

(4) Cash and cash equivalents

Cash and cash equivalents relate exclusively to bank balances.

(5) Prepaid expenses

Prepaid expenses primarily consist of discounts.

(6) Deferred tax assets

€ million	**31 Dec 2019**		**31 Dec 2018**	
Item	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Assets				
Non-current assets	842	115	698	63
Current assets, miscellaneous	568	797	789	
Liabilities				
Exceptional items	9	30	15	38
Provisions	2,219	7	1,510	7
Liabilities, miscellaneous	375	37	2	37
Total	4,013	986	3,014	145
Balance	-986		-145	
Net asset position	**3,027**		**2,869**	

The measurement of deferred taxes is based on a company-specific tax rate of 32.6 %.

(7) Equity

Changes in equity € million	Balance at 31 Dec 2018	Reduced proceeds of granted employee shares	Dividend payments	Net income	Balance at 31 Dec 2019
Subscribed capital	1,574				1,574
Capital reserve	2,385				2,385
Retained earnings					
Other retained earnings	1,265	0		22	1,287
Distributable profit	430		-430	492	492
	5,654	**0**	**-430**	**514**	**5,738**

0 = Small amount.

RWE AG's subscribed capital amounts to €1,573,748,477.44 and consists of 614,745,499 no-par-value common shares in the name of the bearer with 614,745,499 voting rights. After the non-voting preferred shares were converted to voting common shares per a resolution of the Annual General Meeting on 3 May 2019 to amend the Articles of Incorporation accordingly and with the approval of the holders of both common and preferred shares, the common shares account for 100% of the subscribed capital. The amendment to the Articles of Incorporation went into effect upon its entry into the Commercial Register on 28 June 2019, eliminating the special class of preferred shares.

The imputed value per share amounts to €2.56.

Pursuant to a resolution passed by the Annual General Meeting on 26 April 2018, the Executive Board was authorised until 25 April 2023 to increase the company's capital stock with the approval of the Supervisory Board by up to €314,749,693.44 through the issuance of up to 122,949,099 bearer common shares in exchange for contributions in cash and/or in kind (authorised capital). Shareholders' subscription rights can be excluded in certain cases with the approval of the Supervisory Board.

Pursuant to a resolution passed by the Annual General Meeting on 26 April 2018, the Company was authorised until 25 April 2023 to acquire shares of the Company of any kind up to a volume of 10 % of the capital stock at the time when the resolution on this authorisation was passed, or if the following is lower, at the time when this authorisation is exercised. Based on the authorisation, the Executive Board is also authorised to cancel treasury shares without a further resolution by the Annual General Meeting. Moreover, the Executive Board is authorised to transfer or sell such shares to third parties under certain conditions and excluding shareholders' subscription rights. Furthermore, treasury shares may be issued to holders of option or convertible bonds. The Executive Board is also authorised to use the treasury shares to discharge obligations from future employee share schemes; in this regard, shareholders' subscription rights shall be excluded.

No treasury shares were held as of 31 December 2019.

In fiscal 2019, a total of 305,216 common shares was purchased on the capital market for a purchase price of €7,998,155.06 by RWE AG. This is equivalent to €781,352.96 of the capital stock (0.05 % of subscribed capital). Within the framework of the employee share scheme, employees of RWE AG and its subsidiaries received a total of 305,216 common shares for capital formation. This generated total proceeds of €7,924,538.24. The difference compared to the purchase price was offset against available retained earnings.

The difference of €377 million as of the balance-sheet date resulting from the change in the annual average interest rate used for pension provisions and the result from the fair value measurement of the special-purpose funds over and above costs minus deferred tax liabilities of €94 million results in a total sum of €471 million, which is subject to prohibition of distribution; this amount is covered by the freely available reserves.

(8) Provisions

€ million	31 Dec 2019	31 Dec 2018
Provisions for pensions and similar obligations	720	691
Provisions for taxes	1,040	1,487
Other provisions	477	522
	2,237	**2,700**

Based on existing guarantees, the reported provisions for pensions also include benefits payable to current and former employees of affiliated companies and an investment. Expenses incurred for the retirement benefits of the companies concerned are reimbursed by them.

The rise in provisions for pension obligations is essentially due to the decrease in the imputed interest rate.

The special-purpose funds used to cover the obligations measured at fair value were netted against the pension obligations covered by the funds:

	31 Dec 2019		
€ million	Cost	Fair value	Settlement amount
Netted assets (special-purpose funds)			
Shares in affiliated companies	5	4	
Investments	134	63	
Long-term securities	1,986	2,126	
Other assets	15	15	
	2,140	**2,208**	
Netted liabilities			
Settlement amount for pensions and similar obligations			2,657
			2,657
Balance of netting assets (pension provisions)			**449**

The fair values of shares in affiliated companies and investments were stated at their quotation on the stock market, at the net asset value communicated by the fund managers of the investments in question, or at prorated equity. The redemption price of shares in investment funds classified as long-term securities was used as their fair value. Investment funds are predominantly invested in exchange-traded securities or in securities registered or included in other organised markets. The fair value of the reinsurance policies for specific pension commitments resulting from salary conversion above and beyond this is the fair value communicated by the insurance company, which essentially consists of the insurance premiums paid to date and the commercial profits of the respective insurance policy. Furthermore, the fund assets also include a current account with a bank. It is classified under other assets due to the restriction on disposal because it is managed by a fiduciary. The balance is stated at nominal value.

The item 'Provisions for pensions and similar obligations' also includes provisions for concessionary allowances of €271 million.

Provisions for taxes concern the reporting year as well as earlier assessment periods.

Other provisions primarily relate to interest payment obligations, risks associated with investments, contingent losses from pending financial transactions and staff-related obligations.

(9) Liabilities

€ million	31 Dec 2019	Of which: RT[1] ≤ 1 year	Of which: RT[1] > 1 year	Of which: RT[1] > 5 years	31 Dec 2018	Of which: RT[1] ≤ 1 year
Bonds	1,122		1,122	1,122	2,144	1,022
Bank debt	599	599			286	286
Trade accounts payable	36	36			11	11
Accounts payable to affiliated companies	29,213	20,953	8,260	260	23,169	14,392
Other liabilities	901	799	102	102	214	112
of which: tax	(54)	(54)			(28)	(28)
of which: social security	(1)	(1)			(0)	(0)
	31,871	**22,387**	**9,484**	**1,484**	**25,824**	**15,823**

0 = Small amount.

[1] RT = remaining term.

Bonds consist mainly of hybrid bonds of RWE AG with varying maturities and interest rates. In the reporting year, a GBP hybrid bond with a nominal volume of GBP 750 million was redeemed at the earliest possible call date.

Bank debt contains cash collateral received and interest accruals for existing swap agreements.

Accounts payable to affiliated companies include the transfer of financial resources, tax group accounting settlements and ongoing clearing transactions. The addition to accounts payable to affiliated companies is primarily due to the transaction with E.ON SE, Essen.

Other liabilities relate to tax liabilities and interest accruals. Furthermore, there is an account payable to E.ON SE, Essen, as a result of the acquisition of the renewable energy business of E.ON SE.

(10) Contingent liabilities

Contingent liabilities include guarantees, warranty agreements and liabilities from the provision of collateral for external liabilities. These are granted to support Group companies in their business operations and to cover the claims of the employees.

Liabilities from guarantees comprise performance and warranty guarantees totalling €134 million, mainly from the operating business and financing business conducted by affiliated companies. Liabilities from warranty agreements totalled €9,810 million, of which €9,038 million relates to warranties for the benefit of affiliated companies. Specifically, these break down as follows:

Guarantees to third parties in the amount of €2,668 million were issued, €2,614 million of which were for the benefit of affiliated companies.

Joint and several liabilities amounting to €1,048 million relate to the granting of lines of credit (bank guarantees) for the benefit of affiliated companies and investments, in accordance with their respective use, mainly from so-called ancillary facilities.

As part of the Group restructuring which took place during the 2016 financial year, a substantial portion of the pension obligations which were previously accounted for by RWE AG was transferred to former Group companies (innogy SE and affiliated companies) by revoking the settlement obligation vis-à-vis members of the Group. Due to the guarantees which continue to exist externally, RWE AG is liable for claims of active and former employees there in the amount of €5,048 million.

There are joint and several liabilities for pension obligations for the benefit of affiliated companies in the amount of €328 million, of which €93 million are from the transfer of pension obligations to five affiliated companies in previous years.

On the basis of a mutual benefit agreement, RWE AG and other parent companies of German nuclear power plant operators undertook to provide €2,244 million in funding to liable nuclear power plant operators to ensure that they are able to meet their payment obligations in the event of nuclear damages. From 1 January 2020 onwards, RWE AG has a 30.452 % contractual share in the liability (until 31 December 2019 23.259 %), plus 5 % for damage settlement costs.

Contingent liabilities from the provision of collateral for external liabilities amount to €81 million and include coverage for credit balances stemming from the block model for pre-retirement part-time work, pursuant to Sec. 8a of the Pre-Retirement Part-Time Work Act (AltTZG) and from the management of long-term working hours accounts pursuant to Sec. 7e of the German Code of Social Law (SGB IV) in the RWE Group. To this end, long-term securities in a total amount of €104 million were deposited in a trust account. This coverage applies mainly to the employees of Group companies and to a lesser degree to employees of RWE AG.

For fiscal 2020, RWE AG provided one affiliated company with a letter of comfort, assuring that it would assume responsibility for all liabilities existing as of the balance-sheet date. Furthermore, another affiliated company was assured that RWE AG would cover rent payment obligations in the amount of €39 million.

Contingent liabilities are only assumed within the scope of our business activities and after in-depth analysis of the related risks. We continuously monitor the aforementioned issues within the framework of our risk management system. In our assessment, the underlying liabilities can probably be discharged by the parties with primary responsibility. Accordingly, it is not probable that these will materialise and thus the contingent liabilities assumed need not be recognised as liabilities.

(11) Other financial obligations

The total amount of other financial obligations is €2,713 million. Obligations arise from the acquisition of the renewable energy business of E.ON SE, Essen. They relate to contingent liabilities, which are yet to be transferred from E.ON SE to RWE AG. There is an obligation to E.ON SE in the event of a liability claim. The estimated amount of these obligations is €2,527 million. The remaining €186 million result from rental relationships and a financing commitment. This commitment pertains to an obligation to effect further contributions of up to €75 million to the equity capital of an investment in the following years.

Other currently unquantifiable financial obligations may arise on the basis of the following:

Due to the transfer of certain pension obligations to RWE Pensionsfonds AG in previous years, RWE AG, the affiliated companies and investments which entered into the Pensionsfonds agreement are legally obligated to contribute further capital in their function as employer in the event that Pensionsfonds has insufficient funds in the future.

RWE AG and some of its subsidiaries are involved in official, regulatory and antitrust procedures, lawsuits and arbitration proceedings in connection with their business operations and are affected by the results of such. Out-of-court claims have also been filed. However, RWE does not expect such to have any material negative effects on the RWE Group's economic or financial situation.

RWE AG is a co-guarantor for a joint and several liability in accordance with Sec. 133 of the German Company Transformation Act (UmwG) in connection with transactions under company transformation law.

(12) Derivative financial instruments and valuation units

Derivative financial instruments are used to hedge currency and interest rate risks from foreign currency items, cash investments and financing transactions.

The following overview shows the derivative financial instruments as of 31 December 2019:

€ million	Nominal volume		Remaining term > 1 year		Fair value	
	External	Within the Group	External	Within the Group	External	Within the Group
Foreign currency derivatives						
Foreign exchange forwards	1,267	13,219	231	4,288	0	-85
Interest rate currency/currency swaps	12,512	1,945	871	959	184	-321
	13,779	**15,164**	**1,102**	**5,247**	**184**	**-406**
Interest rate swaps	3,082	1,325	1,626	525	167	-4
	16,861	**16,489**	**2,728**	**5,772**	**351**	**-410**

0 = Small amount.

The fair value generally corresponds to the market value of the derivative financial instrument, if such value can be reliably determined. If the market value cannot be determined reliably, the fair value is derived from the market value of similar financial instruments or using generally accepted valuation methods; these include the discounted cash flow method and the Black-Scholes model, if options are involved. This occurs taking into consideration current exchange rate relationships, market-conform yield curves and credit default risks of the counterparties.

The derivatives listed in the table above are included in the valuation units described below as underlying or hedging transactions. The volume of risks hedged with valuation units amounts to a total of €662 million; of this, €324 million is related to currency risks, €334 million to interest rate and currency risks, and €4 million to interest rate risks.

Within the scope of currency hedging, among other things, interest rate and interest rate currency swaps as well as matching offsetting transactions have been concluded with a wholly owned subsidiary. RWE AG's derivative transactions concluded with banks and the respective offsetting transactions are grouped into valuation units, resulting in no remeasurement gains or losses. This occurs with the use of microhedges (i.e. clear allocation of underlying transactions and hedges). The subsidiary uses these swaps and foreign currency liabilities to hedge the price of its foreign investment. On termination of a swap, the positive or negative market value is offset against the cost of the underlying transactions without an effect on profit or loss.

Currency swaps and foreign exchange forwards are concluded to hedge foreign-currency receivables from subsidiaries (micro-hedges).

Interest rate currency swaps are used to hedge bonds (microhedges).

Furthermore, interest rate swaps and foreign currency derivatives were concluded for individual interest rate and currency risks at RWE AG and Group companies; most of these were passed on to Group companies congruently. These include both micro hedges and portfolio hedges, in which derivatives with the same currency risks are pooled together.

Changes in the market value of derivatives are offset by the corresponding opposite changes in the market value of the existing underlying transactions. Effectiveness is demonstrated via a proper, adequate risk management system. Provisions for possible losses of €75 million were formed for the negative balances of portfolio hedges.

Internal directives that are binding upon RWE AG and its subsidiaries define the range of action, responsibilities and controls allowable when trading with derivatives. In particular, with the exception of proprietary energy trading transactions, derivative financial instruments may only be used to hedge risks arising from underlying transactions and associated liquidity investment and financing procedures. All external counterparties have good credit ratings.

Original financial instruments which are included with the aforementioned derivative financial instruments in valuation units (microhedges) are shown in the following table:

€ million	Carrying amount 31 Dec 19	Fair value 31 Dec 19	Of which: with a remaining term of Up to 1 year	2 – 5 years	> 5 years
Financial receivables					
Hedged risk:					
Currency	2,202	2,248	2,248		
	2,202	**2,248**	**2,248**		
Financial liabilities					
Hedged risk:					
Currency					
Interest rate and currency	-290	-282			-282
	-290	**-282**			**-282**

Measurement gains and losses on these financial receivables and liabilities are offset by the corresponding opposing amounts from realisations and changes in the fair value of the hedging transactions.

Based on the similarity of the amounts, risks and terms involved, the valuation units were marked by a high level of efficiency, which is demonstrated using the Critical Terms Match method.

Measurement of valuation units occurs using the net hedge presentation method.

Notes to the Income Statement

(13) Net income from financial assets

€ million	2019	2018
Income from profit and loss transfer agreements with affiliated companies	916	864
Income from investments in		
Affiliated companies	698	1,038
Other companies	25	25
	723	1,063
Expenses from profit and loss transfer agreements with affiliated companies	-258	-785
Income from other securities and loans held as financial assets	102	135
of which: from affiliated companies	(34)	(68)
Write-backs on financial assets	394	
Amortisation of financial assets	-119	-186
	1,758	**1,091**

Income from profit and loss transfer agreements primarily stems from energy trading. Income from investments in affiliated companies primarily consists of dividends of GBV Vierunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen, and income from the capital decrease at BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen. Expenses from profit and loss transfer agreements are primarily attributable to the conventional generation business. The amortisation and write-backs on financial assets relate to investments in affiliated companies in the conventional generation business and €161 million relate to a write-back of an investment fund.

(14) Net interest

€ million	2019	2018
Other interest and similar income	284	81
of which: from affiliated companies	(64)	(38)
Interest and similar expenses	-253	-472
of which: from affiliated companies	(-107)	(-125)
of which: from interest accretion to other provisions	(0)	(0)
	31	**-391**

0 = Small amount.

During the reporting period, the expense for interest accretion to pension provisions (€77 million) was netted against the change in fair value and other expenses and income of the funds used to cover the pension obligations (€275 million). The resulting balance is reported in 'Other interest and similar income' and is shown in the following summary:

€ million	2019
Netted expenses	
Amortisation of financial assets and current securities	-15
Interest and similar expenses	-77
Other operating expenses	
	-92
Netted income	
Income from investments	0
Other operating income	229
Income from other securities and loans held as financial assets	61
	290
Balance from netting expenses and income	**198**

0 = Small amount.

(15) Other operating income

Income of €51 million from the release of provisions represents income not related to the period. Income from currency translation amounts to €33 million (previous year: €52 million).

(16) Staff costs

€ million	2019	2018
Wages and salaries	-53	-40
Cost of social security, pensions and other benefits	-10	-11
of which: for pensions	(-6)	(-7)
	-63	**-51**

Expenses for pensions include the service cost component of the addition to provisions for pensions. The interest component of the addition to provisions for pensions is reported in net interest.

Annual average staff	2019	2018
in Full-time equivalents		
Salaried staff	293	241
of which: part-time employees	25	23
of which: fixed-term employees	(11)	(6)
Apprentices		

The figures for employees are shown as full-time equivalents. These are equivalent to employees in accordance with the percentage degree of employment.

The increase in staff is primarily due to the transfer of personnel from innogy SE, Essen.

(17) Other operating expenses

Other operating expenses include expenses associated with the impairment of an account receivable from an affiliated company in the amount of €1,120 million. Furthermore, administrative expenses account for a large portion. Other taxes in the amount of €3 million (previous year: €6 million) are also reported, of which €1 million are expenses not relating to the reporting period. Expenses from currency translation amount to €113 million.

(18) Taxes on income

Taxes on income are tax income not related to the period in the amount of €275 million for earlier periods.

Other information

Information on the members of the Supervisory Board and Executive Board pursuant to Sec. 285, No. 10 of HGB is provided on pages 50 to 54.

The Executive and Supervisory Boards have issued the declaration regarding the German Corporate Governance Code pursuant to Sec. 161 of the German Stock Corporation Act (AktG) and made it permanently accessible to the shareholders on RWE AG's website (www.rwe.com/corporate-governance).

The principles of the remuneration system and the amount of individual remuneration for the Executive and Supervisory Boards are presented in the remuneration report. The remuneration report is part of the combined review of operations.

The Executive Board received €7,571,000 in total compensation in fiscal 2019. This includes 123,037 performance shares granted as share-based compensation components from the Strategic Performance Plan (2019 tranche) with a fair value at grant date of €2,350,000.

The remuneration paid to members of the Supervisory Board amounted to €2,761,000.

As of the balance-sheet date, there are no loans or advances to members of the Executive Board or Supervisory Board. During the period under review, no loans or advances were granted to members of the Executive or Supervisory Boards.

Former members of the Executive Board of RWE AG and their surviving dependants received €1,779,000. Provisions of €53,659,000 have been formed to cover pension obligations to former members of the Executive Board and their surviving dependants.

The overall fee charged by the auditor for the year under review as per Sec. 285, No. 17 of HGB is presented in the Notes in the consolidated financial statements and broken down into audit services, other assurance services, tax services and other services. Other assurance services for the review of the internal control system were performed and expenses related to statutory or court-ordered requirements were incurred for RWE AG and the companies under its control. In particular, the fees for tax services include compensation for consultation in the preparation of tax returns and the review of resolutions of the tax authorities. Other services primarily consist of compensation for due diligence work.

As of the balance-sheet date, RWE AG held interests of more than 10 % in the following investment assets:

	Carrying amount 31 Dec 2019 € million	Fair value 31 Dec 2019 € million	Dividend payment in 2019 € million	Option of daily redemption	Write-downs not performed
Investment goal					
Real estate funds	3	3	0	No	No
Mixed funds	4,037	4,037	130	Yes	No

0 = Small amount.

The investment focus of the real estate funds is predominantly restricted to European office and commercial retail property. The mixed funds primarily contain international equities and bonds. The contractual conditions allow for redemption on a quarterly basis for the real estate funds.

The list below presents the announcements pursuant to Sec. 33, Para. 1 of the German Securities Trading Act (WpHG):

Company name	Domicile	Reason for notification	Date of reaching notification threshold	Ratio of voting rights in %	Number of voting rights	Attributable pursuant to Sec. 34 WpHG
BlackRock, Inc	Wilmington, DE, USA	Acquisition/ sale of shares with voting rights	25 Nov 2019	6.52	40,075,630	40,075,630
Stadt Dortmund	Dortmund, Germany	Acquisition/ sale of shares with voting rights	12 Apr 2018	6.27	36,116,942	36,115,027
Stadt Essen	Essen, Germany	Acquisition/ sale of shares with voting rights	15 Mar 2018	3.26	18,761,230	17,162,850

Dividend Proposal (Part of the Notes)

Distributable profit developed as follows:

Net income	€513,498,208.08
Profit carryforward from the previous year	€59,392.54
Transfer to retained earnings	-€21,700,000.00
Distributable profit	€491,857,600.62

We propose to the Annual General Meeting that RWE AG's distributable profit for fiscal 2019 be appropriated as follows:

Distribution of a dividend of €0.80 for each dividend-bearing common share.

Dividend	€491,796,399.20
Profit carryforward	€61,201.42
Distributable profit	€491,857,600.62

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the combined review of operations includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Essen, 27 February 2020

The Executive Board

Schmitz

Krebber

List of shareholdings (part of the notes)

List of shareholdings as per Sec. 285 No. 11 and No. 11a and Sec. 313 Para. 2 (in relation to Sec. 315 e I) of HGB as of 31 December 2019

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Aktivabedrijf Wind Nederland B.V., Zwolle/Netherlands		100	25,645	23,154
Alte Haase Bergwerks-Verwaltungs-Gesellschaft mbH, Dortmund		100	-67,329	-3,664
Amrum-Offshore West GmbH, Düsseldorf		100	126	149,501
An Suidhe Wind Farm Limited, Swindon/United Kingdom		100	24,290	1,202
Anacacho Holdco, LLC, Wilmington/USA		100	56,488	0
Anacacho Wind Farm, LLC, Wilmington/USA		100	134,952	-5,062
Andromeda Wind s.r.l., Bolzano/Italy		51	9,579	2,876
Belectric Australia Pty. Limited, Melbourne/Australia		100	508	1,872
Belectric Canada Solar Inc. , Vancouver/Canada		100	-978	-964
Belectric Chile Energia Fotovoltaica LTDA, Santiago de Chile/Chile		100	-851	-5,747
Belectric Espana Fotovoltaica S.L., Barcelona/Spain		100	554	-199
Belectric France S.à.r.l., Vendres/France		100	-5,710	-5,129
BELECTRIC GmbH, Kolitzheim		100	12,467	-4,442
Belectric Inversiones Latinoamericana S.L., Barcelona/Spain		100	28	-18
Belectric Israel Ltd., Be'er Scheva/Israel		100	12,329	537
Belectric Italia s.r.l., Latina/Italy		100	3,299	409
Belectric Photovoltaic India Private Limited, Mumbai/India		100	727	-2,980
BELECTRIC PV Dach GmbH, Sömmerda		100	1,177	201
Belectric Solar & Battery GmbH, Kolitzheim		100	12,461	-3,064
Belectric Solar Ltd., Slough/United Kingdom		100	1,734	394
BELECTRIC Solar Power, S.L., Barcelona/Spain		100	50	0
BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen	100	100	4,317,938	[1]
Bilbster Wind Farm Limited, Swindon/United Kingdom		100	3,846	352
Boiling Springs Wind Farm, LLC, Wilmington/USA		100	-60	-60
Bruenning's Breeze Holdco, LLC, Wilmington/USA		100	75,011	0
Bruenning's Breeze Wind Farm, LLC, Wilmington/USA		100	238,456	-5,287
Carl Scholl GmbH, Cologne		100	581	45
Carnedd Wen Wind Farm Limited, Swindon/United Kingdom		100	-4,340	-318
Cassadaga Wind LLC, Chicago/USA		100	66,403	-296
Champion WF Holdco, LLC, Wilmington/USA		100	114,010	-5,254
Champion Wind Farm, LLC, Wilmington/USA		100	114,010	-5,258
Cloghaneleskirt Energy Supply Limited, Kilkenny/Ireland		100	76	76
Colbeck's Corner Holdco, LLC, Wilmington/USA		100	73,239	0
Colbeck's Corner, LLC, Wilmington/USA		100	243,854	-7,489
Cranell Holdco, LLC, Wilmington/USA		100	29,363	0
Cranell Wind Farm, LLC, Wilmington/USA		100	29,298	-64
DOTTO MORCONE S.r.l., Rome/Italy		100	-1,161	-1,617
Dromadda Beg Wind Farm Limited, Kilkenny/Ireland		100	1,515	94
Edgware Energy Limited, Swindon/United Kingdom		100	-7	-7

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Electra Insurance Limited, Hamilton/Bermuda		100	29,823	687
Energies France S.A.S. – Group – (pre-consolidated)			33,206	1,878[2]
Centrale Hydroelectrique d'Oussiat S.A.S., Paris/France		100		
Energies Charentus S.A.S., Paris/France		100		
Energies France S.A.S., Paris/France		100		
Energies Maintenance S.A.S., Paris/France		100		
Energies Saint Remy S.A.S., Paris/France		100		
Energies VAR 1 S.A.S., Paris/France		100		
Energies VAR 3 S.A.S., Paris/France		100		
SAS Île de France S.A.S., Paris/France		100		
Energy Resources Holding B.V., 's-Hertogenbosch/Netherlands		100	96,292	–20,770
Energy Resources Ventures B.V., 's-Hertogenbosch/Netherlands		100	18,776	-5,191
E.ON Energie Odnawialne Sp. z o.o., Szczecin/Poland		100	61,917	29,764
Farma Wiatrowa Barzowice Sp. z o.o., Warsaw/Poland		100	16,727	7,464
Forest Creek Investco, Inc., Wilmington/USA		100	109	0
Forest Creek WF Holdco, LLC, Wilmington/USA		100	88,869	–3,728
Forest Creek Wind Farm, LLC, Wilmington/USA		100	88,869	–3,728
Fri-El Anzi Holding s.r.l., Bolzano/Italy		51	7,354	1,743
Fri-El Anzi s.r.l., Bolzano/Italy		100	7,629	1,776
Fri-El Guardionara s.r.l., Bolzano/Italy		51	10,334	2,344
GBV Vierunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	17,923,746	5,268,288
GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	25	[1]
Generación Fotovoltaica De Alarcos, S.L.U., Barcelona/Spain		100	–20	–42
Georgia Biomass Holding LLC, Savannah/USA		100	62,922	18,351
Georgia Biomass LLC, Savannah/USA		100	46,072	14,266
GfV Gesellschaft für Vermögensverwaltung mbH, Dortmund	100	100	135,281	6,817
Glen Kyllachy Wind Farm Limited, Swindon/United Kingdom		100	–4,198	–4,078
Grandview Holdco, LLC, Wilmington/USA		100	103,297	2,260
Green Gecco GmbH & Co. KG, Essen		51	80,321	3,795
Hardin Class B Holdings LLC, Wilmington/USA		100	104,969	0
Hardin Wind Holdings LLC, Wilmington/USA		100	104,933	–3
Hardin Wind LLC, Chicago/USA		100	42,250	0
Harryburn Wind Farm Limited, Swindon/United Kingdom		100	–2,391	–464
Inadale Wind Farm, LLC, Wilmington/USA		100	121,398	–3,842
innogy Bergheim Windparkbetriebsgesellschaft mbH, Hanover		100	25	[1]
innogy Brise Windparkbetriebsgesellschaft mbH, Hanover		100	226	[1]
Innogy Energy Marketing LLC, Wilmington/USA		100	–42,733	–42,885
innogy Evendorf Windparkbetriebsgesellschaft mbH, Hanover		100	25	[1]
innogy Gas Storage NWE GmbH, Dortmund		100	317,572	[8]

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
innogy Gas Storage, s.r.o., Prague/Czech Republic		100	540,881	11,337
Innogy GyM 2 Limited, Swindon/United Kingdom		100	-13,399	-552
Innogy GyM 3 Limited, Swindon/United Kingdom		100	-13,401	-554
Innogy GyM 4 Limited, Swindon/United Kingdom		100	-40,229	-1,662
innogy Hörup Windparkbetriebsgesellschaft mbH, Hörup		100	26	1
innogy indeland Windpark Eschweiler GmbH & Co. KG, Eschweiler		51	53,581	3,159
innogy Italia s.p.a., Milan/Italy		100	16,766	1,507
innogy Kaskasi GmbH, Hamburg		100	99	1
innogy Lengerich Windparkbetriebsgesellschaft mbH, Gersten		100	25	1
innogy Limondale Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	40,071	-582
innogy Lüneburger Heide Windparkbetriebsgesellschaft mbH, Walsrode		100	25	1
innogy Mistral Windparkbetriebsgesellschaft mbH, Hanover		100	578	1
innogy Offshore Wind Netherlands B.V., 's-Hertogenbosch/Netherlands		100	621	-396
Innogy Renewables Australia Pty Ltd., Melbourne/Australia		100	-16	-16
innogy Renewables Benelux B.V., 's-Hertogenbosch/Netherlands		100	-71,621	54,655
innogy Renewables Beteiligungs GmbH, Dortmund		100	7,350	1
innogy Renewables Canada Inc., Vancouver/Canada		100	1,485	-1,060
Innogy Renewables Ireland Limited, Kilkenny/Ireland		100	-3,237	-2,281
innogy Renewables Polska Sp. z o.o., Warsaw/Poland		100	245,878	38,464
Innogy Renewables UK Holdings Limited, Swindon/United Kingdom		100	1,842,861	328,572
Innogy Renewables UK Limited, Swindon/United Kingdom		100	2,373,332	712,184
Innogy Renewables US LLC, Chicago/USA		100	197,193	-11,792
innogy Seabreeze II GmbH & Co. KG, Essen		100	2,550	-47,591
innogy Slovensko s.r.o., Bratislava/Slovakia		100	9,452	10,061
innogy Sommerland Windparkbetriebsgesellschaft mbH, Sommerland		100	26	1
innogy Spain, S.A.U. – Group – (pre-consolidated)			153,356	20,608[2]
Danta de Energías, S.A., Soria/Spain		99		
Explotaciones Eólicas de Aldehuelas, S.L., Soria/Spain		95		
General de Mantenimiento 21, S.L.U., Barcelona/Spain		100		
Hidroeléctrica del Trasvase, S.A., Barcelona/Spain		60		
innogy Spain, S.A.U., Barcelona/Spain		100		
innogy Süderdeich Windparkbetriebsgesellschaft mbH, Süderdeich		100	106	1
innogy Titz Windparkbetriebsgesellschaft mbH, Essen		100	25	1
innogy Wind Onshore Deutschland GmbH, Hanover		100	77,373	1
innogy Windpark Bedburg GmbH & Co. KG, Bedburg		51	81,458	5,845
innogy Windpower Netherlands B.V., 's-Hertogenbosch/Netherlands		100	1,158	171,067
Inversiones Belectric Chile LTDA, Santiago de Chile/Chile		100	-39	-3

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	Direct	Total	€ '000	€ '000
INVESTERG – Investimentos em Energias, SGPS, Lda. – Group – (pre-consolidated)			21,174	2,580[2]
INVESTERG – Investimentos em Energias, Sociedade Gestora de Participações Sociais, Lda., São João do Estoril/Portugal		100		
LUSITERG – Gestão e Produção Energética, Lda., São João do Estoril/Portugal		74		
IRUS Solar Development LLC, Dover/USA		100	-165	-165
IRUS Solar Holdings LLC, Dover/USA		100	22,385	-270
IRUS Solar NC Lessee LLC, Wilmington/USA		100	14,165	-33
IRUS Solar NC Pledgor LLC, Wilmington/USA		100	14,198	0
IRUS Solar Operations LLC, Wilmington/USA		100	13,361	-839
IRUS Wind Development LLC, Dover/USA		100	65,602	-1,210
IRUS Wind Holdings LLC, Dover/USA		100	198,798	0
IRUS Wind Operations LLC, Wilmington/USA		100	104,969	0
Jurchen Technology GmbH, Kitzingen		100	2,035	-397
Jurchen Technology India Private Limited, Mumbai/India		100	1,158	-62
Kernkraftwerk Gundremmingen GmbH, Gundremmingen		100	96,736	8,343
Kernkraftwerk Lingen Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	20,034	[1]
Kernkraftwerke Lippe-Ems Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	432,269	[1]
Kernkraftwerksbeteiligung Lippe-Ems beschränkt haftende OHG, Lingen/Ems		100	144,433	35,516
KMG Kernbrennstoff-Management Gesellschaft mit beschränkter Haftung, Essen		100	696,225	[1]
Knabs Ridge Wind Farm Limited, Swindon/United Kingdom		100	11,391	1,378
Limondale Sun Farm Pty. Ltd., Melbourne/Australia		100	-172	-171
Little Cheyne Court Wind Farm Limited, Swindon/United Kingdom		59	39,374	9,669
MI-FONDS G50, Frankfurt am Main	100	100	1,940,959	84,296
ML Wind LLP, Swindon/United Kingdom		51	75,549	9,501
Munnsville Investco, LLC, Wilmington/USA		100	14,309	0
Munnsville WF Holdco, LLC, Wilmington/USA		100	38,797	-1,378
Munnsville Wind Farm, LLC, Wilmington/USA		100	38,797	-1,378
Nordsee Windpark Beteiligungs GmbH, Essen		90	21,408	13,321
NRW Pellets GmbH, Erndtebrück		100	312	[1]
Padcon GmbH, Kitzingen		100	2,574	365
Panther Creek Holdco, LLC, Wilmington/USA		100	241,364	0
Panther Creek Wind Farm I&II, LLC, Wilmington/USA		100	259,732	-8,837
Panther Creek Wind Farm Three, LLC, Wilmington/USA		100	147,251	510
Peyton Creek Holdco, LLC, Wilmington/USA		100	16,498	0
Peyton Creek Wind Farm, LLC, Wilmington/USA		100	15,865	-635
Piecki Sp. z o.o., Warsaw/Poland		51	19,635	2,799

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	Direct	Total	€ '000	€ '000
Pioneer Trail Wind Farm, LLC, Wilmington/USA		100	167,466	-2,390
Primus Projekt GmbH & Co. KG, Hanover		100	-1,388	-734
Pyron Wind Farm, LLC, Wilmington/USA		100	203,648	-1,558
Radford's Run Holdco, LLC, Wilmington/USA		100	159,020	0
Radford's Run Wind Farm, LLC, Wilmington/USA		100	432,077	12,818
Raymond Holdco, LLC, Wilmington/USA		100	35,514	0
Raymond Wind Farm, LLC, Wilmington/USA		100	35,514	0
Rheinbraun Brennstoff GmbH, Cologne		100	82,619	1
Rheinische Baustoffwerke GmbH, Bergheim		100	9,236	1
Rheinkraftwerk Albbruck-Dogern Aktiengesellschaft, Waldshut-Tiengen		77	31,817	1,757
Rhenas Insurance Limited, Sliema/Malta	100	100	59,176	300
Rhyl Flats Wind Farm Limited, Swindon/United Kingdom		50	152,512	16,393
Roscoe WF Holdco, LLC, Wilmington/USA		100	172,832	-10,392
Roscoe Wind Farm, LLC, Wilmington/USA		100	172,832	-10,419
RV Rheinbraun Handel und Dienstleistungen GmbH, Cologne		100	36,694	1
RWE & Turcas Güney Elektrik Üretim A.S., Ankara/Turkey		70	190,537	-11,278
RWE Aktiengesellschaft, Essen			5,736,616	513,498
RWE Canada Ltd., Saint John/Canada		100	78,616	0
RWE Czech Gas Grid Holding B.V., Geertruidenberg/Netherlands	100	100	1,526	1,526
RWE Eemshaven Holding II B.V., Geertruidenberg/Netherlands		100	-48,396	9,487
RWE Energy Services, LLC, Wilmington/USA		100	3,108	1,683
RWE Generation NL B.V., Arnhem/Netherlands		100	-20,424	-187,664
RWE Generation NL Corner Participations B.V., Geertruidenberg/Netherlands		100	48,270	3,029
RWE Generation NL Participations B.V., Arnhem/Netherlands		100	-10,869	2,121
RWE Generation NL Personeel B.V., Arnhem/Netherlands		100	12,464	639
RWE Generation SE, Essen	100	100	264,673	1
RWE Generation UK Holdings Limited, Swindon/United Kingdom		100	3,024,201	-173,543
RWE Generation UK plc, Swindon/United Kingdom		100	1,779,495	-108,464
RWE Investco EPC Mgmt, LLC, Wilmington/USA		100	234,047	24
RWE Investco Mgmt, LLC, Wilmington/USA		100	1,586,717	69
RWE Investco Mgmt II, LLC, Wilmington/USA		100	579,256	-6,778
RWE Magicat Holdco, LLC, Wilmington/USA		100	91,555	0
RWE Markinch Limited, Swindon/United Kingdom		100	49,408	-5,402
RWE Nuclear Beteiligungs-GmbH, Essen		100	25	1
RWE Nuclear GmbH, Essen	100	100	100,000	1
RWE Personeel B.V., Arnhem/Netherlands		100	-17	23
RWE Power Aktiengesellschaft, Cologne and Essen	100	100	2,037,209	1
RWE Renewables Americas, LLC, Wilmington/USA		100	263,978	-156,882

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	Direct	Total	€ '000	€ '000
RWE Renewables Asset Management, LLC, Wilmington/USA		100	-25,066	32,107
RWE Renewables Canada Ltd., Saint John/Canada		100	8,299	1,877
RWE Renewables Development, LLC, Wilmington/USA		100	57,181	-11,440
RWE Renewables Energy Marketing, LLC, Wilmington/USA		100	-56,319	-31,364
RWE Renewables GmbH, Essen		100	25	1
RWE Renewables International GmbH, Essen		100	18,024	918
RWE Renewables International Participations B.V., Geertruidenberg/Netherlands		100	-111,318	-28,518
RWE Renewables Italia S.r.l., Rome/Italy		100	463,789	19,292
RWE Renewables O&M, LLC, Wilmington/USA		100	6,559	9,375
RWE Renewables QSE, LLC, Wilmington/USA		100	-9,898	478
RWE Renewables Services, LLC, Wilmington/USA		100	-46,542	-48,922
RWE Renewables Sweden AB, Malmö/Sweden		100	43,392	1,899
RWE Renewables UK Blyth Limited, Coventry/United Kingdom		100	-4,557	-708
RWE Renewables UK Developments Limited, Coventry/United Kingdom		100	56,274	17,103
RWE Renewables UK Humber Wind Limited, Coventry/United Kingdom		100	116,605	45,449
RWE Renewables UK Limited, Coventry/United Kingdom		100	64,839	16,403
RWE Renewables UK London Array Limited, Coventry/United Kingdom		100	101,571	24,297
RWE Renewables UK Offshore Wind Limited, Coventry/United Kingdom		100	51,971	6,797
RWE Renewables UK Operations Limited, Coventry/United Kingdom		100	33,842	6,770
RWE Renewables UK Robin Rigg East Limited, Coventry/United Kingdom		100	55,160	14,570
RWE Renewables UK Robin Rigg West Limited, Coventry/United Kingdom		100	60,955	10,495
RWE Renewables UK Wind Limited, Coventry/United Kingdom		100	16,051	15,058
RWE Renewables UK Zone Six Limited, Coventry/United Kingdom		100	0	0
RWE Slovak Holding B.V., Geertruidenberg/Netherlands	100	100	704,083	-317
RWE Solar Development, LLC, Wilmington/USA		100	-31,891	-9,735
RWE Solar PV, LLC, Wilmington/USA		100	36,139	-7,435
RWEST Middle East Holdings B.V., 's-Hertogenbosch/Netherlands		100	6,465	-79
RWE Supply & Trading Asia-Pacific PTE. LTD., Singapore/Singapore		100	41,607	10,726
RWE Supply & Trading CZ, a.s., Prague/Czech Republic		100	1,208,523	64,941
RWE Supply & Trading GmbH, Essen	100	100	446,778	1
RWE Supply & Trading (India) Private Limited, Mumbai/India		100	801	165
RWE Supply & Trading Participations Limited, London/United Kingdom		100	13,255	-2,876
RWE Supply and Trading (Shanghai) Co. Ltd, Shanghai/China		100	2,624	-267
RWE Technology International GmbH, Essen		100	12,463	1
RWE Technology Tasarim ve Mühendislik Danismanlik Ticaret Limited Sirketi, Istanbul/Turkey		100	192	113
RWE Technology UK Limited, Swindon/United Kingdom		100	2,948	1,006
RWE Trading Americas Inc., New York City/USA		100	9,558	47

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	Direct	Total	€ '000	€ '000
RWE Trading Services GmbH, Essen		100	5,735	[1]
RWE Wind Karehamn AB, Malmö/Sweden		100	33,150	-177
RWE Wind Services Denmark A/S, Rødby/Denmark		100	5,400	2,758
Sand Bluff WF Holdco, LLC, Wilmington/USA		100	6,823	-13,390
Sand Bluff Wind Farm, LLC, Wilmington/USA		100	6,823	-13,390
Settlers Trail Wind Farm, LLC, Wilmington/USA		100	193,435	-8,844
Sofia Offshore Wind Farm Holdings Limited, Swindon/United Kingdom		100	0	0
Sofia Offshore Wind Farm Limited, Swindon/United Kingdom		100	-394	-383
SOLARENGO Energia, Unipessoal, Lda., Cascais/Portugal		100	-81	-81
Solar Holding India GmbH, Kolitzheim		100	5,925	-50
Solar Holding Poland GmbH, Kolitzheim		100	16	-3
SRS EcoTherm GmbH, Salzbergen		90	13,758	1,706
Stella Holdco, LLC, Wilmington/USA		100	97,537	0
Stella Wind Farm, LLC, Wilmington/USA		100	235,593	-169
Taber Solar 1 Inc., Vancouver/Canada		100	9,521	-69
Taber Solar 2 Inc., Vancouver/Canada		100	10,210	-64
Tamworth Holdings, LLC, Charlotte/USA		100	7,743	77
Tanager Holdings, LLC, Charlotte/USA		100	7,129	-1
Tech Park Solar, LLC, Wilmington/USA		100	-11,511	767
The Hollies Wind Farm Limited, Swindon/United Kingdom		100	604	68
Transpower Limited, Dublin/Ireland		100	3,528	-1,048
Triton Knoll HoldCo Limited, Swindon/United Kingdom		59	97,484	0
Triton Knoll Offshore Wind Farm Limited, Swindon/United Kingdom		100	-25,460	1,852
Valencia Solar, LLC, Tucson/USA		100	-19,810	565
Východoslovenská distribucná, a.s., Košice/Slovakia		100	290,463	30,641
Východoslovenská energetika a.s., Košice/Slovakia		100	67,856	8,641
Východoslovenská energetika Holding a.s., Košice/Slovakia		49	608,317	77,877[4]
West of the Pecos Solar, LLC, Wilmington/USA		100	91,352	-3,049
West Raymond Holdco, LLC, Wilmington/USA		100	33,054	0
West Raymond Wind Farm, LLC, Wilmington/USA		100	33,054	0
Wind Farm Deliceto s.r.l., Bolzano/Italy		100	24,403	1,909
Windpark Eekerpolder B.V., 's-Hertogenbosch/Netherlands		100	-2	-2
Windpark Kattenberg B.V., 's-Hertogenbosch/Netherlands		100	520	153
Windpark Nordsee Ost GmbH, Heligoland		100	256	[1]
Windpark Oostpolderdijk B.V., 's-Hertogenbosch/Netherlands		100	0	0
Windpark Zuidwester B.V., 's-Hertogenbosch/Netherlands		100	9,336	-593
WKN Windkraft Nord GmbH & Co. Windpark Wönkhausen KG, Hanover		100	2,016	649

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	Direct	Total	€ '000	€ '000
Adensis GmbH, Dresden		100	381	59
Agenzia Carboni S.R.L., Genoa/Italy		100	191	24
Alcamo II S.r.l., Milan/Italy		100	6	-13
Alvarado Solar S.L., Barcelona/Spain		100	-84	-138
Ashwood Solar I, LLC, Wilmington/USA		100	0	0
Aurum Solaris 4 GmbH & Co. KG, Kassel		100	1	-12
Avolta Storage Limited, Kilkenny/Ireland		100	-292	-288
Awel y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		100		3
Baltic Trade and Invest Sp. z o.o., Slupsk/Poland		100	10,913	-4,926
Baron Winds LLC, Chicago/USA		100	0	0
Belectric International GmbH, Kolitzheim		100	99	10
BELECTRIC JV GmbH, Kolitzheim		100	14	-5
Belectric Mexico Fotovoltaica S.de R.L. de C.V., Bosques de las Lomas/ Mexico		100	-5	356
Belectric Polska Sp. z o.o., Warsaw/Poland		100	-146	-44
Belectric PV 5 (SARL), Vendres/France		100	-11	-10
Belectric PV 10 (SARL), Vendres/France		100	-8	-2
Belectric SP Solarprojekte 14 GmbH & Co. KG, Sömmerda		100		3
Belectric SP Solarprojekte 14 Verwaltungs-GmbH, Sömmerda		100		3
Belectric SP Solarprojekte 15 GmbH & Co. KG, Sömmerda		100		3
Belectric SP Solarprojekte 15 Verwaltungs-GmbH, Sömmerda		100		3
Belectric SP Solarprojekte 16 GmbH & Co. KG, Sömmerda		100		3
Belectric SP Solarprojekte 16 Verwaltungs-GmbH, Sömmerda		100		3
Belectric US LLC, Wilmington/USA		100		3
Biomasseheizkraftwerk Schameder GmbH, Essen		100	23	-1
Blackbeard Solar, LLC, Wilmington/USA		100	0	0
Blackbriar Battery, LLC, Wilmington/USA		100	0	0
Blackjack Creek Wind Farm, LLC, Wilmington/USA		100	0	0
Blueberry Hills LLC, Chicago/USA		100	0	0
BO Baltic Offshore GmbH, Hamburg		98	13	-7
Boiling Springs Holdco, LLC, Wilmington/USA		100	0	0
Bowler Flats Energy Hub LLC, Chicago/USA		100	0	0
Brahman Solar, LLC, Wilmington/USA		100	0	0
Broken Spoke Solar, LLC, Wilmington/USA		100	0	0
Buckeye Wind LLC, Chicago/USA		100	0	0
Burgar Hill Wind Farm Limited, Swindon/United Kingdom		100	0	0
Bursjöliden Vind AB, Malmö/Sweden		100	561	-2
Camellia Solar LLC, Wilmington/USA		100	0	0
Camellia Solar Member LLC, Wilmington/USA		100	0	0

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Cardinal Wind Farm, LLC, Wilmington/USA		100	0	0
Casey Fork Solar, LLC, Wilmington/USA		100	0	0
Cassadaga Class B Holdings LLC, Wilmington/USA		100		3
Cassadaga Wind Holdings LLC, Wilmington/USA		100		3
Catalina-Cypress Holding Limited, Swindon/United Kingdom		100	94	0
Cattleman Wind Farm, LLC, Wilmington/USA		100	0	0
Cattleman Wind Farm II, LLC, Wilmington/USA		100	0	0
Champaign Wind LLC, Chicago/USA		100	0	0
Ciriè Centrale PV s.a.s. (s.r.l.), Rome/Italy		100	-5	-22
Clavellinas Solar, S.L., Barcelona/Spain		100	-26	-39
Climagy Photovoltaikprojekt Verwaltungs-GmbH, Kolitzheim		100	29	-1
Climagy PV-Sonnenanlage GmbH & Co. KG, Kolitzheim		100	-26	-2
Climagy PV-Sonnenanlage Verwaltungs-GmbH, Kolitzheim		100	28	0
Climagy Sonneneinstrahlung GmbH & Co. KG, Kolitzheim		100	-20	-2
Climagy Sonneneinstrahlung Verwaltungs-GmbH, Kolitzheim		100	27	0
Climagy Sonnenkraft Verwaltungs-GmbH, Kolitzheim		100	27	-1
Climagy Sonnenstrom GmbH & Co. KG, Kolitzheim		100	-29	-2
Climagy Sonnenstrom Verwaltungs-GmbH, Kolitzheim		100	29	0
Climagy Stromertrag GmbH & Co. KG, Kolitzheim		100	-18	-2
Climagy Stromertrag Verwaltungs-GmbH, Kolitzheim		100	27	0
Clinton Wind, LLC, Wilmington/USA		100	0	0
Clocaenog Wind Farm Limited, Swindon/United Kingdom		100	0	0
Coralese Investments Sp. z o.o., Warsaw/Poland		100	90	-12
Cordova Wind Farm, LLC, Wilmington/USA		100	0	0
Curns Energy Limited, Kilkenny/Ireland		70	-501	-266
Decadia GmbH, Essen	50	50	893	-45
E&Z Industrie-Lösungen GmbH, Essen		100	16,874	-2,885
Eko-En 1 Sp. z o.o., Warsaw/Poland		100	98	-78
Eko-En 2 Sp. z o.o., Warsaw/Poland		100	1,236	-58
Eko-En 3 Sp. z o.o., Warsaw/Poland		100	134	-69
Eko-En 4 Sp. z o.o., Warsaw/Poland		100	535	-76
El Algarrobo (SpA), Santiago de Chile/Chile		100	1	0
El Algodon Alto Wind Farm, LLC, Wilmington/USA		100	0	0
El Chañar (SpA), Santiago de Chile/Chile		100	1	0
El Navajo Solar, S.L., Barcelona/Spain		100	-10	-23
El Pimiento (SpA), Santiago de Chile/Chile		100	1	0
El Solar (SpA), Santiago de Chile/Chile		100	1	-5
El Tamarugo (SpA), Santiago de Chile/Chile		100	1	0

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Enchant Solar 3 Inc., Vancouver/Canada		100	0	0
Enchant Solar 4 Inc., Vancouver/Canada		100	0	0
Energio Co., Ltd., Bangkok/Thailand		100	29	-1
Eólica de Sarnago, S.A., Soria/Spain		52	1,550	-29
EverPower Maine LLC, Chicago/USA		100	0	0
EverPower Ohio LLC, Chicago/USA		100	0	0
EverPower Solar LLC, Chicago/USA		100	0	0
EverPower Wind Development, LLC, Chicago/USA		100	0	0
Farma Wiatrowa Lubsko Sp. z o.o. , Zielona Góra/Poland		100		3
Fifth Standard Solar PV, LLC, Wilmington/USA		100	0	0
"Finelectra" Finanzgesellschaft für Elektrizitäts-Beteiligungen AG in Liquidation, Hausen/Switzerland		100	7,562	122
Five Estuaries Offshore Wind Farm Limited, Swindon/United Kingdom		100		3
Flatlands Wind Farm, LLC, Wilmington/USA		100	0	0
Florida Solar and Power Group LLC, Wilmington/USA		100	0	0
Frazier Solar, LLC, Wilmington/USA		100	0	0
Gazules I Fotovoltaica, S.L., Barcelona/Spain		100	-58	-137
Gazules II Solar, S.L., Barcelona/Spain		100	-58	-137
GBV Achtunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	1
GBV Dreiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	25	1
GBV Einunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	30	1
GBV Sechsunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	1
GBV Siebenunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	1
GBV Siebte Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	100	1
Generación Fotovoltaica Castellano Manchega, S.L., Murcia/Spain		100		3
Goole Fields II Wind Farm Limited, Swindon/United Kingdom		100	0	0
Grandview Wind Farm III, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm IV, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm V, LLC, Wilmington/USA		100	0	0
Green Gecco Verwaltungs GmbH, Essen		51	36	1
Haube Wind Sp. z o.o., Slupsk/Poland		100	663	-255
Highland III LLC, Chicago/USA		100	0	0
Horse Thief Wind Project LLC, Chicago/USA		100	0	0
INDI Energie B.V., 's-Hertogenbosch/Netherlands		100	47	40
Infraestructuras de Aldehuelas, S.A., Barcelona/Spain		100	428	0
Infrastrukturgesellschaft Netz Lübz mit beschränkter Haftung, Hanover		100	18	-24
innogy Energy Marketing Australia PTY LTD, Melbourne/Australia		100		3

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Innogy Energy Services LLC, Wilmington/USA		100	0	0
innogy Hillston Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	-169	-168
innogy indeland Windpark Eschweiler Verwaltungs GmbH, Eschweiler		100	47	6
Innogy Management Services LLC, Wilmington/USA		100		3
innogy Middle East & North Africa Ltd., Dubai/UAE		100	-7,654	-5,550
innogy Offshore Wind Netherlands Participations I B.V., 's-Hertogenbosch/Netherlands		100	0	0
innogy Offshore Wind Netherlands Participations II B.V., 's-Hertogenbosch/Netherlands		100	0	0
innogy Offshore Wind Netherlands Participations III B.V., 's-Hertogenbosch/Netherlands		100	0	0
innogy Offshore Wind Netherlands Participations IV B.V., 's-Hertogenbosch/Netherlands		100	0	0
innogy Seabreeze II Verwaltungs GmbH, Essen		100	65	6
innogy Solar Netherlands B.V., 's-Hertogenbosch/Netherlands		100	0	0
innogy Solar Polska Sp. z o.o., Warsaw/Poland		100	22	-6
innogy Solutions s.r.o., Bratislava/Slovakia		100		3
Innogy Stallingborough Limited, Swindon/United Kingdom		100	0	0
innogy Windpark Bedburg Verwaltungs GmbH, Bedburg		51	45	2
innogy Windpark Garzweiler GmbH & Co. KG, Essen		51	559	-23
Innogy Windpark Jüchen A44n Verwaltungs GmbH, Essen		100	31	-3
innogy Windpark Papenhagen GmbH & Co. KG, Hanover		100		3
innogy Windpark Papenhagen Verwaltungs GmbH, Hanover		100		3
Iron Horse Battery Storage, LLC, Wilmington/USA		100	10,849	679
IRUS Offshore Wind Holdings LLC, Dover/USA		100	0	0
iWATT s.r.o., Košice/Slovakia		100		3
Jerez Fotovoltaica S.L., Barcelona/Spain		100	2	-35
Kasson Manteca Solar, LLC, Wilmington/USA		100	0	0
Kieswerk Kaarst GmbH & Co. KG, Bergheim		51	2,200	656
Kieswerk Kaarst Verwaltungs GmbH, Bergheim		51	30	0
Kiln Pit Hill Wind Farm Limited, Swindon/United Kingdom		100	0	0
Kimberly Run LLC, Chicago/USA		100	0	0
Lake Fork Wind Farm, LLC, Wilmington/USA		100	0	0
Lampasas Wind LLC, Chicago/USA		100	0	0
Las Vaguadas I Fotovoltaica S.L., Barcelona/Spain		100	-17	-54
Las Vaguadas II Solar S.L., Barcelona/Spain		100	-42	-79
Lochelbank Wind Farm Limited, Swindon/United Kingdom		100	0	0
Mahanoy Mountain, LLC, Chicago/USA		100	0	0
Major Wind Farm, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
March Road Solar, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV 2 , LLC, Wilmington/USA		100	0	0
Maricopa Land Holding, LLC, Wilmington/USA		100	0	0
Maricopa West Solar PV 2, LLC, Wilmington/USA		100	0	0
Maryland Sunlight 1 LLC, Wilmington/USA		100		[3]
Mason Dixon Wind LLC, Chicago/USA		100	0	0
Mud Springs Wind Project LLC, Chicago/USA		100	0	0
Nadácia VSE Holding , Košice/Slovakia		100		[3]
Northern Orchard Solar PV, LLC, Wilmington/USA		100	0	0
Northern Orchard Solar PV 2, LLC, Wilmington/USA		100	0	0
Northern Orchard Solar PV 3, LLC, Wilmington/USA		100	0	0
Novar Two Wind Farm Limited, Swindon/United Kingdom		100	0	0
Offshore-Windpark Delta Nordsee GmbH, Hamburg		100	246	0
Ohio Sunlight 1 LLC, Wilmington/USA		100		[3]
Oranje Wind Power B.V., 's-Hertogenbosch/Netherlands		100	0	0
Oranje Wind Power C.V., 's-Hertogenbosch/Netherlands		100	0	0
Owen Prairie Wind Farm, LLC, Wilmington/USA		100	0	0
Painter Energy Storage, LLC, Wilmington/USA		100	0	0
Panther Creek Solar, LLC, Wilmington/USA		100	0	0
Paradise Cut Battery, LLC, Wilmington/USA		100	0	0
Parc Ynni Cymunedol Alwen Cyfyngedig, Swindon/United Kingdom		100		[3]
Park Wiatrowy Dolice Sp. z o.o., Warsaw/Poland		100	-2,662	-227
Park Wiatrowy Gaworzyce Sp. z o.o., Warsaw/Poland		100	-143	124
Pawnee Spirit Wind Farm, LLC, Wilmington/USA		100	0	0
Pe Ell North LLC, Chicago/USA		100	0	0
Peg Project #1 Pty Ltd, Melbourne/Australia		100		[3]
Peg Project #2 Pty Ltd, Melbourne/Australia		100		[3]
Photovoltaikkraftwerk Götz Verwaltungs-GmbH, Kolitzheim		100	28	-1
Photovoltaikkraftwerk Groß Dölln Infrastruktur GmbH & Co. KG, Templin		100	-16	-2
Photovoltaikkraftwerk Groß Dölln Infrastruktur Verwaltungs-GmbH, Templin		100	29	0
Photovoltaikkraftwerk Reinsdorf GmbH & Co. KG, Kolitzheim		100	-26	1
Photovoltaikkraftwerk Reinsdorf Verwaltungs-GmbH, Kolitzheim		100	30	0
Photovoltaikkraftwerk Tramm GmbH & Co. KG, Kolitzheim		100	-29	-2
Photovoltaikkraftwerk Tramm Netzanschluss GmbH & Co. KG, Kolitzheim		100	-27	-2
Photovoltaikkraftwerk Tramm Netzanschluss Verwaltungs-GmbH, Kolitzheim		100	28	0
Photovoltaikkraftwerk Tramm PV-Finanzierung GmbH & Co. KG, Kolitzheim		100	-19	-2

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	Direct	Total	€ '000	€ '000
Photovoltaikkraftwerk Tramm PV-Finanzierung Verwaltungs-GmbH, Kolitzheim		100	27	0
Photovoltaikkraftwerk Tramm Verwaltungs-GmbH, Kolitzheim		100	30	0
PI E&P Holding Limited, George Town/Cayman Islands		100	45,505	-11
PI E&P US Holding LLC, New York City/USA		100	45,377	-78
Pinckard Solar LLC, Wilmington/USA		100	0	0
Pinckard Solar Member LLC, Wilmington/USA		100	0	0
Pipkin Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
Proyecto Rio Putaendo S.p.A., Santiago de Chile/Chile		100		[3]
Proyecto Tabalongo Solar S.p.A., Santiago de Chile/Chile		100	1	0
Proyectos Solares Iberia I, S.L., Barcelona/Spain		100	6	-14
Proyectos Solares Iberia II, S.L., Barcelona/Spain		100	0	-20
Proyectos Solares Iberia III, S.L., Barcelona/Spain		100	19	-1
Proyectos Solares Iberia IV, S.L., Barcelona/Spain		100	19	-1
Proyectos Solares Iberia V, S.L., Barcelona/Spain		100	19	-1
Pryor Caves Wind Project LLC, Chicago/USA		100	0	0
PT Rheincoal Supply & Trading Indonesia, PT, Jakarta/Indonesia		100	277	4
Quintana Fotovoltaica SLU, Barcelona/Spain		100	-5	-5
Rampion Extension Development Limited, Swindon/United Kingdom		100		[3]
RD Hanau GmbH, Hanau		100	0	0
Rose Rock Wind Farm, LLC, Wilmington/USA		100	0	0
Rowantree Wind Farm Ltd., Swindon/United Kingdom		100	0	0
RWE & Turcas Dogalgaz Ithalat ve Ihracat A.S., Istanbul/Turkey		100	855	161
RWE Australia Pty. Ltd., Brisbane/Australia		100	50	-14
RWE Belgium BVBA, Brussels/Belgium		100	1,451	-8[2]
RWE Carbon Sourcing North America, LLC, Wilmington/USA		100	0	0
RWE Energy APAC Co. Ltd., Chengdu/China		100	1,977	-105
RWE Enerji Toptan Satis A.S., Istanbul/Turkey		100	4,294	-244
RWE Generation Hydro GmbH, Essen		100	25	[1]
RWE Ingen!us Limited, Swindon/United Kingdom		100	2,670	82
RWE NSW PTY LTD, Sydney/Australia		100	219	-45,462
RWE Pensionsfonds AG, Essen	100	100	3,694	-145
RWE Power Climate Protection GmbH, Essen		100	23	[1]
RWE Power Climate Protection Southeast Asia Co., Ltd., Bangkok/Thailand		100	3,032	-77
RWE Principal Investments USA, LLC, New York City/USA		100	169	-971
RWE Renewables Australia Holdings Pty Ltd., Brisbane/Australia		100	176	-27
RWE Renewables Chile SpA, Santiago/Chile		100	1,133	-570
RWE Renewables France SAS, Levallois-Perret/France		100	-1,532	-4,337

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	Direct	Total	€ '000	€ '000
RWE Renewables Japan G.K., Tokyo/Japan		100	3,643	-384
RWE Renewables Mexico, S. de R.L. de C.V., Mexico City/Mexico		100	1,166	-179
RWE Renewables Services GmbH, Essen		100	25	0
RWE Renewables Services Mexico, S. de R.L. de C.V., Mexico City/Mexico		100		3
RWE Slovensko s.r.o., Bratislava/Slovakia	100	100		3
RWEST PI Bras Limited, London/United Kingdom		100	1,360	-23
RWEST PI FRE Holding LLC, New York City/USA		100	-1	-31
RWEST PI Limetree GmbH, Essen		100	25	0
RWE Supply & Trading CZ GmbH, Essen		100	100,990	6
RWE SUPPLY TRADING TURKEY ENERJI ANONIM SIRKETI, Istanbul/Turkey		100	1,054	176
RWE Technology International Energy Environment Engineering GmbH, Essen		100	25	1
RWE TECNOLOGIA LTDA, Rio de Janeiro/Brazil		100		3
RWE Trading Services Limited, Swindon/United Kingdom		100	1,349	32
RWE Wind Denmark AB, Malmö/Sweden		100	684	0
RWE Wind Norway AB, Malmö/Sweden		100	6,634	788
RWE Windparks Deutschland GmbH, Essen		100	24	-1
RWE Wind Projects AB, Malmö/Sweden		100	4	0
RWE Wind Service Italia S.r.l. , Milan/Italy		100	-399	-444
RWE Wind Services GmbH, Neubukow		100	2,165	0
RWE Wind Services Norway AS, Oslo/Norway		100	1,515	-8
RWE Wind Songkjølen AS, Oslo/Norway		100	3,533	-18
Santa Severa Centrale PV s.a.s. (s.r.l.), Rome/Italy		100	-151	0
SB Retrofit, LLC, Wilmington/USA		100	0	0
Scioto Solar LLC, Wilmington/USA		100		3
Snow Shoe Wind Farm, LLC, Wilmington/USA		100	0	0
Songkjølen Wind Farm DA, Oslo/Norway		100	4,943	-25
Sparta North, LLC, Wilmington/USA		100	0	0
Sparta South, LLC, Wilmington/USA		100	0	0
SP Solarprojekte 1 Verwaltungs-GmbH, Kolitzheim		100	25	0
SP Solarprojekte 2 GmbH & Co. KG, Kolitzheim		100	-3	-3
SP Solarprojekte 2 Verwaltungs-GmbH, Kolitzheim		100	26	0
SP Solarprojekte 3 GmbH & Co. KG, Kolitzheim		100	-4	-2
SP Solarprojekte 3 Verwaltungs-GmbH, Kolitzheim		100	26	0
SP Solarprojekte 4 GmbH & Co. KG, Kolitzheim		100	-4	-2
SP Solarprojekte 4 Verwaltungs-GmbH, Kolitzheim		100	26	0
SP Solarprojekte 7 GmbH & Co. KG, Kolitzheim		100	-2	-3
SP Solarprojekte 7 Verwaltungs-GmbH, Kolitzheim		100	25	0

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	Direct	Total	€ '000	€ '000
SP Solarprojekte 8 GmbH & Co. KG, Sömmerda		100		3
SP Solarprojekte 8 Verwaltungs-GmbH, Sömmerda		100		3
SP Solarprojekte 9 GmbH & Co. KG, Sömmerda		100		3
SP Solarprojekte 9 Verwaltungs-GmbH, Sömmerda		100		3
SP Solarprojekte 10 GmbH & Co. KG, Sömmerda		100		3
SP Solarprojekte 10 Verwaltungs-GmbH, Sömmerda		100		3
SP Solarprojekte 11 GmbH & Co. KG, Kolitzheim		100	-28	-2
SP Solarprojekte 11 Verwaltungs-GmbH, Kolitzheim		100	29	0
SP Solarprojekte 12 GmbH & Co. KG , Kolitzheim		100	-29	-2
SP Solarprojekte 12 Verwaltungs-GmbH, Kolitzheim		100	29	0
SP Solarprojekte 13 GmbH & Co. KG, Kolitzheim		100	-29	-2
SP Solarprojekte 13 Verwaltungs-GmbH, Kolitzheim		100	29	0
Stillwater Energy Storage, LLC, Wilmington/USA		100	0	0
Stockton Solar I, LLC, Wilmington/USA		100	0	0
Stockton Solar II, LLC, Wilmington/USA		100	0	0
Storage Facility 1 Ltd., Slough/United Kingdom		100	-20	-20
Sun Data GmbH (i.L.), Kolitzheim		100	74	70
Sunpow 1 Sp. z o.o., Warsaw/Poland		100	0	0
Sunrise Energy Generation Pvt. Ltd., Mumbai/India		100	70	3
Sunrise Wind Holdings, LLC, Chicago/USA		100	0	0
SVFR 12 (SAS), Vendres/France		100	-112	-2
Terrapin Hills LLC, Chicago/USA		100	0	0
Three Rocks Solar, LLC, Wilmington/USA		100	0	0
Tierra Blanca Wind Farm, LLC, Wilmington/USA		100	0	0
Tipton Wind, LLC, Wilmington/USA		100	0	0
Valverde Wind Farm, LLC, Wilmington/USA		100	0	0
VDE Komplementär GmbH, Kassel		100	8	-9
VDE Projects GmbH, Kassel		100	37	-22
Venado Wind Farm, LLC, Wilmington/USA		100	0	0
Versuchsatomkraftwerk Kahl GmbH, Karlstein am Main		80	604	31
Vici Wind Farm, LLC, Wilmington/USA		100	0	0
Vici Wind Farm II, LLC, Wilmington/USA		100	0	0
Vici Wind Farm III, LLC, Wilmington/USA		100	0	0
Vortex Energy Deutschland GmbH, Kassel		100	4,661	986
Vortex Energy Windpark GmbH & Co. KG, Kassel		100	1	-29
VSE Call centrum, s.r.o., Košice/Slovakia		100	56	29
VSE Ekoenergia, s.r.o., Košice/Slovakia		100	65	-119
West of the Pecos Holdco, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Wildcat Wind Farm II, LLC, Wilmington/USA		100	0	0
Wildcat Wind Farm III, LLC, Wilmington/USA		100	0	0
Willowbrook Solar I, LLC, Wilmington/USA		100	0	0
Windpark Hölzerberg GmbH & Co. KG, Kassel		100	1	-12
Windpark Winterlingen-Alb GmbH & Co. KG, Kassel		100	1	-12
Wiregrass, LLC, Wilmington/USA		100	0	0
WIT Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
WR Graceland Solar, LLC, Wilmington/USA		100	0	0
Zielone Glówczyce Sp. z o.o., Glówczyce/Poland		100	472	-519

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4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
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8 Profit and loss-pooling agreement with non-Group companies.

III. Joint operations	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Greater Gabbard Offshore Winds Limited, Reading/United Kingdom		50	1,122,469	101,728
N.V. Elektriciteits-Produktiemaatschappij Zuid-Nederland EPZ, Borssele/Netherlands		30	81,302	5,609

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IV. Associated companies of joint operations	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
B.V. NEA, Arnhem/Netherlands		28	71,714	216

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7 Significant influence by virtue of company contract.
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V. Joint ventures accounted for using the equity method	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
AS 3 Beteiligungs GmbH, Essen		51[5]	36,819	5,740
AWE-Arkona-Windpark Entwicklungs-GmbH, Hamburg		50	1,074,954	26,952
C-Power N.V., Oostende/Belgium		27	247,933	22,227
Elevate Wind Holdco, LLC, Wilmington/USA		50	245,884	16,100
Galloper Wind Farm Holding Company Limited, Swindon/United Kingdom		25	-101,690	33,135
Grandview Wind Farm, LLC, Wilmington/USA		50	302,098	-12,364
Gwynt y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		50	-2,103	-992
Innogy Venture Capital GmbH, Dortmund		75[5]	714	119
Rampion Renewables Limited, Coventry/United Kingdom		60[5]		[3]
Société Electrique de l'Our S.A., Luxembourg/Luxembourg		40	11,617	5,686[2]
TCP Petcoke Corporation, Dover/USA		50	35,437	25,425[2]
URANIT GmbH, Jülich		50	72,127	98,094

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VI. Associates accounted for using the equity method	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Amprion GmbH, Dortmund	25	25	1,823,000	203,400
ATBERG – Eólicas do Alto Tâmega e Barroso, Lda., Ribeira de Pena/Portugal		40	4,862	532
Belectric Gulf Limited, Abu Dhabi/UAE		49	4,758	4,173
Bray Offshore Wind Limited, Kilkenny/Ireland		50	-83	-12
DOTI Deutsche Offshore-Testfeld- und Infrastruktur-GmbH & Co. KG, Oldenburg		26	84,844	-46,276
GNS Gesellschaft für Nuklear-Service mbH, Essen		28	36,339	15,690[2]
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim		40	127,435	6,647
HIDROERG – Projectos Energéticos, Lda., Lisbon/Portugal		32	12,588	1,964
Innogy Renewables Technology Fund I GmbH & Co. KG (i.L.), Dortmund		78[5]	16,637	-1,833
Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Austria		49	912,286	96,638[2]
KELAG-Kärntner Elektrizitäts-AG, Klagenfurt/Austria		13[6]	893,675	93,316
Kish Offshore Wind Limited, Kilkenny/Ireland		50	-103	-12
Magicat Holdco, LLC, Wilmington/USA		20	278,448	1,552
Mingas-Power GmbH, Essen		40	5,114	4,445
Nysäter Wind AB, Malmö/Sweden		20	20,419	-5,869
PEARL PETROLEUM COMPANY LIMITED, Road Town/British Virgin Islands		10[7]	1,951,247	242,061
Rødsand 2 Offshore Wind Farm AB, Malmö/Sweden		20	143,174	14,320

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VI. Associates accounted for using the equity method	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Schluchseewerk Aktiengesellschaft, Laufenburg Baden		50	64,957	2,809
Vliegasunie B.V., De Bilt/Netherlands		60[5]	10,679	3,070

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2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Abwasser-Gesellschaft Knapsack, Gesellschaft mit beschränkter Haftung, Hürth		33	415	185
Alfred Thiel-Gedächtnis-Unterstützungskasse GmbH, Essen		50	5,113	0
Ascent Energy LLC, Wilmington/USA		50	83,664	-3,349
CARBON Climate Protection GmbH, Langenlois/Austria		50	3,052	1,422
CARBON Egypt Ltd. (Under Liquidation), Cairo/Egypt		49	-2,274	-245
DBO Energia S.A., Rio de Janeiro /Brazil		90	604	-988
Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, Essen		31	2,159	1,647
DOTI Management GmbH, Oldenburg		26	119	0
EMDO S.A.S., Paris/France		30	-10,890	-5,906
Energotel, a.s., Bratislava/Slovakia		20	6,922	1,410
Eoliennes en mer de Dunkerque (EMD) S.A.S., Paris/France		30		[3]
Fassi Coal Pty. Ltd., Rutherford/Australia		47	-9,954	-2,975
First River Energy LLC, Denver/USA		40	-1,410	-7,597
Focal Energy Photovoltaic Holdings Limited, Nicosia/Cyprus		50	1,476	-4
Gemeinschaftswerk Hattingen Gesellschaft mit beschränkter Haftung, Essen		52	2,045	-685
GfS Gesellschaft für Simulatorschulung mbH, Essen		33	62	3
Kraftwerk Buer GbR, Gelsenkirchen		50	5,113	0
KSG Kraftwerks-Simulator-Gesellschaft mbH, Essen		33	615	26
KÜCKHOVENER Deponiebetrieb GmbH & Co. Kommanditgesellschaft, Bergheim		50	32	-1
KÜCKHOVENER Deponiebetrieb Verwaltungs-GmbH, Bergheim		50	39	0
LDO Coal Pty. Ltd., Rutherford/Australia		47	-101	77
Limetree Bay Preferred Holdings LLC, Boston/USA		28		[3]
London Array Limited, Tunbridge Wells/United Kingdom		30	0	0
Moravske Hidroelektrane d.o.o., Belgrade/Serbia		51	3,538	-18
Netzanbindung Tewel OHG, Cuxhaven		25	627	-41
PV Projects GmbH & Co. KG (i.L.), Kolitzheim		50	236	-33

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
PV Projects Komplementär GmbH (i.L.), Kolitzheim		50	26	1
RWE Dhabi Union Energy LLC, Abu Dhabi/UAE		24	36	0
Scarweather Sands Limited, Coventry/United Kingdom		50	0	0
SPX, s.r.o., Zilina/Slovakia		33	163	9
TetraSpar Demonstrator ApS, Copenhagen/Denmark		33	-1,037	-1,985
Toledo PV A.E.I.E., Madrid/Spain		33	1,607	681
TPG Wind Limited, Coventry/United Kingdom		50	516	904
TRANSELEKTRO, s.r.o., Košice/Slovakia		26	-36	-69
Umspannwerk Putlitz GmbH & Co. KG, Oldenburg		25	0	-137
WALDEN GREEN ENERGY LLC, New York City/USA		74	13,697	18,618
Walden Renewables Development LLC, New York City/USA		76		[3]
Windesco Inc, Boston/USA		22	-1,029	-1,120
Windpark Fresenhede GmbH & Co. KG, Kassel		50	1	-38
Windpark Herßum-Vinnen Projekt GmbH & Co. KG, Kassel		50	1	-7
Windpark Rotenburg GmbH & Co. KG, Kassel		50	1	-119
Windpark Schapen GmbH & Co. KG, Kassel		50	1	-9
WINDTEST Grevenbroich GmbH, Grevenbroich		38	2,276	118
Yorkshire Windpower Limited, Coventry/United Kingdom		50	26,121	4,176

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VIII. Other investments	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
APEP Dachfonds GmbH & Co. KG, Munich	36	36	159,315	67,583
Chrysalix Energy II U.S. Limited Partnership, Vancouver/Canada		6	9,155	-51
Chrysalix Energy III U.S. Limited Partnership, Vancouver/Canada		11	115,776	-6,846
Dry Bulk Partners 2013 LP, Grand Cayman/Cayman Islands		23	6,578	85
Energías Renovables de Ávila, S.A., Madrid/Spain		17	595	0
E.ON SE, Essen		15	9,431,700	1,053,000
Focal Energy Solar Three Ltd., Nicosia/Cyprus		8	5,430	-4
Glenrothes Paper Limited, Glenrothes/United Kingdom		0	715	0
Globus Steel & Power Pvt. Limited, New Delhi/India		18	-1,337	-937
High-Tech Gründerfonds II GmbH & Co. KG, Bonn		1	111,181	0
HOCHTEMPERATUR-KERNKRAFTWERK Gesellschaft mit beschränkter Haftung (HKG) Gemeinsames Europäisches Unternehmen, Hamm		31	0	0

1 Profit and loss-pooling agreement.
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3 Newly founded, financial statements not yet available.
4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

VIII. Other investments	Shareholding in %		Equity	Net income/loss
	Direct	Total	€ '000	€ '000
Nordsee One GmbH, Oststeinbek		15	121,250	49,274
Nordsee Three GmbH, Oststeinbek		15	226	-7
Nordsee Two GmbH, Oststeinbek		15	73	-7
OPPENHEIM PRIVATE EQUITY Institutionelle Anleger GmbH & Co. KG, Cologne	29	29	385	-20
Parque Eólico Cassiopea, S.L., Oviedo/Spain		10	50	0
Parque Eólico Escorpio, S.A., Oviedo/Spain		10	522	4
Parque Eólico Leo, S.L., Oviedo/Spain		10	126	0
PEAG Holding GmbH, Dortmund	12	12	18,858	2,425
People2People, s.r.o., Bratislava /Slovakia		9	177	-43
Promocion y Gestion Cáncer, S.L., Oviedo/Spain		10	63	1
REV LNG LLC, Ulysses/USA		5	3,163	325
SET Fund II C.V., Amsterdam/Netherlands		13	49,078	10,271
Stem Inc., Milbrae/USA		6	2,211	-45,187
Sustainable Energy Technology Fund C.V., Amsterdam/Netherlands		50	15,030	-1,949
Technologiezentrum Jülich GmbH, Jülich		5	1,791	198
Transport- und Frischbeton-Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Aachen, Aachen		17	390	164
Trinkaus Secondary GmbH & Co. KGaA, Düsseldorf	43	43	1,058	-144
UMBO GmbH, Hamburg		10	1,487	1,387
Umspannwerk Lübz GbR, Lübz		18	19	-39
Versorgungskasse Energie (VVaG) i.L., Hanover		0	51,729	0

1 Profit and loss-pooling agreement.
2 Figures from the Group's consolidated financial statements.
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4 Control by virtue of company contract.
5 No control by virtue of company contract.
6 Significant influence via indirect investments.
7 Significant influence by virtue of company contract.
8 Profit and loss-pooling agreement with non-Group companies.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Additions to affiliated companies included in the consolidated financial statements			
Amrum-Offshore West GmbH, Düsseldorf	100		100
Anacacho Holdco, LLC, Wilmington/USA	100		100
Anacacho Wind Farm, LLC, Wilmington/USA	100		100
Belectric Canada Solar Inc. , Vancouver/Canada	100		100
Boiling Springs Wind Farm, LLC, Wilmington/USA	100		100
Bruenning's Breeze Holdco, LLC, Wilmington/USA	100		100
Bruenning's Breeze Wind Farm, LLC, Wilmington/USA	100		100
Champion WF Holdco, LLC, Wilmington/USA	100		100
Champion Wind Farm, LLC, Wilmington/USA	100		100
Colbeck's Corner Holdco, LLC, Wilmington/USA	100		100
Colbeck's Corner, LLC, Wilmington/USA	100		100
Cranell Holdco, LLC, Wilmington/USA	100		100
Cranell Wind Farm, LLC, Wilmington/USA	100		100
DOTTO MORCONE S.r.l., Rome/Italy	100		100
E.ON Energie Odnawialne Sp. z o.o., Szczecin/Poland	100		100
Energiewerken B.V., Almere/Netherlands	100		100
Farma Wiatrowa Barzowice Sp. z o.o., Warsaw/Poland	100		100
Forest Creek Investco, Inc., Wilmington/USA	100		100
Forest Creek WF Holdco, LLC, Wilmington/USA	100		100
Forest Creek Wind Farm, LLC, Wilmington/USA	100		100
Get Energy Solutions Szolgáltató Kft., Budapest/Hungary	91		91
Glen Kyllachy Wind Farm Limited, Swindon/United Kingdom	100		100
Grandview Holdco, LLC, Wilmington/USA	100		100
Hardin Class B Holdings LLC, Wilmington/USA	100		100
Hardin Wind Holdings LLC, Wilmington/USA	100		100
Inadale Wind Farm, LLC, Wilmington/USA	100		100
IRUS Solar NC Lessee LLC, Wilmington/USA	100		100
IRUS Solar NC Pledgor LLC, Wilmington/USA	100		100
IRUS Solar Operations LLC, Wilmington/USA	100		100
IRUS Wind Operations LLC, Wilmington/USA	100		100
Klima és Hutéstechnológia Tervezo, Szerelo és Kereskedelmi Kft., Budapest/Hungary	100		100
Munnsville Investco, LLC, Wilmington/USA	100		100
Munnsville WF Holdco, LLC, Wilmington/USA	100		100
Munnsville Wind Farm, LLC, Wilmington/USA	100		100
Panther Creek Holdco, LLC, Wilmington/USA	100		100
Panther Creek Wind Farm I&II, LLC, Wilmington/USA	100		100
Panther Creek Wind Farm Three, LLC, Wilmington/USA	100		100
Peyton Creek Holdco, LLC, Wilmington/USA	100		100
Peyton Creek Wind Farm, LLC, Wilmington/USA	100		100
Pioneer Trail Wind Farm, LLC, Wilmington/USA	100		100

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Additions to affiliated companies included in the consolidated financial statements			
Pyron Wind Farm, LLC, Wilmington/USA	100		100
Radford's Run Holdco, LLC, Wilmington/USA	100		100
Radford's Run Wind Farm, LLC, Wilmington/USA	100		100
Raymond Holdco, LLC, Wilmington/USA	100		100
Raymond Wind Farm, LLC, Wilmington/USA	100		100
Roscoe WF Holdco, LLC, Wilmington/USA	100		100
Roscoe Wind Farm, LLC, Wilmington/USA	100		100
RWE Canada Ltd., Saint John/Canada	100		100
RWE Czech Gas Grid Holding B.V., Geertruidenberg/Netherlands	100		100
RWE Energy Services, LLC, Wilmington/USA	100		100
RWE Investco EPC Mgmt, LLC, Wilmington/USA	100		100
RWE Investco Mgmt, LLC, Wilmington/USA	100		100
RWE Investco Mgmt II, LLC, Wilmington/USA	100		100
RWE Magicat Holdco, LLC, Wilmington/USA	100		100
RWE Renewables Americas, LLC, Wilmington/USA	100		100
RWE Renewables Asset Management, LLC, Wilmington/USA	100		100
RWE Renewables Canada Ltd., Saint John/Canada	100		100
RWE Renewables Development, LLC, Wilmington/USA	100		100
RWE Renewables Energy Marketing, LLC, Wilmington/USA	100		100
RWE Renewables International GmbH, Essen	100		100
RWE Renewables International Participations B.V., Geertruidenberg/Netherlands	100		100
RWE Renewables Italia S.r.l., Rome/Italy	100		100
RWE Renewables O&M, LLC, Wilmington/USA	100		100
RWE Renewables QSE, LLC, Wilmington/USA	100		100
RWE Renewables Services, LLC, Wilmington/USA	100		100
RWE Renewables Sweden AB, Malmö/Sweden	100		100
RWE Renewables UK Blyth Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Developments Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Humber Wind Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Limited, Coventry/United Kingdom	100		100
RWE Renewables UK London Array Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Offshore Wind Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Operations Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Robin Rigg East Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Robin Rigg West Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Wind Limited, Coventry/United Kingdom	100		100
RWE Renewables UK Zone Six Limited, Coventry/United Kingdom	100		100
RWE Slovak Holding B.V., Geertruidenberg/Netherlands	100		100
RWE Solar Development, LLC, Wilmington/USA	100		100
RWE Solar PV, LLC, Wilmington/USA	100		100
RWE Wind Karehamn AB, Malmö/Sweden	100		100

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Additions to affiliated companies included in the consolidated financial statements			
RWE Wind Services Denmark A/S, Rødby/Denmark	100		100
Sand Bluff WF Holdco, LLC, Wilmington/USA	100		100
Sand Bluff Wind Farm, LLC, Wilmington/USA	100		100
Settlers Trail Wind Farm, LLC, Wilmington/USA	100		100
Stella Holdco, LLC, Wilmington/USA	100		100
Stella Wind Farm, LLC, Wilmington/USA	100		100
Tamworth Holdings, LLC, Charlotte/USA	100		100
Tanager Holdings, LLC, Charlotte/USA	100		100
Tech Park Solar, LLC, Wilmington/USA	100		100
Valencia Solar, LLC, Tucson/USA	100		100
West of the Pecos Solar, LLC, Wilmington/USA	100		100
West Raymond Holdco, LLC, Wilmington/USA	100		100
West Raymond Wind Farm, LLC, Wilmington/USA	100		100
Additions to joint ventures accounted for using the equity method			
AWE-Arkona-Windpark Entwicklungs-GmbH, Hamburg	50		50
Elevate Wind Holdco, LLC, Wilmington/USA	50		50
Grandview Wind Farm, LLC, Wilmington/USA	50		50
Rampion Renewables Limited, Coventry/United Kingdom	60[3]		60
Additions to associates accounted for using the equity method			
DOTI Deutsche Offshore-Testfeld- und Infrastruktur-GmbH & Co. KG, Oldenburg	26		26
Magicat Holdco, LLC, Wilmington/USA	20		20
Nysäter Wind AB, Malmö/Sweden	20		20
Rødsand 2 Offshore Wind Farm AB, Malmö/Sweden	20		20
Disposal of affiliated companies included in the consolidated financial statements			
2. CR-Immobilien-Vermietungsgesellschaft mbH & Co. KG Cottbus, Düsseldorf		[1]	
2. CR Immobilien-Vermietungsgesellschaft mbH & Co. Objekt MEAG Halle KG, Düsseldorf		[1]	
Artelis S.A., Luxembourg/Luxembourg		90	– 90
A/V/E GmbH, Halle (Saale)		76	– 76
Bayerische Bergbahnen-Beteiligungs-Gesellschaft mbH, Gundremmingen		100	– 100
Bayerische Elektrizitätswerke Gesellschaft mit beschränkter Haftung, Augsburg		100	– 100
Bayerische-Schwäbische Wasserkraftwerke Beteiligungsgesellschaft mbH, Gundremmingen		62	– 62
Bristol Channel Zone Limited, Bristol/United Kingdom		100	– 100
Broadband TelCom Power, Inc., Santa Ana/USA		100	– 100
BTB-Blockheizkraftwerks, Träger- und Betreibergesellschaft mbH Berlin, Berlin		100	– 100
Budapesti Elektromos Muvek Nyrt., Budapest/Hungary		55	– 55

1 Structured entity pursuant to IFRS 10 and 12.
2 Control by virtue of company contract.
3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of affiliated companies included in the consolidated financial statements			
Cegecom S.A., Luxembourg/Luxembourg		100	-100
Certified B.V., Amsterdam/Netherlands		100	-100
Channel Energy Limited, Bristol/United Kingdom		100	-100
EGD-Energiewacht Facilities B.V., Assen/Netherlands		100	-100
Elektrizitätswerk Landsberg GmbH, Landsberg am Lech		100	-100
ELE Verteilnetz GmbH, Gelsenkirchen		100	-100
ELMU DSO Holding Korlátolt Felelosségu Társaság, Budapest/Hungary		100	-100
ELMU-ÉMÁSZ Energiakereskedo Kft., Budapest/Hungary		100	-100
ELMU-ÉMÁSZ Energiaszolgáltató Zrt., Budapest/Hungary		100	-100
ELMU-ÉMÁSZ Energiatároló Kft., Budapest/Hungary		100	-100
ELMU-ÉMÁSZ Solutions Kft., Budapest/Hungary		100	-100
ELMU-ÉMÁSZ Telco Kft., Budapest/Hungary		100	-100
ELMU-ÉMÁSZ Ügyfélszolgálati Kft., Budapest/Hungary		100	-100
ELMU Halozati Eloszto Kft., Budapest/Hungary		100	-100
ÉMÁSZ Halozati Kft., Miskolc/Hungary		100	-100
Emscher Lippe Energie GmbH, Gelsenkirchen		50	-50
Energiedirect B.V., Waalre/Netherlands		100	-100
Energienetze Berlin GmbH, Berlin		100	-100
Energiewacht Facilities B.V., Zwolle/Netherlands		100	-100
Energiewacht Groep B.V., Meppel/Netherlands		100	-100
Energiewacht N.V., Veendam/Netherlands		100	-100
Energiewacht West Nederland B.V., Assen/Netherlands		100	-100
Energiewerken B.V., Almere/Netherlands			[5]
energis GmbH, Saarbrücken		72	-72
energis-Netzgesellschaft mbH, Saarbrücken		100	-100
enviaM Beteiligungsgesellschaft Chemnitz GmbH, Chemnitz		100	-100
enviaM Beteiligungsgesellschaft mbH, Essen		100	-100
envia Mitteldeutsche Energie AG, Chemnitz		59	-59
envia SERVICE GmbH, Cottbus		100	-100
envia TEL GmbH, Markkleeberg		100	-100
envia THERM GmbH, Bitterfeld-Wolfen		100	-100
eprimo GmbH, Neu-Isenburg		100	-100
Essent Belgium N.V., Antwerp/Belgium		100	-100
Essent EnergieBewust Holding B.V., 's-Hertogenbosch/Netherlands		100	-100
Essent Energie Verkoop Nederland B.V., 's-Hertogenbosch/Netherlands		100	-100
Essent Energy Group B.V., Arnhem/Netherlands		100	-100
Essent IT B.V., Arnhem/Netherlands		100	-100
Essent Nederland B.V., Arnhem/Netherlands		100	-100
Essent N.V., 's-Hertogenbosch/Netherlands		100	-100

1 Structured entity pursuant to IFRS 10 and 12.
2 Control by virtue of company contract.
3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of affiliated companies included in the consolidated financial statements			
Essent Retail Energie B.V., 's-Hertogenbosch/Netherlands		100	– 100
Essent Rights B.V., 's-Hertogenbosch/Netherlands		100	– 100
Essent Sales Portfolio Management B.V., 's-Hertogenbosch/Netherlands		100	– 100
Eszak-magyarorszagi Aramszolgáltató Nyrt., Miskolc/Hungary		54	– 54
EuroSkyPark GmbH, Saarbrücken		51	– 51
EVIP GmbH, Bitterfeld-Wolfen		100	– 100
EWIS BV, Ede/Netherlands		100	– 100
EWV Energie- und Wasser-Versorgung GmbH, Stolberg		54	– 54
FAMIS Gesellschaft für Facility Management und Industrieservice mbH, Saarbrücken		100	– 100
GasNet, s.r.o., Ústí nad Labem/Czech Republic		100	– 100
GasWacht Friesland Facilities B.V., Leeuwarden/Netherlands		100	– 100
Geas Energiewacht B.V., Enschede/Netherlands		100	– 100
Gemeinschaftskraftwerk Bergkamen A beschränkt haftende OHG, Bergkamen		51	– 51
Get Energy Solutions Szolgáltató Kft., Budapest/Hungary			5
GridServices, s.r.o., Brno/Czech Republic		100	– 100
GWG Grevenbroich GmbH, Grevenbroich		60	– 60
Hof Promotion B.V., Eindhoven/Netherlands		100	– 100
Improvers B.V., 's-Hertogenbosch/Netherlands		100	– 100
Improvers Community B.V., Amsterdam/Netherlands		100	– 100
innogy Aqua GmbH, Mülheim an der Ruhr		100	– 100
innogy Benelux Holding B.V., 's-Hertogenbosch/Netherlands		100	– 100
innogy Beteiligungsholding GmbH, Essen		100	– 100
innogy Business Services Benelux B.V., Arnhem/Netherlands		100	– 100
innogy Business Services Polska Sp. z o.o., Cracow/Poland		100	– 100
Innogy Business Services UK Limited, Swindon/United Kingdom		100	– 100
innogy Ceská republika a.s., Prague/Czech Republic		100	– 100
innogy eMobility Solutions GmbH, Dortmund		100	– 100
innogy e-mobility US LLC, Delaware/USA		100	– 100
innogy Energie, s.r.o., Prague/Czech Republic		100	– 100
innogy Energo, s.r.o., Prague/Czech Republic		100	– 100
innogy Finance B.V., 's-Hertogenbosch/Netherlands		100	– 100
innogy Gastronomie GmbH, Essen		100	– 100
innogy Grid Holding, a.s., Prague/Czech Republic		50	– 50
innogy Hungária Tanácsadó Kft., Budapest/Hungary		100	– 100
innogy Innovation Berlin GmbH, Berlin		100	– 100
INNOGY INNOVATION CENTER LTD, Tel Aviv/Israel		100	– 100
innogy Innovation GmbH, Essen		100	– 100
innogy Innovation UK Ltd., London/United Kingdom		100	– 100
innogy International Participations N.V., 's-Hertogenbosch/Netherlands		100	– 100

1 Structured entity pursuant to IFRS 10 and 12.
2 Control by virtue of company contract.
3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of affiliated companies included in the consolidated financial statements			
innogy IT Magyarország Kft. „v.a.", Budapest/Hungary		100	- 100
innogy Metering GmbH, Mülheim an der Ruhr		100	- 100
innogy Netze Deutschland GmbH, Essen		100	- 100
innogy New Ventures LLC, Palo Alto/USA		100	- 100
innogy Polska IT Support Sp. z o.o., Warsaw/Poland		100	- 100
innogy Polska S.A., Warsaw/Poland		100	- 100
innogy Polska Solutions Sp. z o.o., Warsaw/Poland		100	- 100
innogy Rheinhessen Beteiligungs GmbH, Essen		100	- 100
innogy SE, Essen		77	- 77
Innogy Solutions Ireland Limited, Dublin/Ireland		100	- 100
innogy solutions Kft., Budapest/Hungary		100	- 100
innogy Solutions s.r.o., Banská Bystrica/Slovakia		100	- 100
innogy South East Europe s.r.o., Bratislava/Slovakia		100	- 100
innogy Stoen Operator Sp. z o.o., Warsaw/Poland		100	- 100
innogy TelNet GmbH, Essen		100	- 100
innogy Ventures GmbH, Essen		100	- 100
innogy Zákaznické služby, s.r.o., Ostrava/Czech Republic		100	- 100
innogy Zweite Vermögensverwaltungs GmbH, Essen		100	- 100
Installatietechniek Totaal B.V., Leeuwarden/Netherlands		100	- 100
IsoFitters BVBA, Herentals/Belgium		100	- 100
Isoprofs België BVBA, Hasselt/Belgium		100	- 100
Isoprofs B.V., Meijel/Netherlands		100	- 100
iSWITCH GmbH, Essen		100	- 100
It's a beautiful world B.V., Amersfoort/Netherlands		100	- 100
Klima és Hutéstechnológia Tervezo, Szerelo és Kereskedelmi Kft., Budapest/Hungary			5
Konnektor B.V., Amsterdam/Netherlands		100	- 100
Koprivnica Opskrba d.o.o., Koprivnica/Croatia		75	- 75
Koprivnica Plin d.o.o., Koprivnica/Croatia		75	- 75
Lechwerke AG, Augsburg		90	- 90
Leitungspartner GmbH, Düren		100	- 100
LEW Anlagenverwaltung Gesellschaft mit beschränkter Haftung, Gundremmingen		100	- 100
LEW Beteiligungsgesellschaft mbH, Gundremmingen		100	- 100
LEW Netzservice GmbH, Augsburg		100	- 100
LEW Service & Consulting GmbH, Augsburg		100	- 100
LEW TelNet GmbH, Neusäß		100	- 100
LEW Verteilnetz GmbH, Augsburg		100	- 100
Licht Groen B.V., Amsterdam/Netherlands		100	- 100
Livisi GmbH, Essen		100	- 100

1 Structured entity pursuant to IFRS 10 and 12.
2 Control by virtue of company contract.
3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of affiliated companies included in the consolidated financial statements			
MI-FONDS 178, Frankfurt am Main		100	–100
MI-FONDS F55, Frankfurt am Main		100	–100
MI-FONDS G55, Frankfurt am Main		100	–100
MI-FONDS J55, Frankfurt am Main		100	–100
MI-FONDS K55, Frankfurt am Main		100	–100
MITGAS Mitteldeutsche Gasversorgung GmbH, Halle (Saale)		75	–75
Mitteldeutsche Netzgesellschaft Gas mbH, Halle (Saale)		100	–100
Mitteldeutsche Netzgesellschaft Strom mbH, Halle (Saale)		100	–100
Mittlere Donau Kraftwerke AG, Munich		40[1]	–40
Montcogim – Plinara d.o.o., Sveta Nedelja/Croatia		100	–100
Nederland Isoleert B.V., Amersfoort/Netherlands		100	–100
Nederland Schildert B.V., Amersfoort/Netherlands		100	–100
Nederland Schildert Rijnmond B.V., Amersfoort/Netherlands		100	–100
Nederland Verkoopt B.V., Amersfoort/Netherlands		100	–100
NEW AG, Mönchengladbach		40[2]	–40
NEW Netz GmbH, Geilenkirchen		100	–100
NEW Niederrhein Energie und Wasser GmbH, Mönchengladbach		100	–100
NEW NiederrheinWasser GmbH, Viersen		100	–100
NEW Tönisvorst GmbH, Tönisvorst		98	–98
NEW Viersen GmbH, Viersen		100	–100
Npower Business and Social Housing Limited, Swindon/United Kingdom		100	–100
Npower Commercial Gas Limited, Swindon/United Kingdom		100	–100
Npower Direct Limited, Swindon/United Kingdom		100	–100
Npower Financial Services Limited, Swindon/United Kingdom		100	–100
Npower Gas Limited, Swindon/United Kingdom		100	–100
Npower Group Limited, Swindon/United Kingdom		100	–100
Npower Limited, Swindon/United Kingdom		100	–100
Npower Northern Limited, Swindon/United Kingdom		100	–100
Npower Yorkshire Limited, Swindon/United Kingdom		100	–100
Npower Yorkshire Supply Limited, Swindon/United Kingdom		100	–100
Octopus Electrical Limited, Swindon/United Kingdom		100	–100
OIE Aktiengesellschaft, Idar-Oberstein		100	–100
Plus Shipping Services Limited, Swindon/United Kingdom		100	–100
Powerhouse B.V., Almere/Netherlands		100	–100
PS Energy UK Limited, Swindon/United Kingdom		100	–100
Recargo Inc., El Segundo/USA		100	–100
Regionetz GmbH, Aachen		49[2]	–49
Rhein-Sieg Netz GmbH, Siegburg		100	–100
rhenag Rheinische Energie Aktiengesellschaft, Cologne		67	–67

1 Structured entity pursuant to IFRS 10 and 12.
2 Control by virtue of company contract.
3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of affiliated companies included in the consolidated financial statements			
RL Besitzgesellschaft mbH, Gundremmingen		100	– 100
RL Beteiligungsverwaltung beschr. haft. OHG, Gundremmingen		100	– 100
RUMM Limited, Ystrad Mynach/United Kingdom		100	– 100
RWE Cogen UK (Hythe) Limited, Swindon/United Kingdom		100	– 100
RWE Cogen UK Limited, Swindon/United Kingdom		100	– 100
RWE Energija d.o.o., Zagreb/Croatia		100	– 100
RWE Generation Belgium N.V., Antwerp/Belgium		100	– 100
RWE Hrvatska d.o.o., Zagreb/Croatia		100	– 100
RWE Ljubljana d.o.o., Ljubljana/Slovenia		100	– 100
RWE Plin d.o.o., Zagreb/Croatia		100	– 100
RWE Supply & Trading Switzerland S.A., Geneva/Switzerland		100	– 100
RWW Rheinisch-Westfälische Wasserwerksgesellschaft mbH, Mülheim an der Ruhr		80	– 80
SARIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Würzburg KG, Düsseldorf		[1]	
Stadtwerke Düren GmbH, Düren		50[2]	– 50
Südwestsächsische Netz GmbH, Crimmitschau		100	– 100
Süwag Energie AG, Frankfurt am Main		78	– 78
Süwag Grüne Energien und Wasser GmbH, Frankfurt am Main		100	– 100
Süwag Vertrieb AG & Co. KG, Frankfurt am Main		100	– 100
Syna GmbH, Frankfurt am Main		100	– 100
Überlandwerk Krumbach GmbH, Krumbach		75	– 75
Verteilnetz Plauen GmbH, Plauen		100	– 100
VKB-GmbH, Neunkirchen		50	– 50
Volta Energycare N.V., Houthalen-Helchteren/Belgium		100	– 100
Volta Limburg B.V., Schinnen/Netherlands		100	– 100
Volta Service B.V., Schinnen/Netherlands		100	– 100
Volta Solar B.V., Heerlen/Netherlands		95	– 95
Volta Solar VOF, Heerlen/Netherlands		60	– 60
VSE Aktiengesellschaft, Saarbrücken		51	– 51
VSE NET GmbH, Saarbrücken		100	– 100
VSE Verteilnetz GmbH, Saarbrücken		100	– 100
VWS Verbundwerke Südwestsachsen GmbH, Lichtenstein/Sa.		98	– 98
Wendelsteinbahn Gesellschaft mit beschränkter Haftung, Brannenburg		100	– 100
Wendelsteinbahn Verteilnetz GmbH, Brannenburg		100	– 100
Westerwald-Netz GmbH, Betzdorf-Alsdorf		100	– 100
Westnetz GmbH, Dortmund		100	– 100
WTTP B.V., Arnhem/Netherlands		100	– 100
ZonnigBeheer B.V., Lelystad/Netherlands		100	– 100

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3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of joint ventures not accounted for using the equity method due to application of IFRS 5			
AVU Aktiengesellschaft für Versorgungs-Unternehmen, Gevelsberg		50	-50
BEW Netze GmbH, Wipperfürth		61[3]	-61
Budapesti Disz- es Közvilagitasi Korlatolt Felelössegü Tarsasag, Budapest/Hungary		50	-50
Energie Nordeifel GmbH & Co. KG, Kall		33	-33
FSO GmbH & Co. KG, Oberhausen		50	-50
Konsortium Energieversorgung Opel beschränkt haftende oHG, Karlstein		67[3]	-67
PRENU Projektgesellschaft für Rationelle Energienutzung in Neuss mit beschränkter Haftung, Neuss		50	-50
Rain Biomasse Wärmegesellschaft mbH, Rain		70[3]	-70
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., Zagreb/Croatia		50	-50
Stadtwerke Dülmen Dienstleistungs- und Beteiligungs-GmbH & Co. KG, Dülmen		50	-50
Stadtwerke Lingen GmbH, Lingen (Ems)		40	-40
Stromnetz Friedberg GmbH & Co. KG, Friedberg		49	-49
Stromnetz Gersthofen GmbH & Co. KG, Gersthofen		49	-49
Stromnetz Günzburg GmbH & Co. KG, Günzburg		49	-49
SVS-Versorgungsbetriebe GmbH, Stadtlohn		30	-30
Zagrebacke otpadne vode d.o.o., Zagreb/Croatia		49	-49
Disposal of associates not accounted for using the equity method due to application of IFRS 5			
Dortmunder Energie- und Wasserversorgung Gesellschaft mit beschränkter Haftung, Dortmund		40	-40
EnergieServicePlus GmbH, Düsseldorf		49	-49
Energieversorgung Guben GmbH, Guben		45	-45
Energieversorgung Hürth GmbH, Hürth		25	-25
Energieversorgung Oberhausen Aktiengesellschaft, Oberhausen		10[4]	-10
ENNI Energie & Umwelt Niederrhein GmbH, Moers		20	-20
e-regio GmbH & Co. KG, Euskirchen		43	-43
EWR Aktiengesellschaft, Worms		1[4]	-1
EWR Dienstleistungen GmbH & Co. KG, Worms		25	-25
EWR GmbH, Remscheid		20	-20
Freiberger Stromversorgung GmbH (FSG), Freiberg		30	-30
Gas- und Wasserwerke Bous – Schwalbach GmbH, Bous		49	-49
Kemkens B.V., Oss/Netherlands		49	-49
KEW Kommunale Energie- und Wasserversorgung Aktiengesellschaft, Neunkirchen		29	-29
MAINGAU Energie GmbH, Obertshausen		47	-47
medl GmbH, Mülheim an der Ruhr		39	-39
Nebelhornbahn-Aktiengesellschaft, Oberstdorf		20	-20
PFALZWERKE AKTIENGESELLSCHAFT, Ludwigshafen am Rhein		27	-27
Projecta 14 GmbH, Saarbrücken		50	-50

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3 No control by virtue of company contract.
4 Significant influence via indirect investments.
5 Addition 2019.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Disposal of associates not accounted for using the equity method due to application of IFRS 5			
Propan Rheingas GmbH & Co Kommanditgesellschaft, Brühl		30	-30
Recklinghausen Netzgesellschaft mbH & Co. KG, Recklinghausen		50	-50
RheinEnergie AG, Cologne		20	-20
Rhein-Main-Donau GmbH, Munich		23	-23
Siegener Versorgungsbetriebe GmbH, Siegen		25	-25
SpreeGas Gesellschaft für Gasversorgung und Energiedienstleistung mbH, Cottbus		33	-33
SSW – Stadtwerke St. Wendel GmbH & Co KG., St. Wendel		50	-50
Stadtwerke Aschersleben GmbH, Aschersleben		35	-35
Stadtwerke Bernburg GmbH, Bernburg (Saale)		45	-45
Stadtwerke Bitterfeld-Wolfen GmbH, Bitterfeld-Wolfen		40	-40
Stadtwerke Duisburg Aktiengesellschaft, Duisburg		20	-20
Stadtwerke Emmerich GmbH, Emmerich am Rhein		25	-25
Stadtwerke Essen Aktiengesellschaft, Essen		29	-29
Stadtwerke Geldern GmbH, Geldern		49	-49
Stadtwerke GmbH Bad Kreuznach, Bad Kreuznach		25	-25
Stadtwerke Kamp-Lintfort GmbH, Kamp-Lintfort		49	-49
Stadtwerke Kirn GmbH, Kirn/Nahe		49	-49
Stadtwerke Meerane GmbH, Meerane		25	-25
Stadtwerke Meerbusch GmbH, Meerbusch		40	-40
Stadtwerke Merseburg GmbH, Merseburg		40	-40
Stadtwerke Merzig Gesellschaft mit beschränkter Haftung, Merzig		50	-50
Stadtwerke Neuss Energie und Wasser GmbH, Neuss		25	-25
Stadtwerke Radevormwald GmbH, Radevormwald		50	-50
Stadtwerke Ratingen GmbH, Ratingen		25	-25
Stadtwerke Reichenbach/Vogtland GmbH, Reichenbach im Vogtland		25	-25
Stadtwerke Saarlouis GmbH, Saarlouis		49	-49
Stadtwerke Velbert GmbH, Velbert		30	-30
Stadtwerke Weißenfels Gesellschaft mit beschränkter Haftung, Weißenfels		25	-25
Stadtwerke Willich Gesellschaft mit beschränkter Haftung, Willich		25	-25
Stadtwerke Zeitz GmbH, Zeitz		25	-25
SWTE Netz GmbH & Co. KG, Ibbenbüren		33	-33
Tankey B.V., 's-Hertogenbosch/Netherlands		43	-43
WVW Wasser- und Energieversorgung Kreis St. Wendel Gesellschaft mit beschränkter Haftung, St. Wendel		28	-28
Xelan SAS, Saint-Denis La Plaine/France		34	-34
Zagrebacke otpadne vode-upravljanje i pogon d.o.o., Zagreb/Croatia		31	-31
Zwickauer Energieversorgung GmbH, Zwickau		27	-27

Changes in shareholding without change of control	Shareholding in % 31 Dec 2019	Shareholding in % 31 Dec 2018	Change
Affiliated companies which are included in the consolidated financial statements			
Fri-El Guardionara s.r.l., Bolzano/Italy	51	100	– 49
innogy indeland Windpark Eschweiler GmbH & Co. KG, Eschweiler	51	100	– 49
Kernkraftwerk Gundremmingen GmbH, Gundremmingen	100	75	25
Kernkraftwerke Lippe-Ems Gesellschaft mit beschränkter Haftung, Lingen (Ems)	100	99	1
Kernkraftwerksbeteiligung Lippe-Ems beschränkt haftende OHG, Lingen/Ems	100	88	12
RWE & Turcas Güney Elektrik Üretim A.S., Ankara/Turkey	70	70	0

Boards (part of the notes)

As of: 28 February 2020

Supervisory Board

(End of term: 2021 Annual General Meeting)

Dr. Werner Brandt
Bad Homburg
Chairman
Chairman of the Supervisory Board of ProSiebenSat.1 Media SE
Year of birth: 1954
Member since 18 April 2013

Other appointments:
- ProSiebenSat.1 Media SE (Chairman)[1]
- Siemens AG[1]

Frank Bsirske[2]
Berlin
Deputy Chairman
Former Chairman of ver.di Vereinte Dienstleistungsgewerkschaft
Year of birth: 1952
Member since 9 January 2001

Other appointments:
- DB Privat- und Firmenkundenbank AG
- Deutsche Bank AG[1]
- innogy SE[1,3]

Michael Bochinsky[2]
Grevenbroich
Deputy Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 1 August 2018

Reiner Böhle[2,4]
Witten
Consultant for Special Tasks and Project Work at Westnetz GmbH
Year of birth: 1960
Member from 1 January 2013 to 18 September 2019

Sandra Bossemeyer[2]
Duisburg
Chairwoman of the Works Council of RWE AG
Representative of the disabled
Year of birth: 1965
Member since 20 April 2016

Martin Bröker[2]
Bochum
Head of HR & Business Functions IT at RWE Generation SE
Year of birth: 1966
Member since 1 September 2018

Anja Dubbert[2]
Essen
Business Development Manager / Member of the Works Council of RWE Supply & Trading GmbH
Year of birth 1979
Member since 27 September 2019

Matthias Dürbaum[2]
Heimbach
Chairman of the Works Council of the Hambach Opencast Mine
Year of birth: 1987
Member since 27 September 2019

Ute Gerbaulet
Düsseldorf
General Partner of Bankhaus Lampe KG
Year of birth: 1968
Member since 27 April 2017

Other appointments:
- NRW.Bank AöR

Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel
Essen
Former Chairman of the Executive Board of HOCHTIEF AG
Year of birth: 1947
Member since 18 April 2013

Other appointments:
- National-Bank AG
- Consolidated Contractors Group S.A.L.

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group until 18 September 2019.
4 Information valid as of the date of retirement.

Mag. Dr. h. c. Monika Kircher
Krumpendorf, Austria
Consultant
Year of birth: 1957
Member since 15 October 2016

Other appointments:
- Andritz AG[1]
- Kärntner Energieholding Beteiligungs GmbH (Chairwoman)[3]
- KELAG-Kärntner Elektrizitäts AG[1,3]
- Siemens AG Österreich

Monika Krebber[2,4]
Mülheim an der Ruhr
Deputy Chairwoman of the General Works Council of innogy SE
Year of birth: 1962
Member from 20 April 2016 to 18 September 2019

Other appointments:
• innogy SE[1,3]

Harald Louis[2]
Jülich
Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 20 April 2016

Other appointments:
• RWE Power AG[5]

Dagmar Mühlenfeld
Mülheim an der Ruhr
Former Mayor of the City of Mülheim an der Ruhr/
Managing Director of JUNI gGmbH (Junior-Uni Ruhr)
Year of birth: 1951
Member since 4 January 2005

Peter Ottmann
Nettetal
Managing Director of Verband der kommunalen
RWE-Aktionäre GmbH
Attorney, Former Chief Administrative Officer of Viersen County
Year of birth: 1951
Member since 20 April 2016

Günther Schartz
Wincheringen
Chief Administrative Officer of the District of Trier-Saarburg
Year of birth: 1962
Member since 20 April 2016

Other appointments:
- A.R.T. Abfallberatungs- und Verwertungsgesellschaft mbH (Chairman)
- Kreiskrankenhaus St. Franziskus Saarburg GmbH (Chairman)
- Sparkassenverband Rheinland-Pfalz
- Sparkasse Trier (Chairman)
- Trierer Hafengesellschaft mbH
- Zweckverband Abfallwirtschaft Region Trier

Dr. Erhard Schipporeit
Hanover
Independent Corporate Consultant
Year of birth: 1949
Member since 20 April 2016

Other appointments:
• BDO AG
• Fuchs Petrolub SE[1]
• Hannover Rück SE[1]
• HDI V. a. G.
• Talanx AG[1]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group until 18 September 2019.
4 Information valid as of the date of retirement.
5 Office within the Group.

Dr. Wolfgang Schüssel
Vienna, Austria
Former Federal Chancellor of the Republic of Austria
Year of birth: 1945
Member since 1 March 2010

Other appointments:
- Adenauer Stiftung (Chairman of the Board of Trustees)
- PJSC LUKOIL[1]

Ullrich Sierau
Dortmund
Mayor of the City of Dortmund
Year of birth: 1956
Member since 20 April 2011

Other appointments:
• Dortmunder Energie- und Wasserversorgung GmbH (Chairman)
• Dortmunder Stadtwerke AG (Chairman)
• Dortmunder Stadtwerke Holding GmbH (Chairman)
• KEB Holding AG (Chairman)
- KSBG Kommunale Verwaltungsgesellschaft GmbH
- Schüchtermann-Schiller'sche Kliniken Bad Rothenfelde GmbH & Co. KG
- Sparkasse Dortmund (Chairman)

Ralf Sikorski[2]
Hanover
Deputy Chairman of IG Bergbau, Chemie, Energie
Year of birth: 1961
Member since 1 July 2014

Other appointments:
• CHEMIE Pensionsfonds AG (Chairman)
• Lanxess AG[1]
• Lanxess Deutschland GmbH
• RAG AG
• RWE Generation SE[5]
• RWE Power AG[5]
- KSBG Kommunale Verwaltungsgesellschaft GmbH

Marion Weckes[2]
Dormagen
Head of Unit
Institut für Mitbestimmung und Unternehmensführung der Hans-Böckler-Stiftung
Year of birth: 1975
Member since 20 April 2016

Leonhard Zubrowski[2]
Lippetal
Chairman of the Group Works Council of RWE AG
Year of birth: 1961
Member since 1 July 2014

Other appointments:
• RWE Generation SE[5]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group until 18 September 2019.
4 Information valid as of the date of retirement.
5 Office within the Group.

Supervisory Board Committees

Executive Committee of the Supervisory Board
Dr. Werner Brandt (Chairman)
Frank Bsirske
Sandra Bossemeyer
Anja Dubbert
Matthias Dürbaum
Prof. Dr. Hans-Peter Keitel
Dagmar Mühlenfeld
Dr. Wolfgang Schüssel

Mediation Committee in accordance with Section 27, Paragraph 3 of the German Co-Determination Act
Dr. Werner Brandt (Chairman)
Frank Bsirske
Dr. Wolfgang Schüssel
Ralf Sikorski

Personnel Affairs Committee
Dr. Werner Brandt (Chairman)
Frank Bsirske
Harald Louis
Peter Ottmann
Dr. Wolfgang Schüssel
Leonhard Zubrowski

Audit Committee
Dr. Erhard Schipporeit (Chairman)
Michael Bochinsky
Mag. Dr. h.c. Monika Kircher
Ullrich Sierau
Ralf Sikorski
Marion Weckes

Nomination Committee
Dr. Werner Brandt (Chairman)
Prof. Dr. Hans-Peter Keitel
Peter Ottmann

Strategy Committee
Dr. Werner Brandt (Chairman)
Frank Bsirske
Prof. Dr. Hans-Peter Keitel
Günther Schartz
Ralf Sikorski
Leonhard Zubrowski

The Executive Board

Dr. Rolf Martin Schmitz (Chief Executive Officer)
Chairman of the Executive Board of RWE AG since 15 October 2016
Member of the Executive Board of RWE AG since 1 May 2009, appointed until 30 June 2021
Labour Director of RWE AG since 1 May 2017

Other appointments:
- • Amprion GmbH
- • E.ON SE[1]
- • RWE Generation SE[5] (Chairman)
- • RWE Power AG[5] (Chairman)
- • RWE Supply & Trading GmbH[5]
- • TÜV Rheinland AG
- - Jaeger Grund GmbH & Co. KG (Jaeger Gruppe, Chairman)
- - Kärntner Energieholding Beteiligungs GmbH[3]
- - KELAG-Kärntner Elektrizitäts-AG[1,3]

Dr. Markus Krebber (Chief Financial Officer)
Member of the Executive Board of RWE AG since 1 October 2016, appointed until 30 September 2024

Other appointments:
- • RWE Generation SE[5]
- • RWE Pensionsfonds AG[5] (Chairman)
- • RWE Power AG[5]
- • RWE Supply & Trading GmbH[5] (Chairman)

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group until 18 September 2019.
4 Information valid as of the date of retirement.
5 Office within the Group.

Independent Auditor's Report

To: RWE Aktiengesellschaft, Essen

Report on the Audit of the Annual Financial Statements and of the Management Report

Audit Opinions

We have audited the annual financial statements of RWE Aktiengesellschaft, Essen, which comprise the balance sheet as at December 31, 2019 and the statement of profit and loss for the financial year from January 1 to December 31, 2019, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of RWE Aktiengesellschaft, which is combined with the group management report, for the financial year from January 1 to December 31, 2019. We have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the financial year from January 1 to December 31, 2019 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the annual financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Divestments and acquisitions of business operations

❷ Measurement of shares in affiliated companies and investments

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ **Divestments and acquisitions of business operations**

① On March 12, 2018, RWE Aktiengesellschaft and E.ON SE (hereinafter E.ON SE and its subsidiaries are abbreviated as "E.ON") agreed to divestments and acquisitions of business operations. The majority of these transactions were concluded in the 2019 financial year:

- Divestment of all the shares held indirectly by RWE AG in innogy SE (76,8 %) by the subsidiary GBV Vierunddreißigste Gesellschaft für Beteiligungsverwaltung mbH (GBV 34) to E.ON on September 18, 2019
- Acquisition of the renewable business operations of E.ON by one subsidiary of GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH (GBV 32) as of September 30, 2019
- Acquisition of minority interests in the nuclear power plants Gundremmingen (25%) and Emsland (12.5%) by RWE Nuclear GmbH and RWE Nuclear Beteiligungs GmbH from the E.ON subsidiary PreußenElektra as of September 30, 2019

The transactions were settled – under contractually agreed transfer pricing agreements – directly between RWE AG and E.ON. In the balance sheet of RWE AG as of December 31, 2019, the intragroup recharging to the subsidiaries described above resulted in receivables due from affiliated companies (GBV 32: € 8.503 Mio) and payables due to affiliated companies (GBV 34: € 12,052 million or RWE Nuclear: € 835 million).

In addition, other assets also present an expectant right to the renewables business and the gas storage activities of innogy as well as the equity investment in KELAG-Kärntner Elektrizitäts-AG/Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Austria, which – as the last partial transaction – is legally expected to be transferred to RWE in the financial year 2020. This item amounted to € 5,679 million. It is also planned to acquire this business through GBV 32 and its subsidiaries as well as through GBV 34.

This matter was of particular significance in the context of our audit, particularly in view of the high degree of complexity due to the inclusion of various group companies and the associated accounting at the RWE AG level as well as the disclosure and valuation of the expectant right to transfer the renewables business (including the gas storage and KELAG) to E.ON.

② As part of our audit, we first assessed whether the conditions for the accounting treatment of the individual transactions were generally fulfilled, e.g. that the approvals of the antitrust authorities for the execution of the transaction had been obtained. We then assessed the accounting implications of the legal structure from the integration of the subsidiaries of RWE AG into the overall transaction.

In this context, we have in particular verified the amount of the resulting receivables and payables with affiliated companies both by means of the contracts with E.ON and supplementary client calculations and by means of intercompany balance confirmation tools.

We have also assessed whether the expectant right is an asset that can be recognized in the balance sheet, whose disclosure is appropriate and whose amount can be verified from the contracts and other correspondence with E.ON.

On the basis of the audit procedures described above and other audit procedures, we have satisfied ourselves that the classification of the individual balance sheet items resulting from the divestment and acquisition of business operations is justified and the amounts have been properly determined overall.

③ The Company's disclosures relating to the material items from the transaction are contained in the notes to the financial statements of RWE AG in the section "Receivables and other assets" and "Liabilities".

❷ Measurement of shares in affiliated companies

① Shares in affiliated companies amounting to € 15.7 billion (40 % of total assets) are reported under the "Financial Assets" balance sheet item in the annual financial statements of RWE Aktiengesellschaft.

The measurement of shares in affiliated companies and investments under commercial law is based on the acquisition costs and the lower fair value. The perspective of the entity holding the investment must be adopted for the purposes of calculating the fair value. The measurements are based on the present values of the future cash flows derived from the planning projections prepared by the executive directors. Expectations relating to future market developments and country-specific assumptions about the performance of macroeconomic indicators are also taken into account. Present values are calculated using discounted cash flow models. The discount rate used is the weighted cost of capital for the respective financial asset. The Company carried out its own measurements and also used the work of external experts appointed by the Company for this purpose. On the basis of the values determined and supplementary documentation, a write-down was required in the total amount of € 119 million as well as a write-up in the amount of € 233 million in the reporting year. The outcome of these measurements is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth applied. The measurement is therefore subject to material uncertainty. Against this background and due to the highly complex nature of the measurement, this matter was of particular significance during our audit.

② As part of our audit of the fair values of the shares in affiliated companies and investments, we verified the methodological procedure for the measurement, among other items. In addition, we assessed whether the future cash inflows underlying the valuations form an appropriate basis for the impairment testing of the shares in affiliated companies and investments. We evaluated the appropriateness of the future cash inflows used in the calculations, among other items, by comparing this data with the planning projections and by reconciling it against general and sector-specific market expectations. Furthermore, we assessed the usability of the work performed by the external experts engaged by the Company and reviewed the experts' professional qualifications. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated using this method, we also evaluated the parameters used to determine the discount rate applied, including the weighted cost of capital, and verified the calculation procedure. Taking into consideration the information available, in our view the measurement parameters and assumptions used by the executive directors are appropriate overall for the purpose of properly measuring the shares in affiliated companies and investments.

③ The Company's disclosures relating to the shares in affiliated companies and investments are contained in the notes to the financial statements in the section "Notes to the Balance Sheet" in note "(1) Non-current assets".

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section 1.8 of the management report
- the separate non-financial group report pursuant to § 315b Abs. 3 HGB

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on May 3, 2019. We were engaged by the Supervisory Board on May 6, 2019. We have been the auditor of RWE Aktiengesellschaft, Essen, without interruption since the financial year 2000.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Ralph Welter.

Essen, February 28, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Michael Reuther)
Wirtschaftsprüfer

(German Public Auditor)

(sgd. Ralph Welter)
Wirtschaftsprüfer

(German Public Auditor)

Financial Calendar 2020/2021

12 March 2020	Capital Market Day
28 April 2020	Annual General Meeting
29 April 2020	Ex-dividend day
4 May 2020	Dividend payment
14 May 2020	Interim statement on the first quarter of 2020
13 August 2020	Interim report on the first half of 2020
12 November 2020	Interim statement on the first three quarters of 2020
16 March 2021	Annual report for fiscal 2020
28 April 2021	Annual General Meeting
29 April 2021	Ex-dividend day
3 May 2021	Dividend payment
12 May 2021	Interim statement on the first quarter of 2021
12 August 2021	Interim report on the first half of 2021
11 November 2021	Interim statement on the first three quarters of 2021

The Annual General Meeting (until the beginning of the Q&A session) and all events concerning the publication of the financial reports are broadcast live on the internet and recorded. We will keep the recordings on our website for at least twelve months.

Imprint

RWE Aktiengesellschaft

Altenessener Straße 35
45141 Essen
Germany

Phone +49 201 12-00
Fax +49 201 12-15199
E-mail contact@rwe.com

Investor Relations:

Phone +49 201 5179-3112
Fax +49 201 12-15033
Internet www.rwe.com/ir
E-mail invest@rwe.com

Corporate Communications:

Phone +49 201 12-23986
Fax +49 201 12-22115

Translation:

Olu Taylor Translation & Interpretation Services, Geretsried, Germany.

For annual reports, interim reports, interim statements and further information on RWE, please visit us on the internet at www.rwe.com.

This report was published on 12 March 2019. This is a translation of the German financial statements. In case of divergence from the German version, the German version shall prevail.

RWE is a member of DIRK – the German Investor Relations Association.

RWE Aktiengesellschaft
Altenessener Straße 35
45141 Essen
Germany

www.rwe.com

7-9 Audited Financial Statement 2020 RWE AG

2020

Financial Statements of RWE AG

RWE

Financial Statements of RWE AG

The financial statements and review of operations of RWE AG for the 2020 fiscal year are submitted electronically to Bundesanzeiger Verlag GmbH, Cologne, Germany, the operator of the Bundesanzeiger (Federal Gazette), and published in the Bundesanzeiger. The review of operations of RWE AG has been combined with the review of operations of the RWE Group and is published in our annual report on pages 21 to 96.

Balance Sheet at 31 December 2020

Assets € million	(Notes)	31 Dec 2020	31 Dec 2019
Non-current assets	(1)		
Financial assets		**20,524**	**20,628**
Current assets			
Accounts receivable and other assets	(2)		
Accounts receivable from affiliated companies		2,094	10,233
Accounts receivable from companies in which participations are held		5	
Other assets		513	6,054
Marketable securities	(3)	2,879	485
Cash and cash equivalents	(4)	3,785	2,444
		9,276	**19,216**
Prepaid expenses	(5)	**1**	**2**
		29,801	**39,846**

Equity and liabilities € million	(Notes)	31 Dec 2020	31 Dec 2019
Equity	(7)		
Subscribed capital			
Common shares		1,731	1,574
Capital reserve		4,228	2,385
Retained earnings			
Other retained earnings		1,292	1,287
Distributable profit		575	492
		7,826	**5,738**
Provisions	(8)		
Provisions for pensions and similar obligations		839	720
Provisions for taxes		790	1,040
Other provisions		367	477
		1,996	**2,237**
Liabilities	(9)		
Bonds		583	1,122
Bank debt		263	599
Trade accounts payable		24	36
Accounts payable to affiliated companies		18,905	29,213
Other liabilities		204	901
		19,979	**31,871**
		29,801	**39,846**

Income Statement for the period from 1 January to 31 December 2020

€ million	(Notes)	2020	2019
Revenue	(13)	25	14
Net income from financial assets	(14)	1,114	1,758
Net interest	(15)	-72	31
Other operating income	(16)	295	94
Staff costs	(17)	-78	-63
Other operating expenses	(18)	-954	-1,595
Taxes on income	(19)	250	275
Income after taxes		**580**	**514**
Net income		**580**	**514**
Profit carryforward from the previous year		0	0
Transfer to other retained earnings		-5	-22
Distributable profit		**575**	**492**

0 = Small amount.

Notes at 31 December 2020

Basis of presentation

RWE Aktiengesellschaft (RWE AG), headquartered in Essen, Germany, is entered in the Commercial Register B of the District Court of Essen under HRB 14525. The financial statements have been prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Individual balance sheet and income statement items have been combined in order to improve the clarity of the presentation. Furthermore, the order of the items on the income statement has been adjusted. These items are stated and explained separately in the notes to the financial statements. The income statement has been prepared using the nature of expense method. The financial statements have been prepared in euros (€) and amounts are stated in millions of euros (€ million).

The transaction agreed with E.ON SE in March 2018 was completed in the fiscal year. In the previous year, as part of this transaction, the stake in innogy SE, Essen, was sold by GBV Vierunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen, a subsidiary wholly owned by RWE AG. In exchange, nearly the entire renewable energy business of E.ON SE and innogy SE as well as the gas storage business and the stake in Austrian energy utility Kelag were acquired by companies affiliated with RWE AG.

Accounting policies

Investments in affiliated companies and investments are stated at cost or at lower fair values.

Long-term securities are valued at cost or lower market value.

Loans including employer loans are accounted for at nominal value or at lower fair value.

Cash and cash equivalents, accounts receivable and other assets are disclosed at nominal value after deducting required valuation allowances. All identifiable individual risks are taken into account. Non-interest-bearing accounts receivable included in other assets are discounted to their present value. Current securities are valued at cost or lower market value. Expenses incurred prior to the balance-sheet date are reported under prepaid expenses if they represent expenses for a certain period thereafter.

Equity is accounted for at nominal value.

Within the framework of the corporate and trade tax group, all deferred taxes of the group are attributable to RWE AG as the parent company and hence as the entity liable to pay tax, insofar as continued existence of the group is expected. The capitalisation option pursuant to Sec. 274, Para. 1, Sent. 2 of HGB is not exercised, as a result of which a surplus of deferred tax assets is not reflected in the accounts.

Provisions are recognised at the settlement amount dictated by prudent business judgement.

Provisions for pensions and similar obligations are based on actuarial computations using Klaus Heubeck's 2018G reference tables – which take into account generation-dependent life expectancies – applying the projected unit credit method. They are discounted using the average market interest rate of the last ten years published by the German Central Bank based on an assumed remaining term of 15 years. In December 2020, this interest rate amounted to 2.30 % (previous year: 2.71 %). The extension of the reference period for determining the average market interest rate from seven years to ten years in 2016 results in a difference of €384 million as of the balance-sheet date.

In respect of other calculation assumptions, annual wage and salary increases of 2.35 % (previous year: 2.35 %), pension increases (depending on the pension scheme) of 1.0 %, 1.60 % and 1.75 % (previous year: 1.0 %, 1.60 % and 1.75 %) and company-specific fluctuation assumptions were considered. Insofar as there are assets used to fund the obligation pursuant to Sec. 246, Para. 2 of HGB, the provision derives from the balance of the actuarial present value of the obligations and the fair value of the assets used to fund the obligation; the fair value essentially corresponds to the market value of the assets used to fund the obligation. After netting, the impact of changes in the discount rate, changes in the fair value of the assets used to fund the obligation and ongoing returns on the assets used to fund the obligation are reported in net interest.

Measurement of provisions for service anniversary obligations and for pre-retirement part-time employment occurs on the basis of actuarial principles, using an interest rate of 1.60 % (previous year: 1.97 %) and 0.54 % (previous year: 0.72 %), respectively.

All identifiable risks, uncertain liabilities and anticipated losses from pending business transactions are taken into account in the assessment of other provisions.

Liabilities are valued at settlement amounts.

Revenues for the fiscal year which comprise income after the balance-sheet date are reported as deferred income.

Contingent liabilities are valued according to the extent of liability existing as of the balance-sheet date.

Insofar as possible, valuation units pursuant to Sec. 254 of HGB are formed.

Foreign currency transactions are recognised at the exchange rate prevailing at the time of first entry or – when hedged – at the forward rate. Receivables and liabilities which are not hedged are measured at the exchange rate as at the balance-sheet date, taking into account the imparity principle for maturities over one year.

Notes to the Balance Sheet

(1) Non-current assets

An analysis and description of the movements of non-current assets summarised in the balance sheet during the year under review is presented in the following:

Roll-forward of non-current assets	Cost				Accumulated amortisation					Carrying amounts	
€ million	1 Jan 2020	Additions	Disposals	31 Dec 2020	1 Jan 2020	Write-backs	Amortisation	Disposals	31 Dec 2020	31 Dec 2019	31 Dec 2020
Financial assets											
Shares in affiliated companies	15,860	1	704	15,157	119	119	0		0	15,741	15,157
Loans to affiliated companies	2,604	1,278	329	3,553						2,604	3,553
Investments	264	100		364						264	364
Long-term securities	2,116	68	608	1,576	97		58	29	126	2,019	1,450
Other loans	0	0	0	0						0	0
	20,844	**1,447**	**1,641**	**20,650**	**216**	**119**	**58**	**29**	**126**	**20,628**	**20,524**

0 = Small amount.

The disposals associated with shares in affiliated companies primarily relate to a capital reduction at RWE Slovak Holding B.V., Geertruidenberg/Netherlands.

The additions to loans to affiliated companies primarily relate to the transaction with E.ON SE, Essen. The disposals in connection with loans to affiliated companies result from repayments by RWE Renewables UK Holdings Limited, Swindon/United Kingdom and GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen, amongst others.

The additions to investments relate to a contribution to the equity of Amprion GmbH, Dortmund.

Long-term securities consist exclusively of shares in investment funds.

Information on shareholdings pursuant to Sec. 285, No. 11 and No. 11a of HGB is presented on pages 17 to 50.

(2) Accounts receivable and other assets

€ million	31 Dec 2020	Of which: RT[1] > 1 year	31 Dec 2019	Of which: RT[1] > 1 year
Accounts receivable from affiliated companies	2,094	17	10,233	165
Accounts receivable from companies in which participations are held	5			
Other assets	513	142	6,054	264
	2,612	**159**	**16,287**	**429**

[1] RT = remaining term.

Accounts receivable from affiliated companies include claims arising from loans, tax group accounting settlements and ongoing clearing transactions.

The decline in accounts receivable from affiliated companies is largely due to the settlement of accounts receivable from and payable to affiliated companies within the scope of a merger of two subsidiaries.

Other assets include tax refund claims, claims from cash collateral provided, interest accruals and interest receivables. Furthermore, in the previous year, other assets included the right to the transfer of assets from E.ON SE, Essen, in connection with the acquisition of the renewable energy business, the gas storage business and the stake in the Austrian power utility Kelag from innogy SE, Essen.

(3) Marketable securities

Other marketable securities relate to money market funds from the investment of cash and cash equivalents.

(4) Cash and cash equivalents

Cash and cash equivalents relate exclusively to bank balances.

(5) Prepaid expenses

Prepaid expenses primarily consist of discounts.

(6) Deferred tax assets

€ million	31 Dec 2020		31 Dec 2019	
Item	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Assets				
Non-current assets	1,132	82	842	115
Current assets, miscellaneous	661	22	568	797
Liabilities				
Exceptional items	3	41	9	30
Provisions	2,127	5	2,219	7
Liabilities, miscellaneous	293	847	375	37
Total	4,216	997	4,013	986
Balance	-997		-986	
Net asset position	**3,219**		**3,027**	

The measurement of deferred taxes is based on a company-specific tax rate of 32.6 %.

(7) Equity

Changes in equity € million	31 Dec 2019	Reduced proceeds of granted employee shares	Capital increase	Dividend payments	Net income	31 Dec 2020
Subscribed capital	1,574		157			1,731
Capital reserve	2,385		1,843			4,228
Retained earnings						
Other retained earnings	1,287	0			5	1,292
Distributable profit	492			-492	575	575
	5,738	**0**	**2,000**	**-492**	**580**	**7,826**

0 = Small amount.

RWE AG's subscribed capital amounts to €1,731,123,322.88 and consists of 676,220,048 shares in the name of the bearer with 676,220,048 voting rights.

The imputed value per share amounts to €2.56.

Pursuant to a resolution passed by the Annual General Meeting on 26 April 2018, the Executive Board was originally authorised until 25 April 2023 to increase the company's capital stock with the approval of the Supervisory Board by up to €314,749,693.44 through the issuance of up to 122,949,099 bearer common shares in exchange for contributions in cash and/or in kind (authorised capital). Shareholders' subscription rights can be excluded in certain cases with the approval of the Supervisory Board.

On 18 August 2020, RWE AG exercised the authorisation issued pursuant to the aforementioned resolution passed by the Annual General Meeting to implement a capital increase with an issue price of €32.55 per share leading to proceeds of €2,000,996,569.95. As a result, RWE AG's capital stock rose by 10% through the partial utilisation of authorised capital through the issuance of 61,474,549 new shares in the name of the bearer under exclusion of subscription rights. The capital increase caused RWE AG's subscribed capital to rise by €157,374,845.44 and capital reserve to rise by €1,843,621,724.51. In addition, transaction costs of €11,070,500.71 were incurred, which were recognised as an expense.

After this partial utilisation of authorised capital, pursuant to the aforementioned resolution passed by the Annual General Meeting on 26 April 2018, the Executive Board is still authorised to increase the company's capital stock by up to €157,374,848.00 through the issuance of up to 61,474,550 shares in the name of the bearer. Shareholders' subscription rights may no longer be excluded for cash capital measures.

In addition, pursuant to a resolution passed by the Annual General Meeting on 26 April 2018, the Company was authorised until 25 April 2023 to acquire shares of the Company up to a volume of 10 % of the capital stock at the time when the resolution on this authorisation was passed, or if the following is lower, at the time when this authorisation is exercised. Based on the authorisation, the Executive Board is also authorised to cancel treasury shares without a further resolution by the Annual General Meeting. Moreover, the Executive Board is authorised to transfer or sell such shares to third parties under certain conditions and excluding shareholders' subscription rights. Furthermore, treasury shares may be issued to holders of option or convertible bonds. The Executive Board is also authorised to use the treasury shares to discharge obligations from future employee share schemes; in this regard, shareholders' subscription rights shall be excluded.

No treasury shares were held as of 31 December 2020.

In fiscal 2020, a total of 314,808 shares was purchased on the capital market for a purchase price of €10,633,444.15 by RWE AG. This is equivalent to €805,908.48 of the capital stock (0.05 % of subscribed capital). Within the framework of the employee share scheme, employees of RWE AG and its subsidiaries received a total of 314,808 shares for capital formation. This generated total proceeds of €10,516,392.73. The difference compared to the purchase price was offset against available retained earnings.

The difference of €384 million as of the balance-sheet date resulting from the change in the annual average interest rate used for pension provisions and the result from the fair value measurement of the special-purpose funds over and above costs minus deferred tax liabilities of €135 million results in a total sum of €519 million, which is subject to prohibition of distribution; this amount is covered by the freely available reserves.

(8) Provisions

€ million	31 Dec 2020	31 Dec 2019
Provisions for pensions and similar obligations	839	720
Provisions for taxes	790	1,040
Other provisions	367	477
	1,996	**2,237**

Based on existing guarantees, the reported provisions for pensions also include benefits payable to current and former employees of affiliated companies and an investment. Expenses incurred for the retirement benefits of the companies concerned are reimbursed by them.

The rise in provisions for pension obligations is essentially due to the decrease in the discount rate.

The special-purpose funds used to cover the obligations measured at fair value were netted against the pension obligations covered by the funds:

	31 Dec 2020		
€ million	Cost	Fair value	Settlement amount
Netted assets (special-purpose funds)			
Shares in affiliated companies	5	4	
Investments	129	38	
Long-term securities	2,044	2,245	
Other assets	21	21	
	2,199	**2,308**	
Netted liabilities			
Settlement amount for pensions and similar obligations			2,862
Balance of netting assets (pension provisions)			**554**

The fair values of shares in affiliated companies and investments were stated at their quotation on the stock market, at the net asset value communicated by the fund managers of the investments in question, or at prorated equity. The redemption price of shares in investment funds classified as long-term securities was used as their fair value. Investment funds are predominantly invested in exchange-traded securities or in securities registered or included in other organised markets. The fair value of the reinsurance policies for specific pension commitments resulting from salary conversion above and beyond this is the fair value communicated by the insurance company, which essentially consists of the insurance premiums paid to date and the commercial profits of the respective insurance policy. Furthermore, the fund assets also include a current account with a bank. It is classified under other assets due to the restriction on disposal because it is managed by a fiduciary. The balance is stated at nominal value.

The item 'Provisions for pensions and similar obligations' also includes provisions for concessionary allowances of €285 million.

Provisions for taxes concern earlier assessment periods.

Other provisions primarily relate to interest payment obligations, risks associated with investments, contingent losses from pending financial transactions and staff-related obligations.

(9) Liabilities

€ million	31 Dec 2020	Of which: RT[1] ≤ 1 year	Of which: RT[1] > 1 year	Of which: RT[1] > 5 years	31 Dec 2019	Of which: RT[1] ≤ 1 year
Bonds	583		583	583	1,122	
Bank debt	263	263			599	599
Trade accounts payable	24	24			36	36
Accounts payable to affiliated companies	18,905	8,645	10,260	260	29,213	20,953
Other liabilities	204	102	102	102	901	799
of which: tax	(3)	(3)			(54)	(54)
of which: social security	(0)	(0)			(1)	(1)
	19,979	**9,034**	**10,945**	**945**	**31,871**	**22,387**

0 = Small amount.

[1] RT = remaining term.

Bonds consist mainly of hybrid bonds of RWE AG with varying maturities and interest rates. In the reporting year, a EUR hybrid bond with a nominal volume of €700 million was redeemed at the earliest possible call date.

Bank debt contains cash collateral received and interest accruals for existing swap agreements.

Accounts payable to affiliated companies include the transfer of financial resources, tax group accounting settlements and ongoing clearing transactions. The reduction in accounts payable to affiliated companies is due to a merger of two subsidiaries.

Other liabilities include tax liabilities and interest accruals.

(10) Contingent liabilities

Contingent liabilities include guarantees, warranty agreements and liabilities from the provision of collateral for external liabilities. These are granted to support Group companies in their business operations and to cover the claims of the employees.

Liabilities from guarantees comprise performance and warranty guarantees totalling €579 million, mainly from the operating business and financing business conducted by affiliated companies. Liabilities from warranty agreements totalled €15,473 million, of which €9,319 million relates to warranties for the benefit of affiliated companies. Specifically, these break down as follows:

Guarantees in the amount of €8,101 million were issued, €7,966 million of which were for the benefit of affiliated companies and €325 million of which were against affiliated companies. A bank balance in the amount of €1 million was pledged to back a guarantee.

Joint and several liabilities amounting to €1,099 million relate to the granting of lines of credit (bank guarantees) for the benefit of affiliated companies and investments, in accordance with their respective use, mainly from so-called ancillary facilities.

As part of the Group restructuring which took place during the 2016 financial year, a substantial portion of the pension obligations which were previously accounted for by RWE AG was transferred to former Group companies (innogy SE, Essen, and affiliated companies) by revoking the settlement obligation vis-à-vis members of the Group. The guarantees which continued to exist externally were cancelled. RWE AG is liable for claims of active and former employees until then in the amount of €5,140 million.

There are joint and several liabilities for pension obligations for the benefit of affiliated companies in the amount of €254 million.

On the basis of a mutual benefit agreement, RWE AG and other parent companies of German nuclear power plant operators undertook to provide €2,244 million in funding to liable nuclear power plant operators to ensure that they are able to meet their payment obligations in the event of nuclear damages. From 1 January 2021 onwards, RWE AG has a 37.299 % contractual share in the liability (until 31 December 2020 30.452 %), plus 5 % for damage settlement costs.

Contingent liabilities from the provision of collateral for external liabilities amount to €106 million and include coverage for credit balances stemming from the block model for pre-retirement part-time work, pursuant to Sec. 8a of the Pre-Retirement Part-Time Work Act (AltTZG) and from the management of long-term working hours accounts pursuant to Sec. 7e of the German Code of Social Law (SGB IV) in the RWE Group. To this end, long-term securities in a total amount of €134 million were deposited in a trust account. This coverage applies mainly to the employees of Group companies and to a lesser degree to employees of RWE AG.

For fiscal 2021, RWE AG provided two affiliated companies with a letter of comfort, assuring that it would assume responsibility for all liabilities existing as of the balance-sheet date.

Contingent liabilities are only assumed within the scope of our business activities and after in-depth analysis of the related risks. We continuously monitor the aforementioned issues within the framework of our risk management system. In our assessment, the underlying liabilities can probably be discharged by the parties with primary responsibility. Accordingly, it is not probable that these will materialise and thus the contingent liabilities assumed need not be recognised as liabilities.

(11) Other financial obligations

Other financial obligations include obligations from the acquisition of the renewable energy business of E.ON SE, Essen, and innogy SE, Essen, of €932 million. They relate to contingent liabilities, which are yet to be transferred from E.ON SE and innogy SE to RWE AG. There is an obligation to E.ON SE and innogy SE in the event of a liability claim. Furthermore, there are rental payment obligations of €40 million to an affiliated company.

Other currently unquantifiable financial obligations may arise on the basis of the following:

Due to the transfer of certain pension obligations to RWE Pensionsfonds AG in previous years, RWE AG, the affiliated companies and investments which entered into the Pensionsfonds agreement are legally obligated to contribute further capital in their function as employer in the event that Pensionsfonds has insufficient funds in the future.

RWE AG and some of its subsidiaries are involved in official, regulatory and antitrust procedures, lawsuits and arbitration proceedings in connection with their business operations and are affected by the results of such. Sometimes, out-of-court claims are also asserted. However, RWE does not expect such to have any material negative effects on the RWE Group’s economic or financial situation.

RWE AG is a co-guarantor for a joint and several liability in accordance with Sec. 133 of the German Company Transformation Act (UmwG) in connection with a transaction under company transformation law.

(12) Derivative financial instruments and valuation units

Derivative financial instruments are used to hedge currency and interest rate risks from foreign currency items, cash investments and financing transactions.

The following overview shows the derivative financial instruments as of 31 December 2020:

	Nominal volume		Remaining term > 1 year		Fair value	
€ million	External	Within the Group	External	Within the Group	External	Within the Group
Foreign currency derivatives						
Foreign exchange forwards	1,671	12,735	744	4,402	-22	61
Interest rate currency/currency swaps	13,645	2,483	3,002	1,162	117	-341
	15,316	**15,218**	**3,746**	**5,564**	**95**	**-280**
Interest rate swaps	1,701	626	1,176	101	160	-1
	17,017	**15,844**	**4,922**	**5,665**	**255**	**-281**

The fair value generally corresponds to the market value of the derivative financial instrument, if such value can be reliably determined. If the market value cannot be determined reliably, the fair value is derived from the market value of similar financial instruments or using generally accepted valuation methods; these include the discounted cash flow method and the Black-Scholes model, if options are involved. This occurs taking into consideration current exchange rate relationships, market-conform yield curves and credit default risks of the counterparties.

The derivatives listed in the table above are included in the valuation units described below as underlying or hedging transactions. The volume of risks hedged with valuation units amounts to a total of €812 million; of this, €491 million is related to currency risks, €320 million to interest rate and currency risks, and €1 million to interest rate risks.

Within the scope of currency hedging, among other things, interest rate and interest rate currency swaps as well as matching offsetting transactions have been concluded with a wholly owned subsidiary. RWE AG's derivative transactions concluded with banks and the respective offsetting transactions are grouped into valuation units, resulting in no remeasurement gains or losses. This occurs with the use of microhedges (i.e. clear allocation of underlying transactions and hedges). The subsidiary uses these swaps and foreign currency liabilities to hedge the price of its foreign investment. On termination of a swap, the positive or negative market value is offset against the cost of the underlying transactions without an effect on profit or loss.

Currency swaps and foreign exchange forwards are concluded to hedge foreign-currency receivables from subsidiaries (microhedges).

Interest rate currency swaps are used to hedge bonds (microhedges).

Furthermore, interest rate swaps and foreign currency derivatives were concluded for individual interest rate and currency risks at RWE AG and Group companies; most of these were passed on to Group companies congruently. These include both microhedges and portfolio hedges, in which derivatives with the same currency risks are pooled together.

Changes in the market value of derivatives are offset by the corresponding opposite changes in the market value of the existing underlying transactions. Effectiveness is demonstrated via a proper, adequate risk management system. Provisions for possible losses of €25 million were formed for the negative balances of portfolio hedges.

Internal directives that are binding upon RWE AG and its subsidiaries define the range of action, responsibilities and controls allowable when trading with derivatives. In particular, with the exception of proprietary energy trading transactions, derivative financial instruments may only be used to hedge risks arising from underlying transactions and associated liquidity investment and financing procedures. All external counterparties have good credit ratings.

Original financial instruments which are included with the aforementioned derivative financial instruments in valuation units (microhedges) are shown in the following table:

	Carrying amount	Fair value	Of which: with a remaining term of		
€ million	31 Dec 20	31 Dec 20	≤ 1 year	2 – 5 years	> 5 years
Financial receivables					
Hedged risk:					
Currency	3,266	2,141	11	2,127	3
	3,266	**2,141**	**11**	**2,127**	**3**
Financial liabilities					
Hedged risk:					
Currency	-140	-140	-140		
Interest rate and currency	-290	-259			-259
	-430	**-399**	**-140**		**-259**

Measurement gains and losses on these financial receivables and liabilities are offset by the corresponding opposing amounts from realisations and changes in the fair value of the hedging transactions.

Based on the similarity of the amounts, risks and terms involved, the valuation units are highly effective, which is demonstrated using the Critical Terms Match method.

Measurement of valuation units occurs using the net hedge presentation method.

Notes to the Income Statement

(13) Revenue

Revenue relates to the provision of services to subsidiaries. In the previous year, revenue in the amount of €14 million was included in other operating income.

(14) Net income from financial assets

€ million	2020	2019
Income from profit and loss transfer agreements with affiliated companies	1,061	916
Income from investments in		
Affiliated companies	238	698
Other companies	25	25
	263	723
Expenses from profit and loss transfer agreements with affiliated companies	-349	-258
Income from other securities and loans held as financial assets	78	102
of which: from affiliated companies	(38)	(34)
Write-backs on financial assets	119	394
Amortisation of financial assets	-58	-119
	1,114	**1,758**

Income from profit and loss transfer agreements primarily stems from energy trading and the renewable energy business. Income from investments in affiliated companies consists of income from the distribution of the capital of GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen. Expenses from profit and loss transfer agreements are primarily attributable to the conventional generation business. The write-backs on financial assets relate to shares in an affiliated company in the conventional generation business. The amortisation of financial assets primarily relates to an investment fund.

(15) Net interest

€ million	2020	2019
Other interest and similar income	82	284
of which: from affiliated companies	(45)	(64)
Interest and similar expenses	-154	-253
of which: from affiliated companies	(-70)	(-107)
of which: from interest accretion to other provisions	(0)	(0)
	-72	**31**

0 = Small amount.

During the reporting period, the expense for interest accretion to pension provisions (€88 million) was netted against the change in fair value and other expenses and income of the funds used to cover the pension obligations (€110 million). The resulting balance is reported in 'Other interest and similar income' and is shown in the following summary:

€ million	2020
Netted expenses	
Amortisation of financial assets and current securities	-20
Interest and similar expenses	-88
Other operating expenses	0
	-108
Netted income	
Income from investments	1
Other operating income	76
Income from other securities and loans held as financial assets	53
	130
Balance from netting expenses and income	**22**

0 = Small amount.

(16) Other operating income

Income of €109 million from the release of provisions represents income not related to the period. Income from currency translation amounts to €166 million (previous year: €33 million).

(17) Staff costs

€ million	2020	2019
Wages and salaries	-65	-53
Cost of social security, pensions and other benefits	-13	-10
of which: for pensions	(-7)	(-6)
	-78	**-63**

Expenses for pensions include the service cost component of the addition to provisions for pensions. The interest component of the addition to provisions for pensions is reported in net interest.

Annual average staff	2020	2019
in Full-time equivalents		
Salaried staff	385	293
of which: part-time employees	(35)	(25)
of which: fixed-term employees	(12)	(11)

The figures for employees are shown as full-time equivalents. These are equivalent to employees in accordance with the percentage degree of employment.

The increase in staff is primarily due to the transfer of personnel from innogy SE, Essen.

(18) Other operating expenses

Other operating expenses include expenses associated with the impairment of an account receivable from an affiliated company in the amount of €305 million (previous year: €1,120 million). Furthermore, administrative expenses account for a large portion. Expenses from currency translation amount to €259 million (previous year: €113 million).

(19) Taxes on income

Taxes on income are tax income not related to the period in the amount of €250 million for earlier periods.

Other information

Information on the members of the Supervisory Board and Executive Board pursuant to Sec. 285, No. 10 of HGB is provided on pages 51 to 57.

The Executive and Supervisory Boards have issued the declaration regarding the German Corporate Governance Code pursuant to Sec. 161 of the German Stock Corporation Act (AktG) and made it permanently accessible to the shareholders on RWE AG's website (www.group.rwe/en/investor-relations/corporate-governance/statement-of-compliance-and-reports).

The principles of the remuneration system and the amount of individual remuneration for the Executive and Supervisory Boards are presented in the remuneration report. The remuneration report is part of the combined review of operations.

The Executive Board received €8,501,000 in total compensation in fiscal 2020. This includes 111,070 performance shares granted as share-based compensation components from the Strategic Performance Plan (2020 tranche) with a fair value at grant date of €2,934,000.

The remuneration paid to members of the Supervisory Board amounted to €2,780,000.

During the period under review, no loans or advances were granted to members of the Executive Board. Employee loans in the amount of €2,000 have been granted to two employee representatives on the Supervisory Board.

Former members of the Executive Board of RWE AG and their surviving dependants received €1,975,000. Provisions of €37,979,000 have been formed to cover pension obligations to former members of the Executive Board and their surviving dependants.

The overall fee charged by the auditor for the year under review as per Sec. 285, No. 17 of HGB is presented in the Notes in the consolidated financial statements and broken down into audit services, other assurance services, tax services and other services. For RWE AG, other assurance services for the review of the internal control system were performed and expenses related to statutory or court-ordered requirements were incurred. In particular, the fees for tax services include compensation for consultation in the preparation of tax returns and the review of tax assessments. Other services primarily consist of compensation for due diligence work.

As of the balance-sheet date, RWE AG held interests of more than 10 % in the following investment assets:

	Carrying amount 31 Dec 2020 € million	Fair value 31 Dec 2020 € million	Dividend payment in 2020 € million	Option of daily redemption	Write-downs not performed
Investment goal					
Real estate funds	1	1	0	No	No
Mixed funds	3,560	3,560	92	Yes	No

0 = Small amount.

The investment focus of the real estate funds is predominantly restricted to European office and commercial retail property. The mixed funds primarily contain international equities and bonds. The contractual conditions allow for redemption on a quarterly basis for the real estate funds.

Events after the balance-sheet date

In March 2021, the German government proposed to a wholly owned subsidiary, with which RWE AG has concluded a control and profit- and loss-transfer agreement, that it will be compensated for the accelerated nuclear phase-out. RWE accepted the compensation offer of about €880 million; this income has not yet been considered in these financial statements. The agreement now found is subject to implementation in the respective clauses of the German Nuclear Energy Act (Atomgesetz) as well as a public law contract between the operators and the federal government. In addition, a state aid audit by the European Commission is required.

The list below presents the announcements pursuant to Sec. 33, Para. 1 of the German Securities Trading Act (WpHG):

Company name	Domicile	Reason for notification	Date of reaching notification threshold	Ratio of voting rights in %	Number of voting rights	Attributable pursuant to Sec. 34 WpHG
BlackRock, Inc	Wilmington, DE, USA, United States of America	Acquisition/ sale of shares with voting rights	23 Dec 2020	6.81	46,026,781	45,948,531
Stadt Essen	Essen, Germany	Change of breakdown of voting rights	19 Aug 2020	2.77	18,761,340	17,162,960
Stadt Dortmund	Dortmund, Germany	Acquisition/ sale of shares with voting rights	01 Jan 2020	4.79	29,468,145	29,466,230

Dividend Proposal (Part of the Notes)

Distributable profit developed as follows:

Net income	€ 580,251,059.85
Profit carryforward from the previous year	€ 61,201.42
Transfer to retained earnings	-€ 5,500,000.00
Distributable profit	€ 574,812,261.27

We propose to the Annual General Meeting that RWE AG's distributable profit for fiscal 2020 be appropriated as follows:

Distribution of a dividend of €0.85 for each dividend-bearing share.

Dividend	€ 574,787,040.80
Profit carryforward	€ 25,220.47
Distributable profit	€ 574,812,261.27

Essen, 5 March 2021

The Executive Board

Schmitz

Krebber

Müller

Seeger

List of Shareholdings (Part of the Notes)

List of shareholdings as per Sec. 285 No. 11 and No. 11a and Sec. 313 Para. 2 (in relation to Sec. 315 e Para. 1) of HGB as of 31 December 2020

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Aktivabedrijf Wind Nederland B.V., Zwolle/Netherlands		100	10,756	-14,889
Alte Haase Bergwerks-Verwaltungs-Gesellschaft mbH, Dortmund		100	-67,688	-2,359
Amrum-Offshore West GmbH, Düsseldorf		100	2,632	164,990
An Suidhe Wind Farm Limited, Swindon/United Kingdom		100	23,642	662
Anacacho Holdco, LLC, Wilmington/USA		100	56,363	0
Anacacho Wind Farm, LLC, Wilmington/USA		100	123,706	1,727
Andromeda Wind s.r.l., Bolzano/Italy		51	10,021	2,443
Avolta Storage Limited, Kilkenny/Ireland		100	-486	-194
Belectric Australia Pty. Limited, Melbourne/Australia		100	825	2,148
Belectric Canada Solar Inc., Vancouver/Canada		100	658	668
Belectric Espana Fotovoltaica S.L., Barcelona/Spain		100	508	-45
Belectric France S.à.r.l., Vendres/France		100	57	611
BELECTRIC GmbH, Kolitzheim		100	0	-28,139
Belectric Inversiones Latinoamericana S.L., Barcelona/Spain		100	32	-13
Belectric Israel Ltd., Be'er Scheva/Israel		100	12,141	544
Belectric Italia s.r.l., Latina/Italy		100	2,725	151
Belectric Photovoltaic India Private Limited, Mumbai/India		100	791	160
Belectric Solar & Battery GmbH, Kolitzheim		100	3,094	-7,070
Belectric Solar Ltd., Slough/United Kingdom		100	1,475	144

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
BELECTRIC Solar Power, S.L., Barcelona/Spain		100	13	-37
BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen	100	100	201	[1]
Bilbster Wind Farm Limited, Swindon/United Kingdom		100	3,906	269
Blackjack Creek Wind Farm, LLC, Wilmington/USA		100	0	0
Boiling Springs Holdco, LLC, Wilmington/USA		100	0	0
Boiling Springs Wind Farm, LLC, Wilmington/USA		100	11,205	-59
Bruenning's Breeze Holdco, LLC, Wilmington/USA		100	62,905	0
Bruenning's Breeze Wind Farm, LLC, Wilmington/USA		100	209,819	-5,700
Carl Scholl GmbH, Cologne		100	614	33
Carnedd Wen Wind Farm Limited, Swindon/United Kingdom		100	-4,320	-216
Cassadaga Class B Holdings LLC, Wilmington/USA		100	187,242	-4
Cassadaga Wind Holdings LLC, Wilmington/USA		100	187,245	0
Cassadaga Wind LLC, Chicago/USA		100	118,859	-52
Champion WF Holdco, LLC, Wilmington/USA		100	97,995	-5,669
Champion Wind Farm, LLC, Wilmington/USA		100	97,995	-5,669
Cloghaneleskirt Energy Supply Limited, Kilkenny/Ireland		100	37	-38
Colbeck's Corner Holdco, LLC, Wilmington/USA		100	63,755	0
Colbeck's Corner, LLC, Wilmington/USA		100	213,667	-5,189
Cranell Holdco, LLC, Wilmington/USA		100	57,616	0
Cranell Wind Farm, LLC, Wilmington/USA		100	31,223	-63
DOTTO MORCONE S.r.l., Rome/Italy		100	162	-377
Dromadda Beg Wind Farm Limited, Kilkenny/Ireland		100	2,118	603
Edgware Energy Limited, Swindon/United Kingdom		100	129	162

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
El Algodon Alto Wind Farm, LLC, Wilmington/USA		100	0	0
Electra Insurance Limited, Hamilton/Bermuda		100	25,696	-2,871
Energies France S.A.S. – Group – (pre-consolidated)			33,138	-971[2]
Centrale Hydroelectrique d'Oussiat S.A.S., Paris/France		100		
Energies Charentus S.A.S., Paris/France		100		
Energies France S.A.S., Paris/France		100		
Energies Maintenance S.A.S., Paris/France		100		
Energies Saint Remy S.A.S., Paris/France		100		
Energies VAR 1 S.A.S., Paris/France		100		
Energies VAR 3 S.A.S., Paris/France		100		
SAS Île de France S.A.S., Paris/France		100		
Energy Resources Holding B.V., Geertruidenberg/Netherlands		100	113,117	16,825
Energy Resources Ventures B.V., Geertruidenberg/Netherlands		100	18,708	-68
Farma Wiatrowa Barzowice Sp. z o.o., Warsaw/Poland		100	29,022	13,681
Forest Creek Investco, Inc., Wilmington/USA		100	21,299	0
Forest Creek WF Holdco, LLC, Wilmington/USA		100	75,081	-4,988
Forest Creek Wind Farm, LLC, Wilmington/USA		100	75,081	-4,988
Fri-El Anzi Holding s.r.l., Bolzano/Italy		51	7,098	1,700
Fri-El Anzi s.r.l., Bolzano/Italy		100	7,806	1,928
Fri-El Guardionara s.r.l., Bolzano/Italy		51	10,828	2,339
GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	17,823,771	[1]
Generación Fotovoltaica De Alarcos, S.L.U., Barcelona/Spain		100	76	-92
GfV Gesellschaft für Vermögensverwaltung mbH, Dortmund	100	100	133,844	-1,437

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4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Glen Kyllachy Wind Farm Limited, Swindon/United Kingdom		100	-4,662	-4,712
Grandview Holdco, LLC, Wilmington/USA		100	88,701	0
Green Gecco GmbH & Co. KG, Essen		51	73,275	4,750
Hardin Class B Holdings LLC, Wilmington/USA		100	92,176	0
Hardin Wind Holdings LLC, Wilmington/USA		100	96,276	-35
Hardin Wind LLC, Chicago/USA		100	115,623	20,662
Harryburn Wind Farm Limited, Swindon/United Kingdom		100	-14	2,274
Hickory Park Solar, LLC, Wilmington/USA		100	-2,344	-2,508
Inadale Wind Farm, LLC, Wilmington/USA		100	41,689	-1,133
innogy indeland Windpark Eschweiler GmbH & Co. KG, Eschweiler		51	47,422	3,359
innogy Italia s.p.a., Milan/Italy		100	16,849	1,083
Inversiones Belectric Chile LTDA, Santiago de Chile/Chile		100	-38	-7,158
INVESTERG - Investimentos em Energias, SGPS, Lda. – Group – (pre-consolidated)			23,900	3,638[2]
INVESTERG - Investimentos em Energias, Sociedade Gestora de Participações Sociais, Lda., São João do Estoril/Portugal		100		
LUSITERG - Gestão e Produção Energética, Lda., São João do Estoril/Portugal		74		
Kernkraftwerk Lingen Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	20,034	[1]
Kernkraftwerke Lippe-Ems Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	432,269	[1]
Kernkraftwerksbeteiligung Lippe-Ems beschränkt haftende OHG, Lingen/Ems		100	144,433	18,171
KMG Kernbrennstoff-Management Gesellschaft mit beschränkter Haftung, Essen		100	696,225	[1]
Knabs Ridge Wind Farm Limited, Swindon/United Kingdom		100	11,886	1,118
Limondale Sun Farm Pty. Ltd., Melbourne/Australia		100	-42,917	-41,013
Little Cheyne Court Wind Farm Limited, Swindon/United Kingdom		59	35,874	5,681
MI-FONDS G50, Frankfurt am Main	100	100	1,940,959	84,296

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2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
ML Wind LLP, Swindon/United Kingdom		51	66,712	7,996
Munnsville Investco, LLC, Wilmington/USA		100	13,100	0
Munnsville WF Holdco, LLC, Wilmington/USA		100	34,405	-1,192
Munnsville Wind Farm, LLC, Wilmington/USA		100	34,405	-1,192
Nordsee Windpark Beteiligungs GmbH, Essen		100	15,318	7,231
Panther Creek Holdco, LLC, Wilmington/USA		100	199,822	0
Panther Creek Wind Farm I&II, LLC, Wilmington/USA		100	341,560	-1,545
Panther Creek Wind Farm Three, LLC, Wilmington/USA		100	64,545	-3,506
Park Wiatrowy Dolice Sp. z o.o., Warsaw/Poland		100	526	2,950
Park Wiatrowy Gaworzyce Sp. z o.o., Warsaw/Poland		100	1,041	1,195
Peyton Creek Holdco, LLC, Wilmington/USA		100	62,959	0
Peyton Creek Wind Farm, LLC, Wilmington/USA		100	49,644	-620
Piecki Sp. z o.o., Warsaw/Poland		51	18,826	2,531
Pioneer Trail Wind Farm, LLC, Wilmington/USA		100	148,990	4,829
Primus Projekt GmbH & Co. KG, Hanover		100	-1,921	-533
Pyron Wind Farm, LLC, Wilmington/USA		100	81,539	-2,076
Radford's Run Holdco, LLC, Wilmington/USA		100	132,598	0
Radford's Run Wind Farm, LLC, Wilmington/USA		100	402,183	15,266
Raymond Holdco, LLC, Wilmington/USA		100	10,780	0
Raymond Wind Farm, LLC, Wilmington/USA		100	53,470	0
Rheinbraun Brennstoff GmbH, Cologne		100	82,619	[1]
Rheinische Baustoffwerke GmbH, Bergheim		100	9,236	[1]
Rheinkraftwerk Albbruck-Dogern Aktiengesellschaft, Waldshut-Tiengen		77	32,016	1,757

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Rhenas Insurance Limited, Sliema/Malta	100	100	59,547	75
Rhyl Flats Wind Farm Limited, Swindon/United Kingdom		50	132,198	13,822
Roscoe WF Holdco, LLC, Wilmington/USA		100	147,030	-10,945
Roscoe Wind Farm, LLC, Wilmington/USA		100	147,030	-10,945
RV Rheinbraun Handel und Dienstleistungen GmbH, Cologne		100	36,694	[1]
RWE & Turcas Güney Elektrik Üretim A.S., Ankara/Turkey		70	164,540	-14,933
RWE Aktiengesellschaft, Essen			7,825,951	580,251
RWE Battery Solutions GmbH, Essen		100	25	[1]
RWE Bergheim Windparkbetriebsgesellschaft mbH, Hanover		100	25	[1]
RWE Brise Windparkbetriebsgesellschaft mbH, Hanover		100	226	[1]
RWE Canada Ltd., Saint John/Canada		100	73,481	-83
RWE Eemshaven Holding II B.V., Geetruidenberg/Netherlands		100	-503,514	-455,118
RWE Energie Odnawialne Sp. z o.o., Szczecin/Poland		100	107,429	50,644
RWE Energy Services, LLC, Wilmington/USA		100	532	1,128
RWE Evendorf Windparkbetriebsgesellschaft mbH, Hanover		100	25	[1]
RWE Gas Storage CZ, s.r.o., Prague/Czech Republic		100	328,785	25,576
RWE Gas Storage West GmbH, Dortmund		100	350,087	[1]
RWE Generation Holding B.V., Geertruidenberg/Netherlands		100	-95,405	-84,542
RWE Generation Hydro GmbH, Essen		100	25	[1]
RWE Generation NL B.V., Geertruidenberg/Netherlands		100	-254,514	-234,090
RWE Generation NL Personeel B.V., Geertruidenberg/Netherlands		100	14,221	1,757
RWE Generation SE, Essen	100	100	264,673	[1]
RWE Generation UK Holdings Limited, Swindon/United Kingdom		100	2,865,311	183,280

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Generation UK plc, Swindon/United Kingdom		100	1,724,080	170,912
RWE Hörup Windparkbetriebsgesellschaft mbH, Hörup		100	26	[1]
RWE Investco EPC Mgmt, LLC, Wilmington/USA		100	393,255	-11,855
RWE Investco Mgmt II, LLC, Wilmington/USA		100	508,994	3,262
RWE Investco Mgmt, LLC, Wilmington/USA		100	1,540,781	-43,631
RWE Kaskasi GmbH, Hamburg		100	1,811	-288
RWE Kings Lynn Limited, Swindon/United Kingdom		100	-40,658	-17,304
RWE Lengerich Windparkbetriebsgesellschaft mbH, Gersten		100	25	[1]
RWE Limondale Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	-39,205	-76,304
RWE Lüneburger Heide Windparkbetriebsgesellschaft mbH, Walsrode		100	25	[1]
RWE Magicat Holdco, LLC, Wilmington/USA		100	69,735	3,440
RWE Markinch Limited, Swindon/United Kingdom		100	111,190	65,134
RWE Mistral Windparkbetriebsgesellschaft mbH, Hanover		100	578	[1]
RWE Nuclear Beteiligungs-GmbH, Essen		100	25	[1]
RWE Nuclear GmbH, Essen	100	100	112,689	12,689[1]
RWE Offshore Wind Netherlands B.V., Geertruidenberg/Netherlands		100	49	-572
RWE Personeel B.V., Geertruidenberg/Netherlands		100	-9	8
RWE Power Aktiengesellschaft, Cologne and Essen	100	100	2,042,043	4,834[1]
RWE Renewables Americas, LLC, Wilmington/USA		100	345,267	-133,146
RWE Renewables Asset Management, LLC, Wilmington/USA		100	88,138	14,065
RWE Renewables Australia Pty. Ltd., Melbourne/Australia		100	-23	-7
RWE Renewables Benelux B.V., 's-Hertogenbosch/Netherlands		100	-105,482	-32,676
RWE Renewables Beteiligungs GmbH, Dortmund		100	8,950	1,600

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Renewables Canada Holdings Inc., Vancouver/Canada		100	753	-644
RWE Renewables Development, LLC, Wilmington/USA		100	99,570	-15,657
RWE Renewables Energy Marketing Australia Pty. Ltd., Melbourne/Australia		100	-3	-3
RWE Renewables Energy Marketing, LLC, Wilmington/USA		100	-246,449	-9,097
RWE Renewables GmbH, Essen		100	1,109	1,084[1]
RWE Renewables GYM 2 Limited, Swindon/United Kingdom		100	-12,124	562
RWE Renewables GYM 3 Limited, Swindon/United Kingdom		100	-12,126	563
RWE Renewables GYM 4 Limited, Swindon/United Kingdom		100	-34,204	3,910
RWE Renewables HoldCo B.V., Geertruidenberg/Netherlands		100	294,381	-29
RWE Renewables Iberia, S.A.U. – Group – (pre-consolidated)			162,287	11,322[2]
Danta de Energías, S.A., Soria/Spain		99		
Explotaciones Eólicas de Aldehuelas, S.L., Soria/Spain		95		
General de Mantenimiento 21, S.L.U., Barcelona/Spain		100		
Hidroeléctrica del Trasvase, S.A., Barcelona/Spain		60		
RWE Renewables Iberia, S.A.U., Barcelona/Spain		100		
RWE Renewables International Participations B.V., Geertruidenberg/Netherlands		100	-114,300	-114,300
RWE Renewables Ireland Limited, Kilkenny/Ireland		100	-5,891	-2,654
RWE Renewables Italia S.r.l., Rome/Italy		100	494,451	30,662
RWE Renewables Management UK Limited, Swindon/United Kingdom		100	138,042	-1
RWE Renewables O&M, LLC, Wilmington/USA		100	-3,308	13,014
RWE Renewables Poland Sp. z o.o., Warsaw/Poland		100	248,891	19,748
RWE Renewables QSE, LLC, Wilmington/USA		100	-13,528	530
RWE Renewables Services, LLC, Wilmington/USA		100	106,527	-53,859

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Renewables Sweden AB, Malmö/Sweden		100	55,143	9,540
RWE Renewables UK Blyth Limited, Coventry/United Kingdom		100	570	-66
RWE Renewables UK Developments Limited, Coventry/United Kingdom		100	69,331	16,251
RWE Renewables UK Holdings Limited, Swindon/United Kingdom		100	1,744,746	79,459
RWE Renewables UK Humber Wind Limited, Coventry/United Kingdom		51	162,529	52,747
RWE Renewables UK Limited, Coventry/United Kingdom		100	73,526	12,298
RWE Renewables UK London Array Limited, Coventry/United Kingdom		100	111,477	15,521
RWE Renewables UK Offshore Wind Limited, Coventry/United Kingdom		100	54,472	5,347
RWE Renewables UK Operations Limited, Coventry/United Kingdom		100	37,431	5,464
RWE Renewables UK Robin Rigg East Limited, Coventry/United Kingdom		100	72,962	20,987
RWE Renewables UK Robin Rigg West Limited, Coventry/United Kingdom		100	68,527	10,960
RWE Renewables UK Swindon Limited, Swindon/United Kingdom		100	2,274,519	150,823
RWE Renewables UK Wind Limited, Coventry/United Kingdom		100	25,282	10,202
RWE Renewables UK Zone Six Limited, Coventry/United Kingdom		100	0	0
RWE Renouvelables France SAS, La Plaine St. Denis/France		100	79,136	-2
RWE Seabreeze II GmbH & Co. KG, Essen		100	46,397	-1,655
RWE Slovak Holding B.V., Geertruidenberg/Netherlands	100	100	704,084	-316
RWE Solar Development, LLC, Wilmington/USA		100	45,224	-8,031
RWE Solar NC Lessee LLC, Wilmington/USA		100	13,647	-65
RWE Solar NC Pledgor LLC, Wilmington/USA		100	13,708	0
RWE Solar PV, LLC, Wilmington/USA		100	157,648	-2,906
RWE Sommerland Windparkbetriebsgesellschaft mbH, Sommerland		100	26	[1]
RWE Süderdeich Windparkbetriebsgesellschaft mbH, Süderdeich		100	106	[1]

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Supply & Trading Asia-Pacific PTE. LTD., Singapore/Singapore		100	40,476	10,476
RWE Supply & Trading CZ, a.s., Prague/Czech Republic		100	330,845	79,983
RWE Supply & Trading GmbH, Essen	100	100	446,778	1
RWE Supply & Trading (India) Private Limited, Mumbai/India		100	817	107
RWE Supply & Trading Participations Limited, London/United Kingdom		100	13,392	10,087
RWE Supply and Trading (Shanghai) Co. Ltd, Shanghai/China		100	8,123	-1,101
RWE Technology International GmbH, Essen		100	12,463	1
RWE Technology Tasarim ve Mühendislik Danismanlik Ticaret Limited Sirketi, Istanbul/Turkey		100	64	1
RWE Technology UK Limited, Swindon/United Kingdom		100	1,999	325
RWE Titz Windparkbetriebsgesellschaft mbH, Essen		100	25	1
RWE Trading Americas Inc., New York City/USA		100	9,468	768
RWE Trading Services GmbH, Essen		100	5,735	1
RWE Wind Karehamn AB, Malmö/Sweden		100	34,319	-187
RWE Wind Onshore Deutschland GmbH, Hanover		100	77,660	1
RWE Wind Services Denmark A/S, Rødby/Denmark		100	8,436	5,692
RWE Windpark Bedburg GmbH & Co. KG, Bedburg		51	75,613	510
RWE Windpark Garzweiler GmbH & Co. KG, Essen		51	13,412	-84
RWE Windparks Deutschland GmbH, Essen		100	24	1
RWE Windpower Netherlands B.V., 's-Hertogenbosch/Netherlands		100	4,761	3,602
RWEST Middle East Holdings B.V., 's-Hertogenbosch/Netherlands		100	9,654	33,559
Sand Bluff WF Holdco, LLC, Wilmington/USA		100	-1,973	-8,828
Sand Bluff Wind Farm, LLC, Wilmington/USA		100	-1,882	-8,697
Settlers Trail Wind Farm, LLC, Wilmington/USA		100	162,819	-11,820

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Sofia Offshore Wind Farm Holdings Limited, Swindon/United Kingdom		100	0	0
Sofia Offshore Wind Farm Limited, Swindon/United Kingdom		100	-389	-16
Solar Holding India GmbH, Kolitzheim		100	5,926	-7
Solar Holding Poland GmbH, Kolitzheim		100	16	-2
SOLARENGO Energia, Unipessoal, Lda., Cascais/Portugal		100	-151	-70
SRS EcoTherm GmbH, Salzbergen		90	17,194	3,435
Stella Holdco, LLC, Wilmington/USA		100	83,308	0
Stella Wind Farm, LLC, Wilmington/USA		100	207,716	-1,961
Taber Solar 1 Inc., Vancouver/Canada		100	8,890	-66
Taber Solar 2 Inc., Vancouver/Canada		100	9,534	-62
Tamworth Holdings, LLC, Raleigh/USA		100	7,367	-2
Tanager Holdings, LLC, Raleigh/USA		100	6,891	3
Tech Park Solar, LLC, Wilmington/USA		100	17,617	686
The Hollies Wind Farm Limited, Swindon/United Kingdom		100	528	-44
Triton Knoll HoldCo Limited, Swindon/United Kingdom		59	92,254	0
Triton Knoll Offshore Wind Farm Limited, Swindon/United Kingdom		100	-94,320	-511
Valencia Solar, LLC, Tucson/USA		100	17,594	1,281
Vela Wind Holdco, LLC, Wilmington/USA		100	138,043	0
West of the Pecos Holdco, LLC, Wilmington/USA		100	87,811	0
West of the Pecos Solar, LLC, Wilmington/USA		100	124,904	-5,948
West Raymond Holdco, LLC, Wilmington/USA		100	28,748	0
West Raymond Wind Farm, LLC, Wilmington/USA		100	60,577	0
Wind Farm Deliceto s.r.l., Bolzano/Italy		100	25,558	2,455

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Windpark Eekerpolder B.V., 's-Hertogenbosch/Netherlands		100	-196	-194
Windpark Kattenberg B.V., 's-Hertogenbosch/Netherlands		100	765	245
Windpark Nordsee Ost GmbH, Heligoland		100	256	[1]
Windpark Oostpolderdijk B.V., 's-Hertogenbosch/Netherlands		100	-30	30
Windpark Zuidwester B.V., 's-Hertogenbosch/Netherlands		100	8,748	-588
WKN Windkraft Nord GmbH & Co. Windpark Wönkhausen KG, Hanover		100	2,198	182

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Adensis GmbH, Dresden		100	872	322
Agenzia Carboni S.r.l., Genua/Italy		100	207	16
Aktiebolaget Grundstenen 167184, Malmö/Sweden		100		3
Alcamo II S.r.l., Milan/Italy		100	25	-11
Alvarado Solar S.L., Barcelona/Spain		100	15	-11
Ashwood Solar I, LLC, Wilmington/USA		100	0	0
Auzoberri Desarrollo, S.L.U., Barasoain/Spain		100	2	-232
Azagra Energy Quel, S.L.U., Barasoain/Spain		100	1	-383
Baltic Trade and Invest Sp. z o.o., Slupsk/Poland		100	9,309	-5,135
Baron Winds II LLC, Chicago/USA		100	0	0
Baron Winds LLC, Chicago/USA		100	0	0
Belectric International GmbH, Kolitzheim		100	159	-496
BELECTRIC JV GmbH, Kolitzheim		100	53	-2
Belectric Mexico Fotovoltaica S.de R.L. de C.V., Bosques de las Lomas/Mexico		100	-24	-19
Belectric Polska Sp. z o.o., Warsaw/Poland		100	-136	-42
Belectric SP Solarprojekte 17 GmbH & Co. KG, Kolitzheim		100		3
Belectric SP Solarprojekte 18 GmbH & Co. KG, Kolitzheim		100		3
Belectric SP Solarprojekte 19 GmbH & Co. KG, Kolitzheim		100		3
Belectric SP Solarprojekte 20 GmbH & Co. KG, Kolitzheim		100		3
Benbrack Wind Farm Limited, Swindon/United Kingdom		100		3
Big Star Solar, LLC, Wilmington/USA		100	0	0
Blackbeard Solar, LLC, Wilmington/USA		100	0	0
Blackbriar Battery, LLC, Wilmington/USA		100	0	0

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Blueberry Hills LLC, Chicago/USA		100	0	0
BO Baltic Offshore GmbH, Hamburg		98	9	-4
Bowler Flats Energy Hub LLC, Chicago/USA		100	0	0
Bright Arrow Solar, LLC, Wilmington/USA		100	0	0
Buckeye Wind LLC, Chicago/USA		100	0	0
Burgar Hill Wind Farm Limited, Swindon/United Kingdom		100	0	0
Bursjöliden Vind AB, Malmö/Sweden		100	585	0
Camaiore Sp. z o.o., Warsaw/Poland		100		3
Camellia Solar LLC, Wilmington/USA		100	0	0
Camellia Solar Member LLC, Wilmington/USA		100	0	0
Cardinal Wind Farm, LLC, Wilmington/USA		100	0	0
Carmagnola Sp. z o.o., Warsaw/Poland		100		3
Casarano Sp. z o.o., Warsaw/Poland		100		3
Casey Fork Solar, LLC, Wilmington/USA		100	0	0
Cattleman Wind Farm II, LLC, Wilmington/USA		100	0	0
Cattleman Wind Farm, LLC, Wilmington/USA		100	0	0
Cecina Sp. z o.o., Warsaw/Poland		100		3
Cercola Sp. z o.o., Warsaw/Poland		100		3
Cerignola Sp. z o.o., Warsaw/Poland		100		3
Champaign Wind LLC, Chicago/USA		100	0	0
Ciriè Centrale PV s.a.s. (s.r.l.), Rome/Italy		100	-4	0
Clavellinas Solar, S.L., Barcelona/Spain		100	14	-10
Climagy Photovoltaikprojekt Verwaltungs-GmbH, Kolitzheim		100	28	-1

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	Direct	Total	€ '000	€ '000
Climagy PV-Sonnenanlage GmbH & Co. KG, Kolitzheim		100	0	-2
Climagy PV-Sonnenanlage Verwaltungs-GmbH, Kolitzheim		100	29	0
Climagy Sonnenkraft Verwaltungs-GmbH, Kolitzheim		100	26	-1
Climagy Stromertrag GmbH & Co. KG, Kolitzheim		100	-20	-2
Climagy Stromertrag Verwaltungs-GmbH, Kolitzheim		100	28	0
Clinton Wind, LLC, Wilmington/USA		100	0	0
Clocaenog Wind Farm Limited, Swindon/United Kingdom		100	0	0
Cordeneos Sp. z o.o., Warsaw/Poland		100		[3]
Cordova Wind Farm, LLC, Wilmington/USA		100	0	0
Cormano Sp. z o.o., Warsaw/Poland		100		[3]
Cremona Sp. z o.o., Warsaw/Poland		100		[3]
Curns Energy Limited, Kilkenny/Ireland		70	-643	-142
Decadia GmbH, Essen	100	100	2,290	1,398
E & Z Industrie-Lösungen GmbH, Essen		100	18,074	1,200
Eko-En 1 Sp. z o.o., Warsaw/Poland		100	24	-69
Eko-En 2 Sp. z o.o., Warsaw/Poland		100	417	-98
Eko-En 3 Sp. z o.o., Warsaw/Poland		100	80	-46
Eko-En 4 Sp. z o.o., Warsaw/Poland		100	447	-53
Eko-En 5 Sp. z o.o., Warsaw/Poland		100	4	-2
El Navajo Solar, S.L., Barcelona/Spain		100	6	-4
Enchant Solar 3 Inc., Vancouver/Canada		100	0	0
Enchant Solar 4 Inc., Vancouver/Canada		100	0	0
Eólica de Sarnago, S.A., Soria/Spain		52	1,583	-17

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	Direct	Total	€ '000	€ '000
EverPower Maine LLC, Chicago/USA		100	0	0
EverPower Ohio LLC, Chicago/USA		100	0	0
EverPower Solar LLC, Chicago/USA		100	0	0
EverPower Wind Development, LLC, Chicago/USA		100	0	0
Extension Du Parc Eolien De L'Epine Marie Madeleine SAS, Paris/France		100	1	-28
Extension Du Parc Eolien Des Nouvions SAS, Paris/France		100	29	-2
Extension Du Parc Eolien Du Douiche SAS, Paris/France		100	9	-3
Farma Wiatrowa Rozdrazew sp. z o.o., Warsaw/Poland		100	-632	-136
Fifth Standard Solar PV, LLC, Wilmington/USA		100	0	0
Flatlands Wind Farm, LLC, Wilmington/USA		100	0	0
Flexilis Power Limited, Kilkenny/Ireland		100	0	-1
Florida Solar and Power Group LLC, Wilmington/USA		100	0	0
Frazier Solar, LLC, Wilmington/USA		100	0	0
Gazules I Fotovoltaica, S.L., Barcelona/Spain		100	41	-24
Gazules II Solar, S.L., Barcelona/Spain		100	12	-24
GBV Achtunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	[1]
GBV Dreiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	25	[1]
GBV Einunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	30	[1]
GBV Sechsunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	[1]
GBV Siebenunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	[1]
GBV Siebte Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	100	[1]
Generación Fotovoltaica Castellano Manchega, S.L., Murcia/Spain		100	36	-29
Generación Fotovoltaica Puerta del Sol, S.L.U., Murcia/Spain		100	3	0

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	Direct	Total	€ '000	€ '000
Goole Fields II Wind Farm Limited, Swindon/United Kingdom		100	0	0
Grandview Wind Farm III, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm IV, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm V, LLC, Wilmington/USA		100	0	0
Green Gecco Verwaltungs GmbH, Essen		51	37	1
Haube Wind Sp. z o.o., Slupsk/Poland		100	163	-76
Highland III LLC, Chicago/USA		100	0	0
Horse Thief Wind Project LLC, Chicago/USA		100	0	0
INDI Energie B.V., 's-Hertogenbosch/Netherlands		100	-13	-60
INDI Solar-Projects 1 B.V., Utrecht/Netherlands		100	7	-31
Infraestructuras de Aldehuelas, S.A., Barcelona/Spain		100	428	0
Infrastrukturgesellschaft Netz Lübz mit beschränkter Haftung, Hanover		100	18	-24
Iron Horse Battery Storage, LLC, Wilmington/USA		100	9,689	-306
Jerez Fotovoltaica S.L., Barcelona/Spain		100	16	-23
Jugondo Desarrollo, S.L.U., Barasoain/Spain		100	1	-1,186
Kasson Manteca Solar, LLC, Wilmington/USA		100	0	0
Kieswerk Kaarst GmbH & Co. KG, Bergheim		51	2,899	700
Kieswerk Kaarst Verwaltungs GmbH, Bergheim		51	31	0
Kiln Pit Hill Wind Farm Limited, Swindon/United Kingdom		100	0	0
Lake Fork Wind Farm, LLC, Wilmington/USA		100	0	0
Lampasas Wind LLC, Chicago/USA		100	0	0
Las Vaguadas I Fotovoltaica S.L., Barcelona/Spain		100	155	-61
Las Vaguadas II Solar S.L., Barcelona/Spain		100	12	-6

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	Direct	Total	€ '000	€ '000
Lochelbank Wind Farm Limited, Swindon/United Kingdom		100	0	0
Lorg Wind Farm Limited, Swindon/United Kingdom		100		3
Mahanoy Mountain, LLC, Chicago/USA		100	0	0
Major Wind Farm, LLC, Wilmington/USA		100	0	0
March Road Solar, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV 2, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV, LLC, Wilmington/USA		100	0	0
Maricopa Land Holding, LLC, Wilmington/USA		100	0	0
Maricopa West Solar PV 2, LLC, Wilmington/USA		100	0	0
Maryland Sunlight 1 LLC, Wilmington/USA		100	0	0
Mason Dixon Wind LLC, Chicago/USA		100	0	0
Morska Farma Wiatrowa Antares sp. z o.o., Warsaw/Poland		100	84	-12
Mud Springs Wind Project LLC, Chicago/USA		100	0	0
Muñegre Desarrollo, S.L.U., Barasoain/Spain		100	2	-201
Nordex Energy Judas, S.L.U., Barasoain/Spain		100	1	-359
Northern Orchard Solar PV 2, LLC, Wilmington/USA		100	0	0
Northern Orchard Solar PV 3, LLC, Wilmington/USA		100	0	0
Northern Orchard Solar PV, LLC, Wilmington/USA		100	0	0
Nouvions Poste de Raccordement SAS, Paris/France		100	-2	-2
Novar Two Wind Farm Limited, Swindon/United Kingdom		100	0	0
Offshore-Windpark Delta Nordsee GmbH, Hamburg		100	246	1
Ohio Sunlight 1 LLC, Wilmington/USA		100	0	0
Oranje Wind Power B.V., 's-Hertogenbosch/Netherlands		100	0	0

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	Direct	Total	€ '000	€ '000
Oranje Wind Power C.V., 's-Hertogenbosch/Netherlands		100	0	0
Orcoien Energy Orcoien, S.L.U., Barasoain/Spain		100	13	-215
Owen Prairie Wind Farm, LLC, Wilmington/USA		100	0	0
Painter Energy Storage, LLC, Wilmington/USA		100	0	0
Panther Creek Solar, LLC, Wilmington/USA		100	0	0
Parc Eolien 101 SAS, Paris/France		100		3
Parc Eolien 102 SAS, Paris/France		100		3
Parc Eolien 103 SAS, Paris/France		100		3
Parc Eolien 104 SAS, Paris/France		100		3
Parc Eolien 105 SAS, Paris/France		100		3
Parc Eolien 106 SAS, Paris/France		100		3
Parc Eolien 107 SAS, Paris/France		100		3
Parc Eolien 108 SAS, Paris/France		100		3
Parc Eolien 109 SAS, Paris/France		100		3
Parc Eolien 110 SAS, Paris/France		100		3
Parc Eolien D'Allerey SAS, Paris/France		100	-23	-48
Parc Eolien De Beg Ar C'hra SAS, Paris/France		100	28	-2
Parc Eolien De Canny SAS, Paris/France		100	35	-2
Parc Eolien De Catillon-Fumechon SAS, Paris/France		100	28	-2
Parc Eolien De Foissy-Sur-Vanne SAS, Paris/France		100	35	-2
Parc Eolien De Ganochaud SAS, Paris/France		100	23	-3
Parc Eolien De La Brie Nangissienne SAS, Paris/France		100	27	-2
Parc Eolien De La Butte Aux Chiens SAS, Paris/France		100	29	-2

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	Direct	Total	€ '000	€ '000
Parc Eolien De La Cabane Blanche SAS, Paris/France		100	25	-3
Parc Eolien De La Croix Blanche SAS, Paris/France		100	29	-2
Parc Eolien De La Jarrie-Audouin SAS, Paris/France		100	35	-2
Parc Eolien De La Plaine De Beaulieu SAS, Paris/France		100	35	-2
Parc Eolien De La Voie Corette SAS, Paris/France		100	-57	-39
Parc Eolien De Langeron SAS, Paris/France		100	24	-3
Parc Eolien De L'Avre SAS, Paris/France		100	25	-2
Parc Eolien De Luçay-Le-Libre Et De Giroux SAS, Paris/France		100	24	-4
Parc Eolien De Martinpuich SAS, Paris/France		100	5	-6
Parc Eolien De Mesbrecourt-Richecourt SAS, Paris/France		100	35	-2
Parc Eolien De Nuisement Et Cheniers SAS, Paris/France		100	35	-2
Parc Eolien De Soudron SAS, Paris/France		100	35	-2
Parc Eolien De Villeneuve Minervois SAS, Paris/France		100	35	-2
Parc Eolien Des Ailes Du Gótinâis SAS, Paris/France		100	35	-2
Parc Eolien Des Grands Lazards SAS, Paris/France		100	28	-2
Parc Eolien Des Hauts-Bouleaux SAS, Paris/France		100	-75	-38
Parc Eolien Des Nouvions SAS, Paris/France		100	-103	-58
Parc Eolien Des Raisinières SAS, Paris/France		100	36	-1
Parc Eolien Du Balinot SAS, Paris/France		100	28	-2
Parc Eolien Du Ban Saint-Jean SAS, Paris/France		100	27	-2
Parc Eolien Du Bocage SAS, Paris/France		100	-77	-38
Parc Eolien Du Catesis SAS, Paris/France		100	-2	-26
Parc Eolien Du Champ Madame SAS, Paris/France		100	35	-2

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	Direct	Total	€ '000	€ '000
Parc Eolien Du Chemin De Châlons SAS, Paris/France		100	9	-3
Parc Eolien Du Chemin De Saint-Gilles SAS, Paris/France		100	-5	-9
Parc Eolien Du Chemin Vert SAS, Paris/France		100	35	-2
Parc Eolien Du Mirebalais SAS, Paris/France		100	28	-2
Parc Eolien Du Mont Hellet SAS, Paris/France		100	35	-2
Parc Eolien Du Mont Herbé SAS, Paris/France		100	28	-2
Parc Eolien Du Moulin De Thiau SAS, Paris/France		100	29	-3
Parc Eolien Du Moulin Du Bocage SAS, Paris/France		100	28	-2
Parc Eolien Du Plateau De La Chapelle-Surchésy SAS, Paris/France		100	35	-2
Parc Eolien Du Ru Garnier SAS, Paris/France		100	29	-2
Parc Eolien Les Pierrots SAS, Paris/France		100	-331	-232
Parc Ynni Cymunedol Alwen Cyfyngedig, Swindon/United Kingdom		100	0	0
Pawnee Spirit Wind Farm, LLC, Wilmington/USA		100	0	0
Paz 'Éole SAS, Paris/France		100	28	-2
Pe Ell North LLC, Chicago/USA		100	0	0
Photovoltaikkraftwerk Götz Verwaltungs-GmbH, Kolitzheim		100	27	-1
Photovoltaikkraftwerk Groß Dölln Infrastruktur GmbH & Co. KG, Templin		100	-18	-2
Photovoltaikkraftwerk Groß Dölln Infrastruktur Verwaltungs-GmbH, Templin		100	29	0
Photovoltaikkraftwerk Reinsdorf GmbH & Co. KG, Kolitzheim		100	-29	-2
Photovoltaikkraftwerk Reinsdorf Verwaltungs-GmbH, Kolitzheim		100	30	0
PI E&P Holding Limited, George Town/Cayman Islands		100	42,240	-4
PI E&P US Holding LLC, New York City/USA		100	41,845	-301
Pinckard Solar LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Pinckard Solar Member LLC, Wilmington/USA		100	0	0
Pinto Pass, LLC, Wilmington/USA		100	0	0
Pipkin Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
Proyectos Solares Iberia I, S.L., Barcelona/Spain		100	27	-4
Proyectos Solares Iberia II, S.L., Barcelona/Spain		100	38	-27
Proyectos Solares Iberia III, S.L., Barcelona/Spain		100	25	-5
Proyectos Solares Iberia IV, S.L., Barcelona/Spain		100	26	-4
Proyectos Solares Iberia V, S.L., Barcelona/Spain		100	26	-4
Pryor Caves Wind Project LLC, Chicago/USA		100	0	0
PT Rheincoal Supply & Trading Indonesia, PT, Jakarta/Indonesia		100	246	-9
Quartz Solar, LLC, Wilmington/USA		100		[3]
Quintana Fotovoltaica S.L.U., Barcelona/Spain		100	8	-4
RD Hanau GmbH, Hanau		100	0	0
Ribaforada Energy Ribaforada, S.L.U., Barasoain/Spain		100	1	-213
Roadrunner Crossing Wind Farm, LLC, Wilmington/USA		100	0	0
Rose Rock Wind Farm, LLC, Wilmington/USA		100	0	0
Rowantree Wind Farm Ltd., Swindon/United Kingdom		100	0	0
RWE & Turcas Dogalgaz Ithalat ve Ihracat A.S., Istanbul/Turkey		100	688	67
RWE AUSTRALIA PTY LTD, Brisbane/Australia		100	37	-12
RWE Belgium BVBA, Brussels/Belgium		100	1,419	-32
RWE Carbon Sourcing North America, LLC, Wilmington/USA		100	0	0
RWE Czech Gas Grid Holding B.V., Geertruidenberg/Netherlands	100	100	0	1,526
RWE Dhabi Union Energy LLC, Abu Dhabi/UAE		49	33	0

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	Direct	Total	€ '000	€ '000
RWE Eemshydrogen B.V., Geertruidenberg/Netherlands		100		3
RWE Energy APAC Co. Ltd., Chengdu/China		100	1,798	-131
RWE Enerji Toptan Satis A.S., Istanbul/Turkey		100	3,243	104
RWE Gas Storage Beteiligungsverwaltungs GmbH, Essen		100	10,989	0
RWE Hillston Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	-231	-59
RWE indeland Windpark Eschweiler Verwaltungs GmbH, Eschweiler		100	54	6
RWE Ingen!us Limited, Swindon/United Kingdom		100	2,537	91
RWE NSW PTY LTD, Sydney/Australia		100	77	-137
RWE Offshore Wind A/S, Rødby/Denmark		100		3
RWE Offshore Wind Holdings LLC, Dover/USA		100	277	-96
RWE Offshore Wind Netherlands Participations I B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations II B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations III B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations IV B.V., Geertruidenberg/Netherlands		100	0	0
RWE Pensionsfonds AG, Essen	100	100	3,872	178
RWE Power Climate Protection GmbH, Essen		100	23	1
RWE Principal Investments UK Limited, Swindon/United Kingdom		100	103	-61
RWE Principal Investments USA, LLC, New York City/USA		100	2,324	13,962
RWE Renewables Australia Holdings Pty Ltd., Brisbane/Australia		100	-219	-406
RWE Renewables Chile SpA, Santiago/Chile		100	1,095	-497
RWE Renewables Denmark A/S, Rødby/Denmark		100		3
RWE Renewables France SAS, Levallois-Perret/France		100	4,483	1,015
RWE Renewables Japan G.K., Tokyo/Japan		100	-172	-384

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	Direct	Total	€ '000	€ '000
RWE Renewables Korea LLC, Seoul/South Korea		100		[3]
RWE Renewables Mexico, S. de R.L. de C.V., Mexico City/Mexico		100	1,014	-157
RWE Renewables Services GmbH, Essen		100	25	-6
RWE Renewables Services Mexico, S. de R.L. de C.V., Mexico City/Mexico		100	-3	-3
RWE Renewables Taiwan Ltd., Taipei City/Taiwan		100		[3]
RWE Seabreeze II Verwaltungs GmbH, Essen		100	71	6
RWE Solar Netherlands B.V., 's-Hertogenbosch/Netherlands		100	0	0
RWE Solar Poland Sp. z o.o., Warsaw/Poland		100	-144	-168
RWE Stallingborough Limited, Swindon/United Kingdom		100	0	0
RWE Supply & Trading Japan KK, Tokyo/Japan		100	-2	0
RWE SUPPLY TRADING TURKEY ENERJI ANONIM SIRKETI, Istanbul/Turkey		100	894	161
RWE Technology International Energy Environment Engineering GmbH, Essen		100	25	[1]
RWE TECNOLOGIA LTDA, Rio de Janeiro/Brazil		100	94	0
RWE Trading Services Limited, Swindon/United Kingdom		100	1,310	34
RWE Wind Development AS, Oslo/Norway		100	3,328	-17
RWE Wind Holding A/S, Rødby/Denmark		100		[3]
RWE Wind Norway AB, Malmö/Sweden		100	4,228	-2,313
RWE Wind Projects AB, Malmö/Sweden		100	5	1
RWE Wind Service Italia S.r.l., Milan/Italy		100	-82	-184
RWE Wind Services GmbH, Neubukow		100	2,165	-1,022
RWE Wind Services Norway AS, Oslo/Norway		100	1,427	-8
RWE Wind Transmission AB, Malmö/Sweden		100	715	3
RWE Windpark Bedburg Verwaltungs GmbH, Bedburg		51	48	2

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RWE Windpark Garzweiler Verwaltungs GmbH, Essen		100	27	-4
RWE Windpark Papenhagen GmbH & Co. KG, Hanover		100	576	-125
RWE Windpark Papenhagen Verwaltungs GmbH, Hanover		100	33	8
RWEST NA Investments GmbH, Essen		100	40,522	-120
RWEST PI Bras Limited, London/United Kingdom		100	22,135	-926
RWEST PI FRE Holding LLC, New York City/USA		100	2	-13
Santa Severa Centrale PV s.a.s. (s.r.l.), Rome/Italy		100	-152	0
SB Retrofit, LLC, Dallas/USA		100		3
Scioto Solar LLC, Wilmington/USA		100	0	0
Shay Solar, LLC, Wilmington/USA		100	0	0
Snow Shoe Wind Farm, LLC, Wilmington/USA		100	0	0
SP Solarprojekte 1 Verwaltungs-GmbH, Kolitzheim		100	24	-1
SP Solarprojekte 11 Verwaltungs-GmbH, Kolitzheim		100	29	0
SP Solarprojekte 12 Verwaltungs-GmbH, Kolitzheim		100	29	0
SP Solarprojekte 17 Verwaltungs-GmbH, Kolitzheim		100		3
SP Solarprojekte 18 Verwaltungs-GmbH, Kolitzheim		100		3
SP Solarprojekte 19 Verwaltungs-GmbH, Kolitzheim		100		3
SP Solarprojekte 2 GmbH & Co. KG, Kolitzheim		100	-5	-2
SP Solarprojekte 2 Verwaltungs-GmbH, Kolitzheim		100	26	0
SP Solarprojekte 20 Verwaltungs-GmbH, Kolitzheim		100		3
SP Solarprojekte 3 GmbH & Co. KG, Kolitzheim		100	-6	-2
SP Solarprojekte 3 Verwaltungs-GmbH, Kolitzheim		100	26	0
Sparta North, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Sparta South, LLC, Wilmington/USA		100	0	0
Stillwater Energy Storage, LLC, Wilmington/USA		100	0	0
Storage Facility 1 Ltd., Slough/United Kingdom		100	-51	-32
Sun Data GmbH (i.L.), Kolitzheim		100	60	-7
Sunpow 1 Sp. z o.o., Warsaw/Poland		100	0	0
Sunrise Energy Generation Pvt. Ltd., Mumbai/India		100	69	3
Sunrise Wind Holdings, LLC, Chicago/USA		100	0	0
Tafalla Energy Tafalla, S.L.U., Barasoain/Spain		100	1	-213
Terrapin Hills LLC, Chicago/USA		100	0	0
Thor Wind Farm I/S, Rødby/Denmark		100		3
Three Rocks Solar, LLC, Wilmington/USA		100	0	0
Tierra Blanca Wind Farm, LLC, Wilmington/USA		100	0	0
Tipton Wind, LLC, Wilmington/USA		100	0	0
Valverde Wind Farm, LLC, Wilmington/USA		100	0	0
VDE Komplementär GmbH, Kassel		100	30	-24
VDE Projects GmbH, Kassel		100	16,080	-7,035
Venado Wind Farm, LLC, Wilmington/USA		100	0	0
Versuchsatomkraftwerk Kahl GmbH, Karlstein am Main		80	634	31
Vici Wind Farm II, LLC, Wilmington/USA		100	0	0
Vici Wind Farm III, LLC, Wilmington/USA		100	0	0
Vici Wind Farm, LLC, Wilmington/USA		100	0	0
Villarrobledo Desarrollo 2, S.L.U., Barasoain/Spain		100	1	-1,186
Vindkraftpark Aurvandil AB, Uppsala/Sweden		100	6	0

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	Direct	Total	€ '000	€ '000
Vindkraftpark Brynhild AB, Uppsala/Sweden		100	4	0
Vortex Energy Deutschland GmbH, Kassel		100	4,397	-265
Vortex Energy Windpark GmbH & Co. KG, Kassel		100	1,651	-1,029
West Fork Solar, LLC, Wilmington/USA		100	0	0
Wildcat Wind Farm II, LLC, Wilmington/USA		100	0	0
Wildcat Wind Farm III, LLC, Wilmington/USA		100	0	0
Willowbrook Solar I, LLC, Wilmington/USA		100	0	0
Windpark Bedburg A44n GmbH & Co. KG, Essen		100		[3]
Windpark Bedburg A44n Verwaltungs GmbH, Essen		100		[3]
Windpark Winterlingen-Alb GmbH & Co. KG, Kassel		100	2,501	-2,606
WIT Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
WR Graceland Solar, LLC, Wilmington/USA		100	0	0
Zielone Glówczyce Sp. z o.o., Glówczyce/Poland		100	419	-527

III. Joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Greater Gabbard Offshore Winds Limited, Reading/United Kingdom		50	1,062,256	100,186
N.V. Elektriciteits-Produktiemaatschappij Zuid-Nederland EPZ, Borssele/Netherlands		30	81,302	5,609

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

IV. Affiliated companies of joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Enzee B.V., Borssele/Netherlands		100		[3]

V. Associated companies of joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
B.V. NEA, Arnhem/Netherlands		28	73,099	1,385

VI. Joint ventures accounted for using the equity method	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
AS 3 Beteiligungs GmbH, Essen		51[4]	31,308	1,489
AWE-Arkona-Windpark Entwicklungs-GmbH, Hamburg		50	1,073,377	139,732
C-Power N.V., Oostende/Belgium		27	262,772	16,589
Elevate Wind Holdco, LLC, Wilmington/USA		50	138,730	-94,126
Galloper Wind Farm Holding Company Limited, Swindon/United Kingdom		25	70,218	48,653
Grandview Wind Farm, LLC, Wilmington/USA		50	256,827	-9,497
Gwynt y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		50	-3,002	-1,023
Innogy Venture Capital GmbH, Dortmund		75[4]	842	128
Rampion Renewables Limited, Coventry/United Kingdom		60[4]		[3]
Société Electrique de l'Our S.A., Luxembourg/Luxembourg		40	13,396	3,699[2]
TCP Petcoke Corporation, Dover/USA		50	30,952	2,176[2]
URANIT GmbH, Jülich		50	72,136	98,103

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VII. Associates accounted for using the equity method	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Amprion GmbH, Dortmund	25	25	1,946,300	220,200
ATBERG - Eólicas do Alto Tâmega e Barroso, Lda., Ribeira de Pena/Portugal		40	5,319	468
Belectric Gulf Limited, Abu Dhabi/UAE		49	7,764	1,525
Bray Offshore Wind Limited, Kilkenny/Ireland		50	-99	-16
DOTI Deutsche Offshore-Testfeld- und Infrastruktur-GmbH & Co. KG, Oldenburg		26	57,925	-23,919
GNS Gesellschaft für Nuklear-Service mbH, Essen		28	45,538	24,960[2]
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim		40	134,082	6,647
HIDROERG - Projectos Energéticos, Lda., Lissabon/Portugal		32	12,956	1,692
Innogy Renewables Technology Fund I GmbH & Co. KG, Dortmund		78[4]	18,880	670
Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Austria		49	918,203	111,525[2]
KELAG-Kärntner Elektrizitäts-AG, Klagenfurt/Austria		13[5]	917,666	111,723
Kish Offshore Wind Limited, Kilkenny/Ireland		50	-119	-16
Magicat Holdco, LLC, Wilmington/USA		20	251,381	-6,840
Mingas-Power GmbH, Essen		40	4,550	3,881
Nysäter Wind AB, Malmö/Sweden		20	49,579	-96,341
PEARL PETROLEUM COMPANY LIMITED, Road Town/British Virgin Islands		10[6]	1,748,102	259,854
Rødsand 2 Offshore Wind Farm AB, Malmö/Sweden		20	156,564	16,001
Schluchseewerk Aktiengesellschaft, Laufenburg Baden		50	67,766	2,809
Vliegasunie B.V., De Bilt/Netherlands		75[4]	8,323	1,644

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VIII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Abwasser-Gesellschaft Knapsack, Gesellschaft mit beschränkter Haftung, Hürth		33	453	223
Alfred Thiel-Gedächtnis-Unterstützungskasse GmbH, Essen		50	5,113	0
Anemos Ala Segarra, S.L., Reus/Spain		40		3
Ascent Energy LLC, Wilmington/USA		50	83,373	6,656
Awel y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		60		3
CARBON Climate Protection GmbH, Langenlois/Austria		50	5,106	4,054
CARBON Egypt Ltd. (under liquidation), Cairo/Egypt		49	-2,127	-253
DBO Energia S.A., Rio de Janeiro/Brazil		49	15,199	-1,063
Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, Essen		31	861	350
DOTI Management GmbH, Oldenburg		26	119	0
Dunkerque Eoliennes En Mer SAS, Montpellier/France		32	10	0
EMDO S.A.S., Paris/France		30	-12,965	-2,075
Eólica Alta Anoia, S.L., Reus/Spain		40		3
Eólica La Conca, S.L., Reus/Spain		40		3
Eólica La Conca 3, S.L., Reus/Spain		40		3
Eoliennes en mer de Dunkerque (EMD) S.A.S., Paris/France		30	10	-5
Fassi Coal Pty. Ltd., Rutherford/Australia		47	-10,016	-2,887
First River Energy LLC, Denver/USA		40	-1,291	-7,414
Five Estuaries Offshore Wind Farm Limited, Swindon/United Kingdom		25		3
Focal Energy Photovoltaic Holdings Limited, Nicosia/Cyprus		50	1,621	227
Fond du Moulin SAS, Asnières sur Seine/France		25	35	-2
Gemeinschaftswerk Hattingen Gesellschaft mit beschränkter Haftung, Essen		52	2,045	-815
GfS Gesellschaft für Simulatorschulung mbH, Essen		33	64	3

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VIII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Kraftwerk Buer GbR, Gelsenkirchen		50	5,113	0
KSG Kraftwerks-Simulator-Gesellschaft mbH, Essen		33	641	26
KÜCKHOVENER Deponiebetrieb GmbH & Co. Kommanditgesellschaft, Bergheim		50	32	- 1
KÜCKHOVENER Deponiebetrieb Verwaltungs-GmbH, Bergheim		50	39	0
LDO Coal Pty. Ltd., Rutherford/Australia		47	- 101	74
Limetree Bay Preferred Holdings LLC, Boston/USA		28	14,750	0
London Array Limited, Tunbridge Wells/United Kingdom		30	0	0
Moravske Hidroelektrane d.o.o., Belgrade/Serbia		51	3,532	- 6
Netzanbindung Tewel OHG, Cuxhaven		25	588	- 39
New England Aqua Ventus, LLC, Los Angeles/USA		50		[3]
North Falls Offshore Wind Farm HoldCo Limited, Swindon/United Kingdom		50	0	0
Parc Eolien De Sepmes SAS, Angers/France		50		[3]
PV Projects Komplementär GmbH (i.L.), Kolitzheim		50	26	- 1
Q-Portal GmbH, Grevenbroich		49		[3]
Rampion Extension Development Limited, Swindon/United Kingdom		50		[3]
Scarweather Sands Limited, Coventry/United Kingdom		50	0	0
TetraSpar Demonstrator ApS, Copenhagen/Denmark		33	7,969	- 2,124
Toledo PV A.E.I.E., Madrid/Spain		33	1,330	723
TPG Wind Limited, Coventry/United Kingdom		50	317	726
Umspannwerk Putlitz GmbH & Co. KG, Oldenburg		25	0	- 109
Versorium Energy LP, Calgary, Alberta/Canada		50		[3]
Walden Renewables Development LLC, New York City/USA		76	1,683	- 1,045
Windesco Inc, Boston/USA		21	- 1,757	- 871

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VIII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Windpark Fresenhede GmbH & Co. KG, Kassel		50	1	- 572
Windpark Herßum-Vinnen Projekt GmbH & Co. KG, Kassel		50	1	- 410
Windpark Rotenburg GmbH & Co. KG, Kassel		50	1	- 847
Windpark Schapen GmbH & Co. KG, Kassel		50	1	- 939
WINDTEST Grevenbroich GmbH, Grevenbroich		38	966	- 308

IX. Other investments	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
APEP Dachfonds GmbH & Co. KG, Munich	36	36	121,538	22,134
Chrysalix Energy II U.S. Limited Partnership, Vancouver/Canada		6	14,906	6,936
Chrysalix Energy III U.S. Limited Partnership, Vancouver/Canada		5	68,311	- 44,502
Dry Bulk Partners 2013 LP, Grand Cayman/Cayman Islands		23	5,368	- 783
Energías Renovables de Ávila, S.A., Madrid/Spain		17	595	0
E.ON SE, Essen		15	9,728,400	788,300
Focal Energy Solar Three Ltd., Nicosia/Cyprus		8	5,822	648
Glenrothes Paper Limited, Glenrothes/United Kingdom		0	634	0
Globus Steel & Power Pvt. Limited, New Delhi/India		18	- 1,428	- 245
High-Tech Gründerfonds II GmbH & Co. KG, Bonn		1	103,211	0

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

IX. Other investments	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
HOCHTEMPERATUR-KERNKRAFTWERK Gesellschaft mit beschränkter Haftung (HKG) Gemeinsames Europäisches Unternehmen, Hamm		31	0	0
Nordsee One GmbH, Oststeinbek		15	94,283	50,169
Nordsee Three GmbH, Oststeinbek		15	72	-2
Nordsee Two GmbH, Oststeinbek		15	70	-2
OPPENHEIM PRIVATE EQUITY Institutionelle Anleger GmbH & Co. KG, Cologne	29	29	158	-190
Parque Eólico Cassiopea, S.L., Oviedo/Spain		10	73	-1
Parque Eólico Escorpio, S.A., Oviedo/Spain		10	2,386	0
Parque Eólico Leo, S.L., Oviedo/Spain		10	312	0
PEAG Holding GmbH, Dortmund	12	12	17,942	785
Promocion y Gestion Cáncer, S.L., Oviedo/Spain		10	92	-1
SET Fund II C.V., Amsterdam/Netherlands		6	22,570	-2,915
Stem Inc., Milbrae/USA		6	-20,413	-51,014
Sustainable Energy Technology Fund C.V., Amsterdam/Netherlands		48	22,287	6,884
Technologiezentrum Jülich GmbH, Jülich		5	1,955	165
Transport- und Frischbeton-Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Aachen, Aachen		17	390	122
Trinkaus Secondary GmbH & Co. KGaA, Düsseldorf	43	43	1,025	-33
UMBO GmbH, Hamburg		10	4,413	2,925
Umspannwerk Lübz GbR, Lübz		18	27	8
Versorgungskasse Energie (VVaG) i.L., Hanover		0	51,729	0
Versorium Energy Ltd., Calgary/Canada		15		[3]

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2020	Shareholding in % 31 Dec 2019	Change
Additions to affiliated companies included in the consolidated financial statements			
RWE Battery Solutions GmbH, Essen	100		100
RWE Kings Lynn Limited, Swindon/United Kingdom	100		100
RWE Renewables HoldCo B.V., Geertruidenberg/Netherlands	100		100
RWE Renewables Management UK Limited, Swindon/United Kingdom	100		100
RWE Renouvelables France SAS, La Plaine St. Denis/France	100		100
Vela Wind Holdco, LLC, Wilmington/USA	100		100
Disposal of affiliated companies included in the consolidated financial statements			
BELECTRIC PV Dach GmbH, Sömmerda		100	-100
Georgia Biomass Holding LLC, Savannah/USA		100	-100
Georgia Biomass LLC, Savannah/USA		100	-100
innogy Slovensko s.r.o., Bratislava/Slovakia		100	-100
Jurchen Technology GmbH, Kitzingen		100	-100
Jurchen Technology India Private Limited, Mumbai/India		100	-100
NRW Pellets GmbH, Erndtebrück		100	-100
Transpower Limited, Dublin/Ireland		100	-100
Východoslovenská distribucná, a.s., Košice/Slovakia		100	-100
Východoslovenská energetika a.s., Košice/Slovakia		100	-100
Východoslovenská energetika Holding a.s., Košice/Slovakia		49[1]	-49

1 Control by virtue of company contract.

Changes in shareholding without change of control	Shareholding in % 31 Dec 2020	Shareholding in % 31 Dec 2019	Change
Affiliated companies which are included in the consolidated financial statements			
Nordsee Windpark Beteiligungs GmbH, Essen	100	90	10
RWE Renewables UK Humber Wind Limited, Coventry/United Kingdom	51	100	-49

Boards (Part of the Notes)

As of: 5 March 2021

Supervisory Board

(End of term: 2021 Annual General Meeting)

Dr. Werner Brandt
Bad Homburg
Chairman
Chairman of the Supervisory Board of ProSiebenSat.1 Media SE
Year of birth: 1954
Member since 18 April 2013

Other appointments:

- ProSiebenSat.1 Media SE (Chairman)[1]
- Siemens AG[1]

Frank Bsirske[2]
Isernhagen
Deputy Chairman
Former Chairman of ver.di - Vereinte Dienstleistungsgewerkschaft
Year of birth: 1952
Member since 9 January 2001

Other appointments:

- Deutsche Bank AG[1]

Michael Bochinsky[2]
Grevenbroich
Deputy Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 1 August 2018

Sandra Bossemeyer[2]
Duisburg
Chairwoman of the Works Council of RWE AG
Representative of the disabled
Year of birth: 1965
Member since 20 April 2016

Martin Bröker[2]
Bochum
Head of Corporate IT & SAP at RWE AG
Year of birth: 1966
Member since 1 September 2018

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Anja Dubbert[2]
Essen
Business Development Manager
Member of the Works Council of RWE Supply & Trading GmbH
Year of birth: 1979
Member since 27 September 2019

Matthias Dürbaum[2]
Heimbach
Chairman of the Works Council of the Hambach Opencast Mine
Year of birth: 1987
Member since 27 September 2019

Ute Gerbaulet
Düsseldorf
General Partner of Bankhaus Lampe KG
Year of birth: 1968
Member since 27 April 2017

Other appointments:
- NRW.Bank AöR

Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel
Essen
Former Chairman of the Executive Board of HOCHTIEF AG
Year of birth: 1947
Member since 18 April 2013

Other appointments:
- Consolidated Contractors Group S.A.L.

Mag. Dr. h. c. Monika Kircher
Krumpendorf, Austria
Independent Corporate Consultant
Year of birth: 1957
Member since 15 October 2016

Other appointments:
- Andritz AG[1]
- Kärntner Energieholding Beteiligungs GmbH (Chairwoman)
- KELAG-Kärntner Elektrizitäts AG
- Siemens AG Österreich

Harald Louis[2]
Jülich
Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 20 April 2016

Other appointments:
• RWE Power AG[3]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Dagmar Mühlenfeld
Mülheim an der Ruhr
Former Mayor of the City of Mülheim an der Ruhr
Managing Director of JUNI gGmbH (Junior-Uni Ruhr)
Year of birth: 1951
Member since 4 January 2005

Peter Ottmann
Nettetal
Managing Director of Verband der kommunalen RWE-Aktionäre GmbH
Attorney
Former Chief Administrative Officer of Viersen County
Year of birth: 1951
Member since 20 April 2016

Günther Schartz
Wincheringen
Chief Administrative Officer of the District of Trier-Saarburg
Year of birth: 1962
Member since 20 April 2016

Other appointments:
- A.R.T. Abfallberatungs- und Verwertungsgesellschaft mbH (Chairman)
- Kreiskrankenhaus St. Franziskus Saarburg GmbH (Chairman)
- Sparkassenverband Rheinland-Pfalz
- Sparkasse Trier (Chairman)
- Trierer Hafengesellschaft mbH
- Zweckverband Abfallwirtschaft Region Trier

Dr. Erhard Schipporeit
Hanover
Independent Corporate Consultant
Year of birth: 1949
Member since 20 April 2016

Other appointments:
• BDO AG Wirtschaftsprüfungsgesellschaft
• Hannover Rück SE[1]
• HDI Haftpflichtverband der Deutschen Industrie VVaG
• Talanx AG[1]

Dr. Wolfgang Schüssel
Vienna, Austria
Former Federal Chancellor of the Republic of Austria
Year of birth: 1945
Member since 1 March 2010

Other appointments:
- Adenauer Stiftung (Chairman of the Board of Trustees)
- PJSC LUKOIL[1]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Ullrich Sierau
Dortmund
Former Mayor of the City of Dortmund
Year of birth: 1956
Member since 20 April 2011

Ralf Sikorski[2]
Hanover
Deputy Chairman of IG Bergbau, Chemie, Energie
Year of birth: 1961
Member since 1 July 2014

Other appointments:
- • CHEMIE Pensionsfonds AG
- • Lanxess AG[1]
- • Lanxess Deutschland GmbH
- • RAG AG
- • RWE Generation SE[3]
- • RWE Power AG[3]
- \- KSBG Kommunale Verwaltungsgesellschaft GmbH

Marion Weckes[2]
Dormagen
Head of the Listed Companies and Corporate Governance Unit of the Institute for Co-determination and Corporate Governance of the Hans Böckler Foundation
Year of birth: 1975
Member since 20 April 2016

Leonhard Zubrowski[2]
Lippetal
Chairman of the Group Works Council of RWE AG
Year of birth: 1961
Member since 1 July 2014

Other appointments:
- • RWE Generation SE[3]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
\- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Supervisory Board Committees

Executive Committee of the Supervisory Board
Dr. Werner Brandt (Chairman)
Frank Bsirske
Sandra Bossemeyer
Anja Dubbert
Matthias Dürbaum
Prof. Dr. Hans-Peter Keitel
Dagmar Mühlenfeld
Dr. Wolfgang Schüssel

Mediation Committee in accordance with Section 27, Paragraph 3 of the German Co-Determination Act
Dr. Werner Brandt (Chairman)
Frank Bsirske
Dr. Wolfgang Schüssel
Ralf Sikorski

Personnel Affairs Committee
Dr. Werner Brandt (Chairman)
Frank Bsirske
Harald Louis
Peter Ottmann
Dr. Wolfgang Schüssel
Leonhard Zubrowski

Audit Committee
Dr. Erhard Schipporeit (Chairman)
Michael Bochinsky
Mag. Dr. h.c. Monika Kircher
Ullrich Sierau
Ralf Sikorski
Marion Weckes

Nomination Committee
Dr. Werner Brandt (Chairman)
Prof. Dr. Hans-Peter Keitel
Peter Ottmann

Strategy and Sustainability Committee
Dr. Werner Brandt (Chairman)
Frank Bsirske
Prof. Dr. Hans-Peter Keitel
Günther Schartz
Ralf Sikorski
Leonhard Zubrowski

The Executive Board

Dr. Rolf Martin Schmitz (Chief Executive Officer until 30 April 2021)
Chairman of the Executive Board of RWE AG since 15 October 2016
Member of the Executive Board of RWE AG since 1 May 2009, appointed until 30 June 2021, will resign as of 30 April 2021
Labour Director of RWE AG from 1 May 2017 to 31 October 2020

Offices:
- Corporate Transformation
- Internal Audit & Compliance
- Corporate Communications & Energy Policy
- Legal & Insurance
- Corporate Business Development

Other appointments:
- E.ON SE[1]
- RWE Generation SE[2] (Chairman)
- RWE Renewables GmbH[2]
- RWE Supply & Trading GmbH[2]
- TÜV Rheinland AG
- Jaeger Grund GmbH & Co. KG (Jaeger Gruppe, Chairman)
- Kärntner Energieholding Beteiligungs GmbH
- KELAG-Kärntner Elektrizitäts AG

Dr. Markus Krebber (Chief Financial Officer until 30 April 2021)
Chief Executive Officer as of 1 May 2021
Member of the Executive Board of RWE AG since 1 October 2016, appointed until 30 June 2026

Offices:
- Controlling & Risk Management
- Investor Relations
- Portfolio Management / Mergers & Acquisitions
- Accounting
- Corporate Strategy

Other appointments:
- RWE Generation SE[2]
- RWE Power AG[2]
- RWE Renewables GmbH[2] (Chairman)
- RWE Supply & Trading GmbH[2] (Chairman)

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Office within the Group.

Dr. Michael Müller (Chief Financial Officer as of 1 May 2021)
Member of the Executive Board of RWE AG since 1 November 2020, appointed until 31 October 2023
Managing Director and CFO of RWE Supply & Trading GmbH from 1 September 2016 to 30 April 2021 (posts held concurrently since 1 November 2020)

Offices:
- Business Services
- Finance & Credit Risk
- Tax

Other appointments:
- Amprion GmbH
- RWE Generation SE[2]
- RWE Power AG[2]

Zvezdana Seeger (Chief HR Officer)
Member of the Executive Board of RWE AG since 1 November 2020, appointed until 31 October 2023
Labour Director of RWE AG since 1 November 2020

Offices:
- IT
- Human Resources

Other appointments:
- RWE Pensionsfonds AG[2] (Chairwoman)
- RWE Power AG[2] (Chairwoman)

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Office within the Group.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the combined review of operations includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Essen, 5 March 2021

The Executive Board

Schmitz Krebber

Müller Seeger

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity "). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Independent Auditor's Report

To RWE Aktiengesellschaft, Essen

Report on the Audit of the Annual Financial Statements and of the Management Report

Audit Opinions

We have audited the annual financial statements of RWE Aktiengesellschaft, Essen, which comprise the balance sheet as at December 31, 2020, and the statement of profit and loss for the financial year from January 1 to December 31, 2020, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of RWE Aktiengesellschaft, which is combined with the group management report, for the financial year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the annual financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

1 Measurement of shares in affiliated companies and investments

Our presentation of this key audit matter has been structured as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matter:

❶ Measurement of shares in affiliated companies and investments

① In the annual financial statements of RWE Aktiengesellschaft, shares in affiliated companies and investments amounting to € 15.5 billion (52 % of total assets) are reported under the balance sheet item "Financial assets".
The measurement of shares in affiliated companies and investments under commercial law is based on the acquisition costs and the lower fair value. The perspective of the entity holding the investment must be adopted for the purposes of calculating the fair value. The measurements are based on the present values of the future cash flows derived from the planning projections prepared by the executive directors. Expectations relating to future market developments and country-specific assumptions about the performance of macroeconomic indicators are also taken into account. Present values are calculated using discounted cash flow models. The discount rate used is the weighted cost of capital for the respective financial asset. The Company carried out its own measurements and also used the work of external experts appointed by the Company for this purpose. On the basis of the values determined and supplementary documentation, a write-up in the amount of € 119 million in the financial year. The outcome of these measurements is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth employed. The measurement is therefore subject to material uncertainty. Against this background and due to the highly complex nature of the measurement, this matter was of particular significance during our audit.

② As part of our audit of the fair values of the shares in affiliated companies and investments, we evaluated the methodology used for the measurement, among other things. In addition, we assessed whether the future cash flows underlying the measurements represent an appropriate basis for the impairment testing of the shares in affiliated companies and investments. We evaluated the appropriateness of the future cash inflows used in the calculations, among other items, by comparing this data with the planning projections and by reconciling it against general and sector-specific market expectations. In this context, we also assessed the usability of the work performed by the external experts engaged by the Company and reviewed the experts' professional qualifications. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated using this method, we also evaluated the parameters used to determine the discount rate applied, including the weighted cost of capital, and assessed the measurement model. Taking into consideration the information available, the measurement parameters and assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies and investments.

③ The Company's disclosures relating to the shares in affiliated companies and investments are contained in the notes to the financial statements in the section "Notes to the Balance Sheet" in note "(1) Non-current assets".

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section 2.7 of the management report
- the separate non-financial group report pursuant to § 315b Abs. 3 HGB

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required

Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Annual Financial Statements and the Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the attached electronic file RWE_AG_JA+LB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained within the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2020, contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the annual financial statements and the management report contained in the above mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain reasonable assurance that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on June 26, 2020. We were engaged by the supervisory board on July 8, 2020. We have been the auditor of RWE Aktiengesellschaft, Essen, without interruption since the financial year 2000.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Ralph Welter.

Essen, March 5, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Markus Dittmann) Wirtschaftsprüfer (German Public Auditor)	(sgd. Ralph Welter) Wirtschaftsprüfer (German Public Auditor)

Financial Calendar 2021/2022

28 April 2021	Virtual Annual General Meeting
29 April 2021	Ex-dividend day
03 May 2021	Dividend payment
12 May 2021	Interim statement on the first quarter of 2021
12 August 2021	Interim report on the first half of 2021
11 November 2021	Interim statement on the first three quarters of 2021
15 March 2022	Annual report for fiscal 2021
28 April 2022	Annual General Meeting
29 April 2022	Ex-dividend day
03 May 2022	Dividend payment
12 May 2022	Interim statement on the first quarter of 2022
11 August 2022	Interim report on the first half of 2022
10 November 2022	Interim statement on the first three quarters of 2022

The virtual Annual General Meeting and all events concerning the publication of the financial reports are broadcast live on the internet and recorded. We will keep the recordings on our website for at least twelve months.

Imprint

RWE Aktiengesellschaft

RWE Platz 1
45141 Essen
Germany

Phone +49 201 5179-0
Fax +49 201 5179-5299
E-mail contact@rwe.com

Investor Relations:

Phone +49 201 5179-3112
Fax +49 201 5179-420042
Internet www.rwe.com/ir
E-mail invest@rwe.com

Corporate Communications:

Phone +49 201 5179-5009
Fax +49 201 5179-5290

Translation:

Olu Taylor Translation & Interpretation Services, Geretsried, Germany

For annual reports, interim reports, interim statements and further information on RWE, please visit us on the internet at www.rwe.com.

This report was published on 16 March 2021. This is a translation of the German financial statements. In case of divergence from the German version, the German version shall prevail. It also appears in the German Federal Gazette. Only that publication is definitive.

RWE is a member of DIRK – the German Investor Relations Association.

RWE Aktiengesellschaft
RWE Platz 1
45141 Essen
Germany

www.rwe.com

7-10 Audited Financial Statement 2021 RWE AG

2021

Financial Statements of RWE AG

RWE

Contents

Financial Statements of RWE AG

The financial statements and review of operations of RWE AG for the 2021 fiscal year are submitted electronically to Bundesanzeiger Verlag GmbH, Cologne, Germany, the operator of the Bundesanzeiger (Federal Gazette), and published in the Bundesanzeiger. The review of operations of RWE AG has been combined with the review of operations of the RWE Group and is published in our annual report on pages 22 to 82.

Balance Sheet at 31 December 2021

Assets € million	(Notes)	31 Dec 2021	31 Dec 2020
Non-current assets	(1)		
Financial assets		**17,866**	**20,524**
Current assets			
Accounts receivable and other assets	(2)		
Accounts receivable from affiliated companies		7,922	2,094
Accounts receivable from companies in which participations are held		1	5
Other assets		607	513
Marketable securities	(3)	6,941	2,879
Cash and cash equivalents	(4)	4,768	3,785
		20,239	**9,276**
Prepaid expenses	(5)	**8**	**1**
		38,113	**29,801**

Equity and liabilities € million	(Notes)	31 Dec 2021	31 Dec 2020
Equity	(7)		
Subscribed capital			
Common shares		1,731	1,731
Capital reserve		4,228	4,228
Retained earnings			
Other retained earnings		1,791	1,292
Distributable profit		609	575
		8,359	**7,826**
Provisions	(8)		
Provisions for pensions and similar obligations		952	839
Provisions for taxes		881	790
Other provisions		412	367
		2,245	**1,996**
Liabilities	(9)		
Bonds		2,433	583
Bank debt		3,336	263
Trade accounts payable		19	24
Accounts payable to affiliated companies		18,743	18,905
Other liabilities		2,978	204
		27,509	**19,979**
		38,113	**29,801**

Income Statement for the period from 1 January to 31 December 2021

€ million	(Notes)	2021	2020
Revenue	(13)	31	25
Net income from financial assets	(14)	378	1,114
Net interest	(15)	318	-72
Other operating income	(16)	756	295
Staff costs	(17)	-93	-78
Other operating expenses	(18)	-562	-954
Taxes on income	(19)	280	250
Income after taxes		**1,108**	**580**
Net income		**1,108**	**580**
Profit carryforward from the previous year		0	0
Transfer to other retained earnings		-499	-5
Distributable profit		**609**	**575**

Notes at 31 December 2021

Basis of presentation

RWE Aktiengesellschaft (RWE AG), headquartered in Essen, Germany, is entered in the Commercial Register B of the District Court of Essen under HRB 14525. The Financial Statements of RWE AG have been prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Individual balance sheet and income statement items have been combined in order to improve the clarity of the presentation. These items are stated and explained separately in the notes to the financial statements. Furthermore, the order of the items on the income statement has been adjusted. The income statement has been prepared using the nature of expense method.

The Financial Statements have been prepared in euros (€) and – unless indicated otherwise – amounts are stated in millions of euros (€ million). Rounding differences may occur for arithmetic reasons.

The fiscal year corresponds to the calendar year.

Accounting policies

Investments in affiliated companies and invesments are stated at acquisition cost or at lower fair values.

Long-term securities are valued at cost or lower market value.

Loans including employer loans are accounted for at nominal value or at lower fair value.

Accounts receivable and other assets are disclosed at nominal value after deducting required value adjustments. All identifiable individual risks are taken into account. Non-interest-bearing accounts receivable included in other assets are discounted to their present value. Current securities are valued at cost or lower market value. Cash and cash equivalents are disclosed at nominal value. Expenses prior to the balance-sheet date are recognised as prepaid expenses if they represent expenses for a certain period thereafter.

Equity is accounted for at nominal value.

Within the framework of the corporate and trade tax group, all deferred taxes of the group are attributable to RWE AG as the parent company and hence as the entity liable to pay tax, insofar as continued existence of the group is expected. The capitalisation option pursuant to Sec. 274, Para. 1, Sent. 2 of HGB is not exercised, as a result of which a surplus of deferred tax assets is not reflected in the accounts.

Provisions are recognised at the settlement amount dictated by prudent business judgement.

Provisions for pensions and similar obligations are based on actuarial computations using Klaus Heubeck's 2018G reference tables – which take into account generation-dependent life expectancies – applying the projected unit credit method. They are discounted using the average market interest rate of the last ten years published by the German Central Bank based on an assumed remaining term of 15 years. As of 31 December 2021, this interest rate amounted to 1.87 % (previous year: 2.30 %). The extension of the reference period for determining the average market interest rate from seven years to ten years in 2016 results in a difference of €305 million as of the balance-sheet date.

In respect of other calculation assumptions, annual wage and salary increases of 2.35 % (previous year: 2.35 %), pension increases (depending on the pension scheme) of 1.0 %, 1.60 % and 1.75 % (previous year: 1.0 %, 1.60 % and 1.75 %) and company-specific fluctuation assumptions were considered. Insofar as there are assets used to fund the obligation pursuant to Sec. 246, Para. 2 of HGB, the provision derives from the balance of the actuarial present value of the obligations and the fair value of the assets used to fund the obligation; the fair value essentially corresponds to the market value of the assets used to fund the obligation. After netting, the impact of changes in the discount rate, changes in the fair value of the assets used to fund the obligation and ongoing returns on the assets used to fund the obligation are reported in net interest.

Measurement of provisions for service anniversary obligations and for pre-retirement part-time employment occurs on the basis of actuarial principles, using an interest rate of 1.35 % (previous year: 1.60 %) and 0.40 % (previous year: 0.54 %), respectively.

All identifiable risks, uncertain liabilities and anticipated losses from executory contracts are taken into account in the assessment of other provisions.

Liabilities are stated at settlement amounts.

Contingent liabilities are valued according to the extent of liability existing as of the balance-sheet date.

Insofar as possible, valuation units pursuant to Sec. 254 of HGB are formed.

Foreign currency transactions are recognised at the exchange rate prevailing at the time of first entry or – when hedged – at the forward rate. Receivables and liabilities which are not hedged are measured at the exchange rate as at the balance-sheet date, taking into account the imparity principle for maturities over one year.

Notes to the Balance Sheet

(1) Non-current assets

An analysis and description of the movements of non-current assets summarised in the balance sheet during the year under review is presented in the following:

Roll-forward of non-current assets	Cost				Accumulated amortisation					Carrying amounts	
€ million	1 Jan 2021	Additions	Disposals	31 Dec 2021	1 Jan 2021	Write-backs	Amortisation	Disposals	31 Dec 2021	31 Dec 2020	31 Dec 2021
Financial assets											
Shares in affiliated companies	15,157	0	0	15,157	0	0	1,621	0	1,621	15,157	13,536
Loans to affiliated companies	3,553	196	1	3,748	0	0	0	0	0	3,553	3,748
Investments	364	0	0	364	0	0	0	0	0	364	364
Long-term securities	1,576	35	1,364	247	126	0	21	118	29	1,450	218
Other loans	0	0	0	0	0	0	0	0	0	0	0
	20,650	**231**	**1,365**	**19,516**	**126**	**0**	**1,642**	**118**	**1,650**	**20,524**	**17,866**

In the reporting year, an impairment was recognised for a stake in a company in the conventional electricity generation business. Long-term marketable securities consist exclusively of shares in investment funds; disposals relate to sales in the reporting year.

Information on shareholdings pursuant to Sec. 285, No. 11 and No. 11a of HGB is presented on pages 20 to 55.

(2) Accounts receivable and other assets

€ million	31 Dec 2021	Of which: RT[1] > 1 year	31 Dec 2020	Of which: RT[1] > 1 year
Accounts receivable from affiliated companies	7,922	0	2,094	17
Accounts receivable from companies in which participations are held	1	0	5	0
Other assets	607	233	513	142
	8,530	**233**	**2,612**	**159**

1 RT = remaining term.

Accounts receivable from affiliated companies include claims arising from loans, tax group accounting settlements and ongoing clearing transactions. The rise in accounts receivable from affiliated companies in the reporting year is in part due to the provision of cash and cash equivalents for RWE Supply & Trading GmbH.

Other assets include tax refund claims, claims arising from pledged cash collateral, interest accruals and interest receivables.

(3) Marketable securities

These are other securities; they relate to money market funds from the investment of cash and cash equivalents. In the reporting year, marketable securities on hand were increased significantly to strengthen the liquidity position.

(4) Cash and cash equivalents

Cash and cash equivalents exclusively relate to bank balances.

(5) Prepaid expenses

Prepaid expenses primarily consist of discounts.

(6) Deferred tax assets

€ million	31 Dec 2021		31 Dec 2020	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Assets				
Non-current assets	318	105	1,132	82
Current assets, miscellaneous	556	0	661	22
Liabilities				
Exceptional items	3	113	3	41
Provisions	2,521	13	2,127	5
Liabilities, miscellaneous	238	900	293	847
Total	**3,636**	**1,131**	**4,216**	**997**
Balance	-1,131		-997	
Net asset position	**2,505**		**3,219**	

The measurement of deferred taxes is based on a company-specific tax rate of 32.6 % (previous year: 32.6 %). A surplus of deferred tax assets is not recognised.

(7) Equity

Changes in equity € million	1 Jan 2021	Reduced proceeds of granted employee shares	Dividend payments	Net income	31 Dec 2021
Subscribed capital	1,731	0	0	0	1,731
Capital reserve	4,228	0	0	0	4,228
Retained earnings					
Other retained earnings	1,292	0	0	499	1,791
Distributable profit	575	0	-575	609	609
	7,826	**0**	**-575**	**1,108**	**8,359**

RWE AG's subscribed capital amounts to €1,731,123,322.88 and consists of 676,220,048 shares in the name of the bearer with 676,220,048 voting rights.

The imputed value per share amounts to €2.56.

After the authorised capital, on which the most recent resolution was passed by the Annual General Meeting on 26 April 2018, was partially utilised within the scope of a capital increase conducted in August 2020, the Annual General Meeting on 28 April 2021 passed a resolution to replace the remaining former authorisation with new authorised capital. Pursuant to this resolution, the Executive Board is authorised until 27 April 2026 to increase the company's capital stock with the approval of the Supervisory Board by up to €346,224,663.04 – corresponding to about 20 % of the current capital stock – through the issuance of up to 135,244,009 bearer shares in exchange for contributions in cash and / or in kind (authorised capital). Shareholders' subscription rights can be excluded in certain cases with the approval of the Supervisory Board.

Furthermore, the Annual General Meeting on 28 April 2021 passed a resolution to conduct a conditional increase of the company's capital stock by up to €173,112,330.24, divided into up to 67,622,004 bearer shares. This conditional capital increase serves the purpose of granting shares to the holders or creditors of convertible and / or option bonds. It shall only be implemented by 27 April 2026 to the extent that the holders or creditors of convertible and / or option bonds issued on the basis of the resolution passed by the Annual General Meeting on 28 April 2021 by the company or a company affiliated with the company within the meaning of Sections 15 et seqq. of the German Stock Corporation Act, in which the company has a direct or indirect stake of at least 90 %, exercise conversion / option rights, fulfil conversion / option obligations, or shares are tendered and no other forms of fulfilment are used. The Executive Board is authorised, subject to Supervisory Board approval, to determine further details of implementing conditional capital increases.

In addition, pursuant to a resolution passed by the Annual General Meeting on 26 April 2018, the company was authorised until 25 April 2023 to acquire shares of the company representing up to 10 % of the capital stock when the resolution on this authorisation was passed, or if the following is lower, when this authorisation is exercised. Pursuant to the resolution, the company's Executive Board is further authorised to cancel treasury shares without the need for a further resolution to be passed by the Annual General Meeting. Moreover, the Executive Board is authorised to transfer or sell treasury shares to third parties under certain conditions and excluding shareholder subscription rights. In addition, treasury shares may be issued to holders of option or convertible bonds under certain conditions. The Executive Board is also authorised to use the treasury shares to discharge obligations from future employee share schemes; in this regard, shareholders' subscription rights shall be excluded.

No treasury shares were held as of 31 December 2021.

In fiscal 2021, a total of 288,624 shares was purchased by RWE AG on the capital market for a purchase price of €9,459,816.32. They account for €738,877.44 of the company's share capital (0.04 % of subscribed capital). Employees of RWE AG and its subsidiaries received a total of 288,624 shares under the employee share scheme for the purpose of capital formation. This generated total proceeds of €9,356,616.42. The difference compared to the purchase price was offset against available retained earnings.

The difference of €305 million as of the balance-sheet date resulting from the change in the annual average interest rate used for pension provisions and the result from the fair value measurement of the plan assets over and above costs minus deferred tax liabilities of €345 million results in a total sum of €650 million, which is subject to prohibition of distribution; this amount is covered by the freely available reserves.

(8) Provisions

€ million	31 Dec 2021	31 Dec 2020
Provisions for pensions and similar obligations	952	839
Provisions for taxes	881	790
Other provisions	412	367
	2,245	**1,996**

Provisions stated to cover pension obligations include rights of active and former employees of affiliated companies as well as of one investment arising from existing declarations to assume joint liability. Expenses incurred for the retirement benefits of the companies concerned are reimbursed by them.

The rise in provisions for pension obligations is essentially due to the decrease in the discount rate.

The plan assets used to cover the obligations measured at fair value were netted against the pension obligations covered by the funds.

	31 Dec 2021		
€ million	Cost	Fair value	Settlement amount
Netted assets (special-purpose funds)			
Shares in affiliated companies	5	4	
Investments	124	32	
Long-term securities	2,047	2,393	
Other assets	25	25	
	2,201	**2,454**	
Netted liabilities			
Settlement amount for pensions and similar obligations			**3,109**
Balance of netting assets (pension provisions)			**655**

The fair values of shares in affiliated companies and investments were stated at their quotation on the stock market, at the net asset value communicated by the fund managers of the investments in question, or at prorated equity. The redemption price of shares in investment funds classified as long-term securities was used as their fair value. Investment funds are predominantly invested in exchange-traded securities or in securities registered or included in other organised markets. The fair value of the reinsurance policies for specific pension commitments resulting from salary conversion above and beyond this is the fair value communicated by the insurance company, which essentially consists of the insurance premiums paid to date and the commercial profits of the respective insurance policy. Furthermore, the fund assets also include a current account with a bank. It is classified under other assets due to the restriction on disposal because it is managed by a fiduciary. The balance is stated at nominal value.

The item 'Provisions for pensions and similar obligations' also includes provisions for concessionary allowances of €297 million.

Provisions for taxes concern earlier assessment periods.

Other provisions primarily relate to interest payment obligations, risks associated with investments, contingent losses from pending financial transactions and staff-related obligations.

(9) Liabilities

€ million	31 Dec 2021	Of which: RT[1] ≤ 1 year	Of which: RT[1] > 1 year	Of which: RT[1] > 5 years	31 Dec 2020	Of which: RT[1] ≤ 1 year
Bonds	2,433	0	2,433	2,433	583	0
Bank debt	3,336	3,336	0	0	263	263
Trade accounts payable	19	19	0	0	24	24
Accounts payable to affiliated companies	18,743	8,483	10,260	260	18,905	8,645
Other liabilities	2,978	2,876	102	102	204	102
of which: tax	(127)	(127)	(0)	(0)	(3)	(3)
of which: social security	(0)	(0)	(0)	(0)	(0)	(0)
	27,509	**14,714**	**12,795**	**2,795**	**19,979**	**9,034**

1 RT = remaining term.

Bonds consist of hybrid bonds of RWE AG with varying maturities and interest rates. In addition, RWE AG issued two green corporate bonds in three tranches with a total nominal volume of €1.85 billion in the reporting year. They have tenors of seven to twelve years and interest rates of 0.5 % to 1.0 %.

Bank debt contains cash collateral received and interest accruals for existing swap agreements. The rise in bank debt in the reporting year is related to the provision of liquidity for RWE Supply & Trading GmbH.

Accounts payable to affiliated companies include the transfer of financial resources, tax group accounting settlements and ongoing clearing transactions.

Other liabilities include tax liabilities, interest accruals and – in particular – commercial paper issued in the reporting year.

(10) Contingent liabilities

Contingent liabilities include guarantees, warranty agreements and those arising from the provision of collateral for external liabilities. These are granted to support Group companies in their business operations and to cover the claims of employees.

Liabilities from guarantees comprise performance and warranty guarantees totalling €360 million, mainly from the operating business and financing business conducted by affiliated companies. Liabilities from warranty agreements totalled €23,738 million, of which €17,088 million relates to warranties for the benefit of affiliated companies. Specifically, these break down as follows:

Guarantees in the amount of €15,648 million were issued, €15,137 million of which were for the benefit of affiliated companies and €414 million of which were against affiliated companies. A bank balance in the amount of €1 million was pledged to back a guarantee.

Joint and several liabilities amounting to €1,713 million relate to the granting of lines of credit (bank guarantees) for the benefit of affiliated companies and investments, in accordance with their respective use, mainly from so-called ancillary facilities.

As part of the Group restructuring which took place during the 2016 financial year, a substantial portion of the pension obligations which were previously accounted for by RWE AG was transferred to former Group companies (innogy SE, Essen, and affiliated companies) by revoking the settlement obligation vis-à-vis members of the Group. The guarantees which continued to exist externally were cancelled. RWE AG is liable for claims of active and former employees until then in the amount of €5,269 million.

There are joint and several liabilities for pension obligations for the benefit of affiliated companies in the amount of €238 million.

Based on a mutual benefit agreement, RWE AG and other parent companies of German nuclear power plant operators undertook to provide €2,244 million in funding to liable nuclear power plant operators to ensure that they are able to meet their payment obligations in the event of nuclear damages. From 1 January 2022 onwards, RWE AG has a 36.927 % contractual share in the liability (until 31 December 2021 37.299 %), plus 5 % for damage settlement costs.

Contingent liabilities from the provision of collateral for external liabilities amount to €112 million and include coverage for credit balances stemming from the block model for pre-retirement part-time work, pursuant to Sec. 8a of the Pre-Retirement Part-Time Work Act (AltTZG) and from the management of long-term working hours accounts pursuant to Sec. 7e of the German Code of Social Law (SGB IV) in the RWE Group. To this end, long-term securities in a total amount of €147 million were deposited in a trust account. This coverage applies mainly to the employees of Group companies and to a lesser degree to employees of RWE AG. For fiscal 2021, RWE AG provided an affiliated company with a letter of comfort, assuring that it would assume responsibility for all liabilities existing as of the balance-sheet date.

Contingent liabilities are only assumed within the scope of our business activities and after in-depth analysis of the related risks. We continuously monitor the aforementioned issues within the framework of our risk management system. In our assessment, the underlying liabilities can probably be discharged by the parties with primary responsibility. Accordingly, it is not probable that these will materialise and thus the contingent liabilities assumed need not be recognised as liabilities.

(11) Other financial obligations

Other financial obligations include obligations from the acquisition of the renewable energy business of E.ON SE, Essen, and innogy SE, Essen, of €832 million. They relate to contingent liabilities, which are yet to be transferred from E.ON SE and innogy SE to RWE AG. There is an obligation to E.ON SE and innogy SE in the event of a liability claim. Furthermore, there are rental payment obligations of €53 million to an affiliated company.

Other currently unquantifiable financial obligations may arise on the basis of the following:

Due to the transfer of certain pension obligations to RWE Pensionsfonds AG in previous years, RWE AG, the affiliated companies and investments which entered into the Pensionsfonds agreement are legally obligated to contribute further capital in their function as employer in the event that Pensionsfonds has insufficient funds in the future.

RWE AG and some of its subsidiaries are involved in official, regulatory and antitrust procedures, lawsuits and arbitration proceedings in connection with their business operations and are affected by the results of such. Sometimes out-of-court claims are also asserted. RWE does not expect such to have any material negative effects on the RWE Group's economic or financial situation.

RWE AG is a co-guarantor for a joint and several liability in accordance with Sec. 133 of the German Company Transformation Act (UmwG) in connection with a transaction under company transformation law.

(12) Derivative financial instruments and valuation units

We use derivative financial instruments to hedge currency and interest rate risks from foreign currency items, cash investments and financing transactions.

The following overview shows the derivative financial instruments as of 31 December 2021:

	Nominal volume		Remaining term > 1 year		Fair value	
€ million	External	Within the Group	External	Within the Group	External	Within the Group
Foreign currency derivatives						
Foreign exchange forwards	5,342	16,002	2,713	5,292	-77	-36
Interest rate currency/currency swaps	17,812	4,664	3,885	1,318	206	-289
	23,154	**20,666**	**6,598**	**6,610**	**129**	**-325**
Interest rate swaps	4,502	3,397	3,702	2,595	130	4
Equity derivatives	318	0	0	0	-30	0
	27,974	**24,063**	**10,300**	**9,205**	**229**	**-321**

The fair value generally corresponds to the market value of the derivative financial instrument, if such value can be reliably determined. If the market value cannot be determined reliably, the fair value is derived from the market value of similar financial instruments or using generally accepted valuation methods; these include the discounted cash flow method and the Black-Scholes model, if options are involved. This occurs taking into consideration current exchange rate relationships, market-conform yield curves and credit default risks of the counterparties.

The derivatives listed in the table above are included in the valuation units described below as underlying or hedging transactions. The volume of risks hedged with valuation units amounts to a total of €705 million; of this, €394 million is related to currency risks, €307 million to interest rate and currency risks, and €4 million to interest rate risks.

Within the scope of currency hedging, among other things, interest rate and interest rate currency swaps as well as matching offsetting transactions have been concluded with a wholly owned subsidiary. RWE AG's derivative transactions concluded with banks and the respective offsetting transactions are grouped into valuation units, resulting in no remeasurement gains or losses. This occurs with the use of microhedges (i.e. clear allocation of underlying transactions and hedges). The subsidiary uses these swaps and foreign currency liabilities inter alia to hedge the price of its foreign investment. On termination of a swap, the positive or negative market value is offset against the cost of the underlying transactions without an effect on profit or loss.

Currency swaps and foreign exchange forwards are concluded to hedge foreign-currency receivables from subsidiaries (microhedges).

Interest rate currency swaps are used to hedge bonds (microhedges).

Furthermore, interest rate swaps and foreign currency derivatives were concluded for individual interest rate and currency risks at RWE AG and Group companies; most of these were passed on to Group companies congruently. These include both microhedges and portfolio hedges, in which derivatives with the same currency risks are pooled together.

Changes in the market value of derivatives are offset by the corresponding opposite changes in the market value of the existing underlying transactions. Effectiveness is demonstrated via a proper, adequate risk management system. Provisions for possible losses of €76 million were formed for the negative balances of portfolio hedges.

Internal directives that are binding upon RWE AG and its Group companies define the range of action, responsibilities and controls allowable when trading with derivatives. In particular, with the exception of proprietary energy trading transactions, derivative financial instruments may primarily be used to hedge risks arising from underlying transactions and associated liquidity investment and financing procedures. All external counterparties have good credit ratings.

Original financial instruments which are included with the aforementioned derivative financial instruments in valuation units (microhedges) are shown in the following table:

	Carrying amount	Fair value	Of which: with a remaining term of		
€ million	31 Dec 2021	31 Dec 2021	≤ 1 year	2 – 5 years	> 5 years
Financial receivables					
Hedged risk:					
Currency	**3,445**	**3,490**	**2,499**	**0**	**991**
Financial liabilities					
Hedged risk:					
Currency	– 64	– 73	– 73	0	0
Interest rate and currency	– 290	– 280	0	– 280	0
	– 354	**– 353**	**– 73**	**– 280**	**0**

Measurement gains and losses on these financial receivables and liabilities are offset by the corresponding opposing amounts from realisations and changes in the fair value of the hedging transactions.

Based on the similarity of the amounts, risks and terms involved, the valuation units are highly effective, which is demonstrated using the Critical Terms Match method.

Measurement of valuation units occurs using the net hedge presentation method.

Notes to the Income Statement

(13) Revenue

Revenue relates to the provision of services to domestic and foreign subsidiaries.

(14) Net income from financial assets

€ million	2021	2020
Income from profit and loss transfer agreements with affiliated companies	2,525	1,061
Income from investments in		
Affiliated companies	7	238
Other companies	48	25
Expenses from profit and loss transfer agreements with affiliated companies	- 658	- 349
Income from other securities and loans held as financial assets	98	78
of which: from affiliated companies	(78)	(38)
Write-backs on financial assets	0	119
Impairment of financial assets	- 1,642	- 58
	378	**1,114**

In the reporting year, income from profit and loss transfer agreements with affiliated companies primarily stemmed from the conventional electricity generation business. Expenses from the assumption of losses of affiliated companies are attributable to energy trading. The impairment recognised for financial assets relates to a stake in a company in the conventional generation business.

(15) Net interest

€ million	2021	2020
Other interest and similar income	453	82
of which: from affiliated companies	(77)	(45)
Interest and similar expenses	- 135	- 154
of which: to affiliated companies	- (58)	- (70)
	318	**- 72**

During the reporting period, the expense for interest accretion to pension provisions (€87 million) was netted against the change in fair value and other expenses and income of the funds used to cover the pension obligations (€217 million). The resulting balance is reported in 'Other interest and similar income' and is shown in the following summary:

€ million	2021
Netted expenses	
Amortisation of financial assets and current securities	-1
Interest and similar expenses	-87
Other operating expenses	
	-88
Netted income	
Income from investments	1
Other operating income	161
Income from other securities and loans held as financial assets	56
	218
Balance from netting expenses and income	**130**

Net interest includes €244 million in income from interest claims in relation to tax refunds for earlier assessment periods.

(16) Other operating income

€363 million in impairments recognised for an account receivable from an affiliated company in earlier years were reversed. Income of €12 million (previous year: €109 million) from the release of provisions represents income not related to the period. Income from currency translation amounts to €329 million (previous year: €166 million).

(17) Staff costs

€ million	2021	2020
Wages and salaries	-77	-65
Cost of social security, pensions and other benefits	-16	-13
of which: for pensions	(-9)	(-7)
	-93	**-78**

Expenses for pensions include the service cost component of the addition to provisions for pensions. The interest component of the addition to provisions for pensions is reported in net interest.

Annual average staff	2021	2020 adjusted
Salaried staff	469	400
of which: part-time employees	(68)	(50)
of which: fixed-term employees	(15)	(14)

In the prior year, the annual average number of employees was shown as full-time equivalents, i.e. in accordance with the percentage degree of employment. Now employee figures are stated as annual averages. The previous year's figures have been adjusted accordingly.

The increase in personnel is primarily due to the restructuring of businesses and tasks within RWE AG.

(18) Other operating expenses

A large portion of the other operating expenses relates to administrative expenses. Expenses from currency translation amount to €247 million (previous year: €259 million). In the prior year, other operating expenses included the impairment of an account receivable from an affiliated company in the amount of €305 million.

(19) Taxes on income

Taxes on income are tax income not related to the period in the amount of €380 million (previous year: €250 million) for earlier assessment periods.

Other information

Information on the members of the Supervisory Board and Executive Board pursuant to Sec. 285, No. 10 of HGB is provided on pages 56 to 63.

The Executive and Supervisory Boards have issued the declaration regarding the German Corporate Governance Code pursuant to Sec. 161 of the German Stock Corporation Act (AktG) and made it permanently accessible to the shareholders on RWE AG's website (www.group.rwe/en/investor-relations/corporate-governance/statement-of-compliance- and-reports).

The Executive Board received €12,234,000 in total compensation in fiscal 2021. This includes 129,635 performance shares granted as share-based compensation components from the Strategic Performance Plan (2021 tranche) with a fair value at grant date of €4,417,000.

The remuneration paid to members of the Supervisory Board amounted to €3,468,000.

During the period under review, no loans or advances were granted to members of the Executive Board. An employee loan in the amount of €1,000 has been granted to one employee representative on the Supervisory Board.

Former members of the Executive Board of RWE AG and their surviving dependants received €2,757,000. Provisions of €52,996,000 have been formed to cover pension obligations to former members of the Executive Board and their surviving dependants.

The overall fee charged by the auditor for the year under review as per Sec. 285, No. 17 of HGB is presented in the Notes in the consolidated financial statements and broken down into audit services, other assurance services, tax services and other services. For RWE AG, other assurance services for the review of the internal control system were performed and expenses related to statutory or court-ordered requirements were incurred. In particular, the fees for tax services include compensation for consultation in the preparation of tax returns and the review of tax assessments. Other services primarily consist of compensation for due diligence work.

As of the balance-sheet date, RWE AG held interests of more than 10% in the following investment assets:

	Carrying amount	Fair value	Dividend payment in 2020	Option of daily redemption	Write-downs not performed
Investment goal					
Real estate funds	1	1	0	No	No
Mixed funds	2,462	2,462	75	Yes	No

The investment focus of the real estate funds is predominantly restricted to European office and commercial retail property. The mixed funds primarily contain international equities and bonds. The contractual conditions allow for redemption on a quarterly basis for the real estate funds.

The list below presents the announcements pursuant to Sec. 33, Para. 1 of the German Securities Trading Act (WpHG):

Company name	Domicile	Reason for notification	Date of reaching notification threshold	Ratio of voting rights in %	Number of voting rights	Attributable pursuant to Sec. 34 WpHG
BlackRock, Inc	Wilmington, DE, USA, United States of America	Acquisition / sale of shares with voting rights	21 Dec 2021	6.68	45,152,060	45,137,100
Government of Singapore	Singapore, Singapore	Acquisition / sale of shares with voting rights	9 June 2021	3.02	20,444,137	20,444,137
Stadt Dortmund	Dortmund, Germany	Acquisition / sale of shares with voting rights	1 Jan 2020	4.79	29,468,145	29,466,230

Events after the balance-sheet date

Russian troops marched into Ukraine at the end of February. This constituted an invasion under international law, prompting outrage and consternation around the globe. Many countries including the USA, EU member states and the United Kingdom imposed economic sanctions on Russia. Uncertainty concerning commodity deliveries from Russia to Europe has caused a significant increase in gas and electricity trading quotations. In some European countries, including Germany, governments are working on measures to reduce dependency on Russian oil and gas imports. When these financial statements were prepared in early March 2022, it was impossible to predict the development of the Ukraine conflict or its consequences. Although RWE does not have business activities in Russia or Ukraine, further escalation of the conflict and discontinuation of supply relationships with Russian companies could have notable effects on our financial position, net worth and earnings. It is possible, for example, that Russian commodity suppliers will no longer be able to meet their obligations and that we will have to purchase commodities at high prices on the market. It cannot be ruled out that contractual partners may become insolvent due to sanctions. Additionally, changes in security prices due to a stock market crisis resulting from the Ukraine conflict may have a significant impact on RWE's financial assets and those of our pension funds. More detailed information can be found in the Annual Report in the chapter entitled 'Development of risks and opportunities' which starts on page 70.

Dividend Proposal (Part of the Notes)

Distributable profit developed as follows:

Net income	€ 1,108,097,867.82
Profit carryforward from the previous year	€ 25,220.47
Transfer to retained earnings	– € 499,500,000.00
Distributable profit	€ 608,623,088.29

We propose to the Annual General Meeting that RWE AG's distributable profit for fiscal 2021 be appropriated as follows:

Payment of a dividend of €0.90 per dividend-bearing share.

Dividend	€ 608,598,043.20
Profit carryforward	€ 25,045.09
Distributable profit	€ 608,623,088.29

Essen, 3 March 2022

The Executive Board

Krebber Müller Seeger

List of shareholdings (part of the Notes)

List of shareholdings as per Sec. 285 No. 11 and No. 11a and Sec. 313 Para. 2 (in relation to Sec. 315 e Para. 1) of HGB as of 31 December 2021

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Aktivabedrijf Wind Nederland B.V., Geertruidenberg/Netherlands		100	-7,452	-18,208
Alte Haase Bergwerks-Verwaltungs-Gesellschaft mbH, Dortmund		100	-69,129	-2,441
Amrum-Offshore West GmbH, Essen		100	2,632	86,150
An Suidhe Wind Farm Limited, Swindon/United Kingdom		100	24,339	229
Anacacho Holdco, LLC, Wilmington/USA		100	58,538	-80
Anacacho Wind Farm, LLC, Wilmington/USA		100	124,124	1,248
Andromeda Wind s.r.l., Bolzano/Italy		51	10,651	2,229
Avolta Storage Limited, Kilkenny/Ireland		100	-520	-34
Baltic Trade and Invest Sp. z o.o., Słupsk/Poland		100	16,821	-738
Belectric Canada Solar Inc., Vancouver/Canada		100	550	535
Belectric Photovoltaic India Private Limited, Mumbai/India		100	1,824	949
BELECTRIC Solar Power, S.L. en liquidación, Barcelona/Spain		100	390	337
BGE Beteiligungs-Gesellschaft für Energieunternehmen mbH, Essen	100	100	201	[1]
Big Star Solar, LLC, Wilmington/USA		100	0	0
Bilbster Wind Farm Limited, Swindon/United Kingdom		100	4,255	75
Blackjack Creek Wind Farm, LLC, Wilmington/USA		100	0	0
Boiling Springs Holdco, LLC, Wilmington/USA		100	113,656	-264
Boiling Springs Wind Farm, LLC, Wilmington/USA		100	113,669	-11,014
Bright Arrow Solar, LLC, Wilmington/USA		100	0	0

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Bruenning's Breeze Holdco, LLC, Wilmington/USA		100	87,793	-442
Bruenning's Breeze Wind Farm, LLC, Wilmington/USA		100	214,346	-10,228
Carl Scholl GmbH, Cologne		100	463	-151
Carnedd Wen Wind Farm Limited, Swindon/United Kingdom		100	-4,856	-229
Cassadaga Class B Holdings LLC, Wilmington/USA		100	173,678	-76
Cassadaga Wind Holdings LLC, Wilmington/USA		100	172,739	-980
Cassadaga Wind LLC, Chicago/USA		100	253,679	-24,138
Champion WF Holdco, LLC, Wilmington/USA		100	14,469	-87,805
Champion Wind Farm, LLC, Wilmington/USA		100	14,469	-87,805
Cloghaneleskirt Energy Supply Limited, Kilkenny/Ireland		100	152	114
Colbeck's Corner Holdco, LLC, Wilmington/USA		100	68,609	-446
Colbeck's Corner, LLC, Wilmington/USA		100	223,316	-9,802
Conrad Solar Inc., Vancouver/Canada		100	0	0
DOTTO MORCONE S.r.l., Rome/Italy		100	4,351	4,189
Dromadda Beg Wind Farm Limited, Kilkenny/Ireland		100	2,806	688
Edgware Energy Limited, Swindon/United Kingdom		100	374	231
El Algodon Alto Wind Farm, LLC, Wilmington/USA		100	-437	-419
Electra Insurance Limited, Hamilton/Bermudas		100	26,288	-724
Energy Resources Holding B.V., Geertruidenberg/Netherlands		100	99,656	-13,461
Energy Resources Ventures B.V., Geertruidenberg/Netherlands		100	17,416	-1,292
Extension Du Parc Eolien De L'Epine Marie Madeleine SAS, Clichy/France		100	-39	-41
Extension Du Parc Eolien Du Douiche SAS, Clichy/France		100	7	-3
Farma Wiatrowa Barzowice Sp. z o.o., Warsaw/Poland		100	30,179	1,399

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Farma Wiatrowa Rozdrazew sp. z o.o., Warsaw/Poland		100	-414	-7
Forest Creek Investco, Inc., Wilmington/USA		100	102	-7
Forest Creek WF Holdco, LLC, Wilmington/USA		100	14,565	-63,829
Forest Creek Wind Farm, LLC, Wilmington/USA		100	14,565	-63,829
Fri-El Anzi Holding s.r.l., Bolzano/Italy		51	6,997	855
Fri-El Anzi s.r.l., Bolzano/Italy		100	8,209	1,303
Fri-El Guardionara s.r.l., Bolzano/Italy		51	10,868	1,640
GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	17,585,771	1
Generación Fotovoltaica Castellano Manchega, S.L., Murcia/Spain		100	-21	-56
Generación Fotovoltaica De Alarcos, S.L.U., Barcelona/Spain		100	656	579
Generación Fotovoltaica Puerta del Sol, S.L.U., Murcia/Spain		100	67	-17
GfV Gesellschaft für Vermögensverwaltung mbH, Dortmund	100	100	126,158	-7,685
Grandview Holdco, LLC, Wilmington/USA		100	92,929	-786
Green Gecco GmbH & Co. KG, Essen		51	69,851	6,325
Hardin Class B Holdings LLC, Wilmington/USA		100	164,320	-179
Hardin Wind Holdings LLC, Wilmington/USA		100	162,302	-2,076
Hardin Wind LLC, Chicago/USA		100	253,464	-10,029
Harryburn Wind Farm Limited, Swindon/United Kingdom		100	5	19
Hickory Park Solar, LLC, Wilmington/USA		100	-9,065	-6,255
Inadale Wind Farm, LLC, Wilmington/USA		100	40,947	17,047
Kernkraftwerk Lingen Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	20,034	1
Kernkraftwerke Lippe-Ems Gesellschaft mit beschränkter Haftung, Lingen (Ems)		100	432,269	1
KMG Kernbrennstoff-Management Gesellschaft mit beschränkter Haftung, Essen		100	696,225	1

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5 Significant influence via indirect investments.
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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Knabs Ridge Wind Farm Limited, Swindon/United Kingdom		100	13,870	1,129
Las Vaguadas I Fotovoltaica S.L., Barcelona/Spain		100	32	-123
Limondale Sun Farm Pty. Ltd., Melbourne/Australia		100	3,477	-18,722
Little Cheyne Court Wind Farm Limited, Swindon/United Kingdom		59	32,823	7,140
MI-FONDS G50, Frankfurt am Main	100	100	77,784	-243
ML Wind LLP, Swindon/United Kingdom		51	70,121	8,144
Munnsville Investco, LLC, Wilmington/USA		100	14,165	-28
Munnsville WF Holdco, LLC, Wilmington/USA		100	766	-34,996
Munnsville Wind Farm, LLC, Wilmington/USA		100	766	-34,996
Nordsee Windpark Beteiligungs GmbH, Essen		100	15,318	[1]
Panther Creek Holdco, LLC, Wilmington/USA		100	202,899	0
Panther Creek Three Class B, LLC, Wilmington/USA		100	220,448	0
Panther Creek Three Holdco, LLC, Wilmington/USA		100	220,448	0
Panther Creek Wind Farm I&II, LLC, Wilmington/USA		100	317,329	-9,962
Panther Creek Wind Farm Three, LLC, Wilmington/USA		100	70,889	-17,391
Parc Eolien D'Allerey SAS, Clichy/France		100	-118	-96
Parc Eolien De Catillon-Fumechon SAS, Clichy/France		100	26	-2
Parc Eolien De La Brie Nangissienne SAS, Clichy/France		100	23	-4
Parc Eolien De La Butte Aux Chiens SAS, Clichy/France		100	27	-2
Parc Eolien De La Voie Corette SAS, Clichy/France		100	-94	-36
Parc Eolien De Luçay-Le-Libre Et De Giroux SAS, Clichy/France		100	20	-4
Parc Eolien De Martinpuich SAS, Clichy/France		100	-15	-20
Parc Eolien Des Grands Lazards SAS, Clichy/France		100	26	-2

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Parc Eolien Des Hauts-Bouleaux SAS, Clichy/France		100	-113	-37
Parc Eolien Des Nouvions SAS, Clichy/France		100	-164	-61
Parc Eolien Du Balinot SAS, Clichy/France		100	26	-2
Parc Eolien Du Ban Saint-Jean SAS, Clichy/France		100	25	-2
Parc Eolien Du Catesis SAS, Clichy/France		100	-27	-25
Parc Eolien Du Chemin De Chálons SAS, Clichy/France		100	5	-4
Parc Eolien Du Chemin De Saint-Gilles SAS, Clichy/France		100	-14	-9
Parc Eolien Du Mirebalais SAS, Clichy/France		100	26	-2
Parc Eolien Du Moulin Du Bocage SAS, Clichy/France		100	26	-2
Parc Eolien Les Pierrots SAS, Clichy/France		60	-633	-302
Park Wiatrowy Dolice Sp. z o.o., Warsaw/Poland		100	224	-300
Park Wiatrowy Gaworzyce Sp. z o.o., Warsaw/Poland		100	59	-616
Peyton Creek Holdco, LLC, Wilmington/USA		100	-51	13,277
Peyton Creek Wind Farm, LLC, Wilmington/USA		100	179,821	-2,580
Piecki Sp. z o.o., Warsaw/Poland		51	21,525	3,062
Pioneer Trail Wind Farm, LLC, Wilmington/USA		100	153,861	3,253
Primus Projekt GmbH & Co. KG, Hanover		100	0	-331
Pyron Wind Farm, LLC, Wilmington/USA		100	80,726	14,416
Radford's Run Holdco, LLC, Wilmington/USA		100	126,858	-516
Radford's Run Wind Farm, LLC, Wilmington/USA		100	409,862	-19,884
Rampion Offshore Wind Limited, Coventry/United Kingdom		50	1,251,676	129,641
Rampion Renewables Limited, Coventry/United Kingdom		100	1,038,964	390,537
Renewables Solar Holding GmbH, Kolitzheim		100	43,839	38,816

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Rheinbraun Brennstoff GmbH, Cologne		100	82,619	1
Rheinische Baustoffwerke GmbH, Bergheim		100	9,236	1
Rheinkraftwerk Albbruck-Dogern Aktiengesellschaft, Waldshut-Tiengen		77	32,103	1,757
Rhenas Insurance Limited, Sliema/Malta	100	100	60,708	1,327
Rhyl Flats Wind Farm Limited, Swindon/United Kingdom		50	127,978	13,150
Roscoe WF Holdco, LLC, Wilmington/USA		100	1,711	-150,971
Roscoe Wind Farm, LLC, Wilmington/USA		100	1,711	-150,971
RV Rheinbraun Handel und Dienstleistungen GmbH, Cologne		100	36,694	1
RWE & Turcas Güney Elektrik Üretim A.S., Ankara/Turkey		70	97,561	-1,220
RWE Aktiengesellschaft, Essen			8,359,158	1,108,098
RWE Battery Solutions GmbH, Essen		100	1,180	1
RWE Bergheim Windparkbetriebsgesellschaft mbH, Hanover		100	25	1
RWE Brise Windparkbetriebsgesellschaft mbH, Hanover		100	226	1
RWE Canada Ltd., Saint John/Canada		100	4,635	-596
RWE Eemshaven Holding II B.V., Geertruidenberg/Netherlands		100	-953,590	-450,075
RWE Energie Odnawialne Sp. z o.o., Szczecin/Poland		100	117,729	11,227
RWE Energy Services, LLC, Wilmington/USA		100	856	-44
RWE Evendorf Windparkbetriebsgesellschaft mbH, Hanover		100	25	1
RWE Gas Storage CZ, s.r.o., Prague/Czech Republic		100	347,075	26,423
RWE Gas Storage West GmbH, Dortmund		100	350,087	1
RWE Generation Holding B.V., Geertruidenberg/Netherlands		100	-56,300	39,100
RWE Generation Hydro GmbH, Essen		100	25	1
RWE Generation NL B.V., Geertruidenberg/Netherlands		100	-550,990	-296,475

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in % Direct	Total	Equity € '000	Net income / loss € '000
RWE Generation NL Personeel B.V., Geertruidenberg/Netherlands		100	15,327	1,106
RWE Generation SE, Essen	100	100	270,659	8,850[1]
RWE Generation Service GmbH, Essen		100	25	[1]
RWE Generation UK Holdings Limited, Swindon/United Kingdom		100	3,066,711	198,692
RWE Generation UK plc, Swindon/United Kingdom		100	1,632,056	27,517
RWE Hörup Windparkbetriebsgesellschaft mbH, Hörup		100	26	[1]
RWE indeland Windpark Eschweiler GmbH & Co. KG, Eschweiler		51	45,822	4,385
RWE Investco EPC Mgmt, LLC, Wilmington/USA		100	398,948	10,568
RWE Investco Mgmt II, LLC, Wilmington/USA		100	568,737	11,076
RWE Investco Mgmt, LLC, Wilmington/USA		100	1,598,287	-6,916
RWE Kaskasi GmbH, Hamburg		100	1,811	[1]
RWE KL Limited, Swindon/United Kingdom		100	-43,501	-17,927
RWE Lengerich Windparkbetriebsgesellschaft mbH, Gersten		100	25	[1]
RWE Limondale Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	8,386	-31,305
RWE Lüneburger Heide Windparkbetriebsgesellschaft mbH, Walsrode		100	25	[1]
RWE Magicat Holdco, LLC, Wilmington/USA		100	74,464	2,854
RWE Markinch Limited, Swindon/United Kingdom		100	94,357	-3,235
RWE Mistral Windparkbetriebsgesellschaft mbH, Hanover		100	578	[1]
RWE Nuclear GmbH, Essen	100	100	137,286	37,286[1]
RWE Offshore Wind Netherlands B.V., Geertruidenberg/Netherlands		100	-338	-387
RWE Personeel B.V., Geertruidenberg/Netherlands		100	-14	-5
RWE Power Aktiengesellschaft, Cologne and Essen	100	100	2,109,457	72,248[1]
RWE Renewables Americas, LLC, Wilmington/USA		100	1,608,434	-154,642

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	Direct	Total	€ '000	€ '000
RWE Renewables Asset Management, LLC, Wilmington/USA		100	281,468	2,937
RWE Renewables Australia Pty. Ltd., Melbourne/Australia		100	269	289
RWE Renewables Benelux B.V., Geertruidenberg/Netherlands		100	-44,190	-1,708
RWE Renewables Beteiligungs GmbH, Dortmund		100	8,950	[1]
RWE Renewables Canada Holdings Inc., Vancouver/Canada		100	-1,266	209
RWE Renewables Denmark A/S, Rødby/Denmark		100	1,342	1,241
RWE Renewables Development, LLC, Wilmington/USA		100	791,489	-14,998
RWE Renewables Energy Marketing Australia Pty. Ltd., Melbourne/Australia		100	-5	-5
RWE Renewables Energy Marketing, LLC, Wilmington/USA		100	57,600	-377,113
RWE Renewables GmbH, Essen		100	1,109	[1]
RWE Renewables GYM 2 Limited, Swindon/United Kingdom		100	-8,666	4,215
RWE Renewables GYM 3 Limited, Swindon/United Kingdom		100	-8,667	4,215
RWE Renewables GYM 4 Limited, Swindon/United Kingdom		100	-25,993	10,379
RWE Renewables HoldCo B.V., Geertruidenberg/Netherlands		100	270,757	0
RWE Renewables Iberia, S.A.U. – Group – (pre-consolidated)			162,287	11,322[2]
Danta de Energías, S.A., Soria/Spain		99		
Explotaciones Eólicas de Aldehuelas, S.L., Soria/Spain		95		
General de Mantenimiento 21, S.L.U., Barcelona/Spain		100		
Hidroeléctrica del Trasvase, S.A., Barcelona/Spain		60		
RWE Renewables Iberia, S.A.U., Barcelona/Spain		100		
RWE Renewables International Participations B.V., Geertruidenberg/Netherlands		100	350,070	244,043
RWE Renewables Ireland Limited, Kilkenny/Ireland		100	-8,536	-2,645
RWE Renewables Italia S.r.l., Rome/Italy		100	393,034	-1,418

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Renewables Japan G.K., Tokyo/Japan		100	9,024	-3,360
RWE Renewables Management UK Limited, Swindon/United Kingdom		100	120,181	1,572
RWE Renewables Offshore HoldCo One GmbH, Essen		100	25	[1]
RWE Renewables Offshore HoldCo Three GmbH, Essen		100	25	[1]
RWE Renewables Offshore HoldCo Two GmbH, Essen		100	25	[1]
RWE Renewables O&M, LLC, Wilmington/USA		100	19,543	10,795
RWE Renewables Operations Australia Pty Ltd, Melbourne/Australia		100	1,558	710
RWE Renewables Poland Sp. z o.o., Warsaw/Poland		100	412,146	23,210
RWE Renewables QSE, LLC, Wilmington/USA		100	-4,754	20
RWE Renewables Services, LLC, Wilmington/USA		100	407,654	-46,240
RWE Renewables Sweden AB, Malmö/Sweden		100	58,576	4,638
RWE Renewables UK Blyth Limited, Coventry/United Kingdom		100	1,325	700
RWE Renewables UK Dogger Bank South One Limited, Swindon/United Kingdom		100	-985	-964
RWE Renewables UK Dogger Bank South Two Limited, Swindon/United Kingdom		100	-985	-964
RWE Renewables UK Holdings Limited, Swindon/United Kingdom		100	1,866,890	128,297
RWE Renewables UK Humber Wind Limited, Coventry/United Kingdom		51	596,843	59,989
RWE Renewables UK Limited, Coventry/United Kingdom		100	549,041	593
RWE Renewables UK London Array Limited, Coventry/United Kingdom		100	170,757	50,398
RWE Renewables UK Onshore Wind Limited, Coventry/United Kingdom		100	95,315	20,690
RWE Renewables UK Operations Limited, Coventry/United Kingdom		100	59,702	19,238
RWE Renewables UK Robin Rigg East Limited, Coventry/United Kingdom		100	102,060	23,490
RWE Renewables UK Robin Rigg West Limited, Coventry/United Kingdom		100	86,281	12,689
RWE Renewables UK Scroby Sands Limited, Coventry/United Kingdom		100	64,593	6,179

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Renewables UK Swindon Limited, Swindon/United Kingdom		100	2,366,891	84,707
RWE Renewables UK Wind Services Limited, Coventry/United Kingdom		100	39,212	13,152
RWE Renewables UK Zone Six Limited, Coventry/United Kingdom		100	0	0
RWE Renouvelables France SAS, Clichy/France		100	111,747	-5,872
RWE Solar Development, LLC, Wilmington/USA		100	269,466	-15,214
RWE Solar NC Lessee LLC, Wilmington/USA		100	14,396	-393
RWE Solar NC Pledgor LLC, Wilmington/USA		100	2,516	0
RWE Solar Netherlands B.V., Geertruidenberg/Netherlands		100	-238	-238
RWE Solar PV, LLC, Wilmington/USA		100	64,885	-6,258
RWE Sommerland Windparkbetriebsgesellschaft mbH, Sommerland		100	26	[1]
RWE Süderdeich Windparkbetriebsgesellschaft mbH, Süderdeich		100	106	[1]
RWE Supply & Trading Asia-Pacific PTE. LTD., Singapore/Singapore		100	47,311	17,311
RWE Supply & Trading CZ, a.s., Prague/Czech Republic		100	255,599	-8,131
RWE Supply & Trading GmbH, Essen	100	100	446,778	[1]
RWE Supply & Trading Japan KK, Tokyo/Japan		100	6,483	-937
RWE Supply & Trading Participations Limited, London/United Kingdom		100	14,557	46
RWE Supply and Trading (Shanghai) Co. Ltd, Shanghai/China		100	11,108	-1,677
RWE Technology International GmbH, Essen		100	15,788	3,861[1]
RWE Technology Tasarim ve Mühendislik Danismanlik Ticaret Limited Sirketi, Istanbul/Turkey		100	42	6
RWE Technology UK Limited, Swindon/United Kingdom		100	2,521	375
RWE Titz Windparkbetriebsgesellschaft mbH, Essen		100	25	[1]
RWE Trading Services GmbH, Essen		100	5,735	[1]
RWE Wind Karehamn AB, Malmö/Sweden		100	33,670	75

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
RWE Wind Onshore Deutschland GmbH, Hanover		100	80,111	[1]
RWE Wind Services Denmark A/S, Rødby/Denmark		100	8,941	5,207
RWE Windpark Bedburg A44n GmbH & Co. KG, Bedburg		51	12,086	-66
RWE Windpark Bedburg GmbH & Co. KG, Bedburg		51	59,713	7,721
RWE Windpark Garzweiler GmbH & Co. KG, Essen		51	33,301	889
RWE Windpower Netherlands B.V., Geertruidenberg/Netherlands		100	8,271	3,511
RWEST Middle East Holdings B.V., 's-Hertogenbosch/Netherlands		100	11,894	5,540
Sand Bluff WF Holdco, LLC, Wilmington/USA		100	-2,040	-8,442
Sand Bluff Wind Farm, LLC, Wilmington/USA		100	-4,781	-2,628
Settlers Trail Wind Farm, LLC, Wilmington/USA		100	20,028	-143,866
Sofia Offshore Wind Farm Holdings Limited, Swindon/United Kingdom		100	0	0
Sofia Offshore Wind Farm Limited, Swindon/United Kingdom		100	-433	-17
Solar Holding India GmbH, Kolitzheim		100	5,924	-2
Solar Holding Poland GmbH, Kolitzheim		100	13	-2
SOLARENGO Energia, Unipessoal, Lda., Cascais/Portugal		100	-369	-218
Solarengo Portugal, SGPS, Unipessoal Lda., Cascais/Portugal		100	9,709	-14
SRS EcoTherm GmbH, Salzbergen		90	21,497	4,304
Taber Solar 1 Inc., Vancouver/Canada		100	8,699	-1,297
Taber Solar 2 Inc., Vancouver/Canada		100	4,655	-4,319
Tamworth Holdings, LLC, Raleigh/USA		100	8,115	128
Tanager Holdings, LLC, Raleigh/USA		100	7,554	84
Tech Park Solar, LLC, Wilmington/USA		100	13,090	45
The Hollies Wind Farm Limited, Swindon/United Kingdom		100	731	162

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I. Affiliated companies which are included in the consolidated financial statements	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Triton Knoll HoldCo Limited, Swindon/United Kingdom		59	98,705	0
Triton Knoll Offshore Wind Farm Limited, Swindon/United Kingdom		100	-150,791	666
Valencia Solar, LLC, Tucson/USA		100	10,623	1,045
West of the Pecos Holdco, LLC, Wilmington/USA		100	65,527	-7
West of the Pecos Solar, LLC, Wilmington/USA		100	109,492	-339
Wind Farm Deliceto s.r.l., Bolzano/Italy		100	25,525	1,767
Windpark Eekerpolder B.V., Geertruidenberg/Netherlands		100	1,824	2,021
Windpark Kattenberg B.V., Geertruidenberg/Netherlands		100	1,155	390
Windpark Nordsee Ost GmbH, Heligoland		100	256	[1]
Windpark Oostpolderdijk B.V., Geertruidenberg/Netherlands		100	-47	-17
Windpark Zuidwester B.V., Geertruidenberg/Netherlands		100	8,164	-584
WKN Windkraft Nord GmbH & Co. Windpark Wönkhausen KG, Hanover		100	2,977	779

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Agenzia Carboni S.r.l., Genoa/Italy		100	224	17
Alcamo II S.r.l., Milan/Italy		100	-4	-29
Alvarado Solar S.L., Barcelona/Spain		100	4	-11
Anemos Ala Segarra, S.L., Reus/Spain		100	3	0
Ashwood Solar I, LLC, Wilmington/USA		100	0	0
Auzoberri Desarrollo, S.L.U., Barasoain/Spain		100	233	-1
Azagra Energy Quel, S.L.U., Barasoain/Spain		100	382	-2
Baron Winds II LLC, Chicago/USA		100	0	0
Baron Winds LLC, Chicago/USA		100	0	0
Belectric Inversiones Latinoamericana S.L., Barcelona/Spain		100	115	-9
BELECTRIC JV GmbH, Kolitzheim		100	53	2
Belectric Mexico Fotovoltaica S.de R.L. de C.V., Bosques de las Lomas/Mexico		100	-26	-20
Blackbeard Solar, LLC, Wilmington/USA		100	0	0
Blackbriar Battery, LLC, Wilmington/USA		100	0	0
Blueberry Hills LLC, Chicago/USA		100	0	0
BO Baltic Offshore GmbH, Hamburg		98	6	-2
Bowler Flats Energy Hub LLC, Chicago/USA		100	0	0
Buckeye Wind LLC, Chicago/USA		100	0	0
Burgar Hill Wind Farm Limited, Swindon/United Kingdom		100	0	0
Bursjöliden Vind AB, Malmö/Sweden		100	573	0
Camaiore Sp. z o.o., Warsaw/Poland		100	-11	-13
Camellia Solar LLC, Wilmington/USA		100	0	0
Camellia Solar Member LLC, Wilmington/USA		100	0	0

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II. Affiliated companies which are not included in the consolidated financial statements due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Camster II Wind Farm Limited, Swindon/United Kingdom		100		3
Cardinal Wind Farm, LLC, Wilmington/USA		100	0	0
Carmagnola Sp. z o.o., Warsaw/Poland		100	-11	-13
Casarano Sp. z o.o., Warsaw/Poland		100	-11	-13
Casey Fork Solar, LLC, Wilmington/USA		100	0	0
Cattleman Wind Farm II, LLC, Wilmington/USA		100	0	0
Cattleman Wind Farm, LLC, Wilmington/USA		100	0	0
Cecina Sp. z o.o., Warsaw/Poland		100	-11	-13
Cercola Sp. z o.o., Warsaw/Poland		100	-11	-13
Cerignola Sp. z o.o., Warsaw/Poland		100	-11	-13
Champaign Wind LLC, Chicago/USA		100	0	0
Clavellinas Solar, S.L., Barcelona/Spain		100	5	-9
Clinton Wind, LLC, Wilmington/USA		100	0	0
Cordeneos Sp. z o.o., Warsaw/Poland		100	-11	-12
Cordova Wind Farm, LLC, Wilmington/USA		100	0	0
Cormano Sp. z o.o., Warsaw/Poland		100	-12	-13
Cremona Sp. z o.o., Warsaw/Poland		100	-11	-13
Curns Energy Limited, Kilkenny/Ireland		70	-1,036	-393
Decadia GmbH, Essen	100	100	2,715	424
Dohema Offshore sp. z o.o., Główczyce/Poland		100	12	-2
E & Z Industrie-Lösungen GmbH, Essen		100	16,975	-1,099
Eko-En 1 Sp. z o.o., Warsaw/Poland		100	12	-12
Eko-En 2 Sp. z o.o., Warsaw/Poland		100	47	-33

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	Direct	Total	€ '000	€ '000
Eko-En 3 Sp. z o.o., Warsaw/Poland		100	422	-22
Eko-En 4 Sp. z o.o., Warsaw/Poland		100	401	-13
Eko-En 5 Sp. z o.o., Warsaw/Poland		100	-4	-8
El Navajo Solar, S.L., Barcelona/Spain		100	1	-5
Emisja Zero Sp. z o.o., Zielona Góra/Poland		100	4	-2
Enchant Solar 4 Inc., Vancouver/Canada		100	0	0
Eólica Alta Anoia, S.L., Reus/Spain		100	3	0
Eólica La Conca, S.L., Reus/Spain		100	3	0
Eólica La Conca 2, S.L., Reus/Spain		100	3	0
Eólica La Conca 3, S.L., Reus/Spain		100	3	0
EverPower Maine LLC, Chicago/USA		100	0	0
EverPower Ohio LLC, Chicago/USA		100	0	0
EverPower Solar LLC, Chicago/USA		100	0	0
EverPower Wind Development, LLC, Chicago/USA		100	0	0
Extension Du Parc Eolien Des Nouvions SAS, Clichy/France		100	27	-2
Fifth Standard Solar PV, LLC, Wilmington/USA		100	0	0
Flatlands Wind Farm, LLC, Wilmington/USA		100	0	0
Flexilis Power Limited, Kilkenny/Ireland		100	0	0
Florida Solar and Power Group LLC, Wilmington/USA		100	0	0
Frazier Solar, LLC, Wilmington/USA		100	0	0
Gazules I Fotovoltaica, S.L., Barcelona/Spain		100	-78	-119
Gazules II Solar, S.L., Barcelona/Spain		100	-107	-118
GBV Achtunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	25	[1]

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	Direct	Total	€ '000	€ '000
GBV Dreiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	25	[1]
GBV Einunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, Essen	100	100	30	[1]
GBV Siebte Gesellschaft für Beteiligungsverwaltung mbH, Essen		100	100	[1]
Geun Heung Offshore Wind Power Co., Ltd., Seoul/South Korea		100		[3]
Goldcup 29644 AB, Sundsvall/Sweden		100		[3]
Goldcup 29645 AB, Sundsvall/Sweden		100		[3]
Goldcup 29646 AB, Sundsvall/Sweden		100		[3]
Grandview Wind Farm III, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm IV, LLC, Wilmington/USA		100	0	0
Grandview Wind Farm V, LLC, Wilmington/USA		100	0	0
Green Gecco Verwaltungs GmbH, Essen		51	38	1
Greenswitch Wind, LLC, Wilmington/USA		100		[3]
Haube Wind Sp. z o.o., Słupsk/Poland		100	191	-1,502
Hickory Park Class B, LLC, Wilmington/USA		100		[3]
Hickory Park Holdco, LLC, Wilmington/USA		100		[3]
Highland III LLC, Chicago/USA		100	0	0
Horse Thief Wind Project LLC, Chicago/USA		100	0	0
INDI Energie B.V., 's-Hertogenbosch/Netherlands		100	62	0
INDI Solar-Projects 1 B.V., Utrecht/Netherlands		100	89	82
Infraestructuras de Aldehuelas, S.A., Barcelona/Spain		100	428	0
Infrastrukturgesellschaft Netz Lübz mit beschränkter Haftung, Hanover		100	60	-28
Iron Horse Battery Storage, LLC, Wilmington/USA		100	10,133	-247
Janus Solar PV, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Jerez Fotovoltaica S.L., Barcelona/Spain		100	8	-8
Jugondo Desarrollo, S.L.U., Barasoain/Spain		100	1,185	-2
Kieswerk Kaarst GmbH & Co. KG, Bergheim		51	3,454	1,254
Kieswerk Kaarst Verwaltungs GmbH, Bergheim		51	31	0
La Casa Wind, LLC, Wilmington/USA		100		[3]
Lake Fork Wind Farm, LLC, Wilmington/USA		100	0	0
Lampasas Wind LLC, Chicago/USA		100	0	0
Las Vaguadas II Solar S.L., Barcelona/Spain		100	6	-7
Lumbier Energy Judas, S.L.U., Barasoain/Spain		100	358	-2
Mahanoy Mountain, LLC, Chicago/USA		100	0	0
Major Wind Farm, LLC, Wilmington/USA		100	0	0
March Road Solar, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV, LLC, Wilmington/USA		100	0	0
Maricopa East Solar PV 2, LLC, Wilmington/USA		100	0	0
Maricopa Land Holding, LLC, Wilmington/USA		100	0	0
Maricopa West Solar PV 2, LLC, Wilmington/USA		100	0	0
Maryland Sunlight 1 LLC, Wilmington/USA		100	0	0
Mason Dixon Wind LLC, Chicago/USA		100	0	0
Morska Farma Wiatrowa Antares sp. z o.o., Warsaw/Poland		100	50	-33
Mud Springs Wind Project LLC, Chicago/USA		100	0	0
Muñegre Desarrollo, S.L.U., Barasoain/Spain		100	202	-1
Northern Orchard Solar PV, LLC, Wilmington/USA		100	0	0
Northern Orchard Solar PV 2, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Northern Orchard Solar PV 3, LLC, Wilmington/USA		100	0	0
Nouvions Poste de Raccordement SAS, Clichy/France		100	-4	-2
Oddeheia Wind DA, Oslo/Norway		100		[3]
Offshore-Windpark Delta Nordsee GmbH, Hamburg		100	493	[1]
Ohio Sunlight 1 LLC, Wilmington/USA		100	0	0
Olmunite Investments sp. z o.o., Główczyce/Poland		100	-2	-3
Oranje Wind Power B.V., Geertruidenberg/Netherlands		100	0	0
Oranje Wind Power C.V., Geertruidenberg/Netherlands		100	0	0
Orcoien Energy Orcoien, S.L.U., Barasoain/Spain		100	209	-4
Owen Prairie Wind Farm, LLC, Wilmington/USA		100	0	0
Painter Energy Storage, LLC, Wilmington/USA		100	0	0
Panther Creek Solar, LLC, Wilmington/USA		100	0	0
Parc Eolien De Beg Ar C'hra SAS, Clichy/France		100	26	-2
Parc Eolien De Canny SAS, Clichy/France		100	33	-2
Parc Eolien de Dissay-sous-Courcillon SAS, Clichy/France		100		[3]
Parc Eolien De Foissy-Sur-Vanne SAS, Clichy/France		100	33	-2
Parc Eolien de Froidmont-cohartille SAS, Clichy/France		100		[3]
Parc Eolien De Ganochaud SAS, Clichy/France		100	20	-3
Parc Eolien De La Cabane Blanche SAS, Clichy/France		100	22	-3
Parc Eolien De La Croix Blanche SAS, Clichy/France		100	27	-2
Parc Eolien De La Jarrie-Audouin SAS, Clichy/France		100	33	-2
Parc Eolien De La Plaine De Beaulieu SAS, Clichy/France		100	33	-2
Parc Eolien de la Vallée de l'Eaulne SAS, Clichy/France		100	35	-2

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	Direct	Total	€ '000	€ '000
Parc Eolien De Langeron SAS, Clichy/France		100	21	-3
Parc Eolien de Langonnet SAS, Clichy/France		100		3
Parc Eolien De L'Avre SAS, Clichy/France		100	23	-2
Parc Eolien De Mesbrecourt-Richecourt SAS, Clichy/France		100	33	-2
Parc Eolien de Morley SAS, Clichy/France		100		3
Parc Eolien De Nuisement Et Cheniers SAS, Clichy/France		100	33	-2
Parc Eolien De Soudron SAS, Clichy/France		100	33	-2
Parc Eolien de Viam SAS, Clichy/France		100		3
Parc Eolien De Villeneuve Minervois SAS, Clichy/France		100	33	-2
Parc Eolien Des Ailes Du Gótinâis SAS, Clichy/France		100	33	-2
Parc Eolien des Baumes SAS, Clichy/France		100	35	-2
Parc Eolien des Cinq Poiriers SAS, Clichy/France		100	35	-2
Parc Eolien des Milles Vents SAS, Clichy/France		100	35	-2
Parc Eolien Des Raisinières SAS, Clichy/France		100	33	-2
Parc Eolien D'Ormesnil SAS, Clichy/France		100	33	-2
Parc Eolien Du Bocage SAS, Clichy/France		100	-91	-14
Parc Eolien Du Champ Madame SAS, Clichy/France		100	33	-2
Parc Eolien Du Chemin Vert SAS, Clichy/France		100	33	-2
Parc Eolien Du Mont Hellet SAS, Clichy/France		100	33	-2
Parc Eolien Du Mont Herbé SAS, Clichy/France		100	26	-2
Parc Eolien Du Moulin De Thiau SAS, Clichy/France		100	26	-3
Parc Eolien Du Plateau De La Chapelle-Surchésy SAS, Clichy/France		100	33	-2
Parc Eolien Du Ru Garnier SAS, Clichy/France		100	27	-2

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	Direct	Total	€ '000	€ '000
Parc Eolien 106 SAS, Clichy/France		100	35	-2
Parc Eolien 107 SAS, Clichy/France		100	35	-2
Parc Eolien 108 SAS, Clichy/France		100	35	-2
Parc Eolien 111 SAS, Clichy/France		100		3
Parc Eolien 112 SAS, Clichy/France		100		3
Parc Eolien 113 SAS, Clichy/France		100		3
Parc Eolien 114 SAS, Clichy/France		100		3
Parc Eolien 115 SAS, Clichy/France		100		3
Parc Solaire de Canny SAS, Clichy/France		100		3
Parc Solaire de Gannat SAS, Clichy/France		100		3
Parc Solaire de l'Echineau SAS, Clichy/France		100	35	-2
Parc Solaire de Pimorin SAS, Clichy/France		100	35	-2
Parc Solaire de Vernusse SAS, Clichy/France		100		3
Parc Solaire des Pierrieres SAS, Clichy/France		100	35	-2
Parc Solaire du Ban Saint Jean SAS, Clichy/France		100		3
Parc Ynni Cymunedol Alwen Cyfyngedig, Swindon/United Kingdom		100	0	0
Parque Eólico El Ópalo, S. de R.L. de C.V., Ciudad de México/Mexico		100		3
Pawnee Spirit Wind Farm, LLC, Wilmington/USA		100	0	0
Paz 'Éole SAS, Clichy/France		100	26	-2
Pe Ell North LLC, Chicago/USA		100	0	0
PI E&P Holding Limited, George Town/Cayman Islands		100	46,563	-5
PI E&P US Holding LLC, New York City/USA		100	45,834	-285
Pinckard Solar LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Pinckard Solar Member LLC, Wilmington/USA		100	0	0
Pinto Pass, LLC, Wilmington/USA		100	0	0
Pipkin Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
Prairie Creek Wind, LLC, Wilmington/USA		100		[3]
Proyectos Solares Iberia I, S.L., Barcelona/Spain		100	22	-5
Proyectos Solares Iberia II, S.L., Barcelona/Spain		100	26	-12
Proyectos Solares Iberia III, S.L., Barcelona/Spain		100	20	-5
Proyectos Solares Iberia IV, S.L., Barcelona/Spain		100	21	-5
Proyectos Solares Iberia V, S.L., Barcelona/Spain		100	21	-5
Pryor Caves Wind Project LLC, Chicago/USA		100	0	0
PT Rheincoal Supply & Trading Indonesia, PT, Jakarta/Indonesia		100	1,441	-157
Quartz Solar, LLC, Wilmington/USA		100		[3]
Quintana Fotovoltaica S.L.U., Barcelona/Spain		100	3	-5
RD Hanau GmbH, Hanau		100	0	[1]
R-Gen Renewables Limited, Altrincham/United Kingdom		100		[3]
Ribaforada Energy Ribaforada, S.L.U., Barasoain/Spain		100	212	-2
Roadrunner Crossing Wind Farm, LLC, Wilmington/USA		100	0	0
Rose Rock Wind Farm, LLC, Wilmington/USA		100	0	0
Rouget Road Solar Farm, LLC, Lake Mary/USA		100		[3]
RWE & Turcas Dogalgaz Ithalat ve Ihracat A.S., Istanbul/Turkey		100	535	175
RWE AUSTRALIA PTY LTD, Brisbane/Australia		100	58	14
RWE Belgium BV, Brussels/Belgium		100	1,388	0
RWE Carbon Sourcing North America, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
RWE Dhabi Union Energy LLC, Abu Dhabi/United Arab Emirates		49	36	0
RWE Dils Energie NV, Hasselt/Belgium		100	0	0
RWE Eemshydrogen B.V., Geertruidenberg/Netherlands		100	0	0
RWE Energy APAC Co. Ltd., Chengdu/China		100	-99	-1,918
RWE Enerji Toptan Satis A.S., Istanbul/Turkey		100	2,118	250
RWE Gas Storage Beteiligungsverwaltungs GmbH, Essen		100	10,985	-4
RWE Hillston Sun Farm Holding Pty. Ltd., Melbourne/Australia		100	2	235
RWE indeland Windpark Eschweiler Verwaltungs GmbH, Eschweiler		100	60	6
RWE Ingen!us Limited, Swindon/United Kingdom		100	2,660	36
RWE NSW PTY LTD, Sydney/Australia		100	51	-27
RWE Offshore Development, LLC, Wilmington/USA		100		3
RWE Offshore Wind A/S, Rødby/Denmark		100		3
RWE Offshore Wind GmbH, Essen		100	25	1
RWE Offshore Wind Holdings LLC, Dover/USA		100	-106	-1,065
RWE Offshore Wind Netherlands Participations I B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations II B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations III B.V., Geertruidenberg/Netherlands		100	0	0
RWE Offshore Wind Netherlands Participations IV B.V., Geertruidenberg/Netherlands		100	0	0
RWE Pensionsfonds AG, Essen	100	100	3,950	78
RWE Principal Investments UK Limited, Swindon/United Kingdom		100	84	-215
RWE Principal Investments USA, LLC, New York City/USA		100	6,759	943
RWE Renewables Australia Holdings Pty Ltd., Brisbane/Australia		100	-319	-823
RWE Renewables Chile SpA, Santiago/Chile		100	7,108	-2,036

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	Direct	Total	€ '000	€ '000
RWE Renewables Deutschland GmbH, Schönefeld		100	25	[1]
RWE Renewables France SAS, Levallois-Perret/France		100	4,045	-437
RWE Renewables Hellas Single Member S.A., Athens/Greece		100		[3]
RWE Renewables Japan Holdings K.K., Tokyo/Japan		100		[3]
RWE Renewables Korea LLC, Seoul/South Korea		100	948	-76
RWE Renewables Land, LLC, Wilmington/USA		100		[3]
RWE Renewables Mexico, S. de R.L. de C.V., Ciudad de México/Mexico		100	-357	-1,572
RWE Renewables Offshore Development One GmbH, Essen		100		[3]
RWE Renewables Offshore Development Two GmbH, Essen		100		[3]
RWE Renewables Offshore HoldCo Four GmbH, Essen		100		[3]
RWE Renewables Services GmbH, Essen		100	25	-377
RWE Renewables Services Mexico, S. de R.L. de C.V., Ciudad de México/Mexico		100	226	-297
RWE Renewables Taiwan Ltd., Taipei City/Taiwan		100	153	-6
RWE Renewables Trident Offshore GmbH, Essen		100		[3]
RWE Renewables UK Spareco Limited, Swindon/United Kingdom		100	0	0
RWE Slovak Holding B.V., Geertruidenberg/Netherlands	100	100	242	158
RWE Solar Poland Sp. z o.o., Warsaw/Poland		100	-654	-514
RWE Stallingborough Limited, Swindon/United Kingdom		100	0	0
RWE Supply & Trading (India) Private Limited, Mumbai/India		100	927	55
RWE SUPPLY TRADING TURKEY ENERJI ANONIM SIRKETI, Istanbul/Turkey		100	542	36
RWE Technology International Energy Environment Engineering GmbH, Essen		100	25	[1]
RWE TECNOLOGIA LTDA, Rio de Janeiro/Brazil		100	94	-1
RWE THOR 1 B.V., Geertruidenberg/Netherlands		100		[3]

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	Direct	Total	€ '000	€ '000
RWE THOR 2 B.V., Geertruidenberg/Netherlands		100		[3]
RWE THOR 3 B.V., Geertruidenberg/Netherlands		100		[3]
RWE THOR 4 B.V., Geertruidenberg/Netherlands		100		[3]
RWE Trading Americas Inc., New York City/USA		100	3,010	-6,947
RWE Trading Services Limited, Swindon/United Kingdom		100	1,438	35
RWE Wind Development AS, Oslo/Norway		100	167	-31
RWE Wind Holding A/S, Rødby/Denmark		100		[3]
RWE Wind Norway AB, Malmö/Sweden		100	5,596	-14
RWE Wind Projects AB, Malmö/Sweden		100	5	0
RWE Wind Service Italia S.r.l., Milan/Italy		100	243	-8
RWE Wind Services Norway AS, Oslo/Norway		100	40	-124
RWE Wind Transmission AB, Malmö/Sweden		100	694	-6
RWE Windpark Bedburg A44n Verwaltungs GmbH, Bedburg		100	28	3
RWE Windpark Bedburg Verwaltungs GmbH, Bedburg		51	48	1
RWE Windpark Garzweiler Verwaltungs GmbH, Essen		100	23	-4
RWE Windpark Papenhagen GmbH & Co. KG, Hanover		100	564	-12
RWE Windpark Papenhagen Verwaltungs GmbH, Hanover		100	38	4
RWE Windparks Deutschland GmbH, Essen		100	24	[1]
RWEST NA Investments GmbH, Essen		100	77	-40,761
RWEST PARTICIPAÇÕES, Rio de Janeiro/Brazil		100		[3]
RWEST PI Bras Limited, London/United Kingdom		100	23,818	-1,837
RWEST PI FRE Holding LLC, New York City/USA		100	2	-11
SB Retrofit, LLC, Dallas/USA		100		[3]

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	Direct	Total	€ '000	€ '000
Scioto Solar LLC, Wilmington/USA		100	0	0
Seohae Offshore Wind Power Co., Ltd., Taean-gun/South Korea		100		[3]
Sergenite Investments sp. z o.o., Główczyce/Poland		100	-2	-3
Servanin Sp. z o.o., Warsaw/Poland		100		[3]
Sharco Wind sp. z o.o., Główczyce/Poland		100	0	-2
Shay Solar, LLC, Wilmington/USA		100	0	0
Snow Shoe Wind Farm, LLC, Wilmington/USA		100	0	0
Solar PV Construction Poland sp. z.o.o., Warsaw/Poland		100	-135	-41
Sparta North, LLC, Wilmington/USA		100	0	0
Sparta South, LLC, Wilmington/USA		100	0	0
Stillwater Energy Storage, LLC, Wilmington/USA		100	0	0
Storage Facility 1 Ltd., Slough/United Kingdom		100	-75	-33
Sun Data GmbH (i.L.), Kolitzheim		100	60	-7
Sunrise Energy Generation Pvt. Ltd., Mumbai/India		100	77	3
Sunrise Wind Holdings, LLC, Chicago/USA		100	0	0
Tafalla Energy Tafalla, S.L.U., Barasoain/Spain		100	212	-2
TE Portfolio Financing One, LLC, Wilmington/USA		100		[3]
Terrapin Hills LLC, Chicago/USA		100	0	0
Thor Wind Farm I/S, Rødby/Denmark		100		[3]
Three Rocks Solar, LLC, Wilmington/USA		100	0	0
Tierra Blanca Wind Farm, LLC, Wilmington/USA		100	0	0
Tika Solar, S. de R.L. de C.V., Ciudad de México/Mexico		100		[3]
Tipton Wind, LLC, Wilmington/USA		100	0	0

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	Direct	Total	€ '000	€ '000
Valverde Wind Farm, LLC, Wilmington/USA		100	0	0
VDE Komplementär GmbH, Hanover		100	13	-17
Venado Wind Farm, LLC, Wilmington/USA		100	0	0
Versuchsatomkraftwerk Kahl GmbH, Karlstein am Main		80	665	31
Vici Wind Farm II, LLC, Wilmington/USA		100	0	0
Vici Wind Farm III, LLC, Wilmington/USA		100	0	0
Vici Wind Farm, LLC, Wilmington/USA		100	0	0
Villarrobledo Desarrollo 2, S.L.U., Barasoain/Spain		100	1,185	-2
Vindkraftpark Aurvandil AB, Uppsala/Sweden		100	606	-135
Vindkraftpark Brynhild AB, Uppsala/Sweden		100	3,300	3
Vortex Energy Deutschland GmbH, Kassel		100	4,397	-265
Vortex Energy Windpark GmbH & Co. KG, Hanover		100	4,900	-2,177
VSL Primus Sp. z o.o., Warsaw/Poland		100	0	0
Walker Road Solar Farm, LLC, Lake Mary/USA		100		3
West Fork Solar, LLC, Wilmington/USA		100	0	0
Wildcat Wind Farm II, LLC, Wilmington/USA		100	0	0
Wildcat Wind Farm III, LLC, Wilmington/USA		100	0	0
Willowbrook Solar I, LLC, Wilmington/USA		100	0	0
Windpark Winterlingen-Alb GmbH & Co. KG, Hanover		100	3,350	-503
WIT Ranch Wind Farm, LLC, Wilmington/USA		100	0	0
WR Graceland Solar, LLC, Wilmington/USA		100	0	0
Zielone Główczyce Sp. z o.o., Główczyce/Poland		100	4,192	-277

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

III. Joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Greater Gabbard Offshore Winds Limited, Reading/United Kingdom		50	1,090,232	102,399
N.V. Elektriciteits-Produktiemaatschappij Zuid-Nederland EPZ, Borssele/Netherlands		30	93,082	10,335

IV. Affiliated companies of joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Enzee B.V., Borssele/Netherlands		100	506	406

V. Associated companies of joint operations	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
B.V. NEA, Arnhem/Netherlands		29	74,611	1,512

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VI. Joint ventures accounted for using the equity method	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
AS 3 Beteiligungs GmbH, Essen		51[4]	31,598	1,779
AWE-Arkona-Windpark Entwicklungs-GmbH, Hamburg		50	1,073,377	138,320
Awel y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		60[4]	14,871	-473
C-Power N.V., Ostend/Belgium		27	286,106	29,287
Elevate Wind Holdco, LLC, Wilmington/USA		50	140,100	-10,341
Galloper Wind Farm Holding Company Limited, Swindon/United Kingdom		25	-30,155	46,189
Grandview Wind Farm, LLC, Wilmington/USA		50	252,278	-19,610
Gwynt y Môr Offshore Wind Farm Limited, Swindon/United Kingdom		50	-3,679	-457
Meton Energy S.A., Athens/Greece		51[4]		[3]
RWE Venture Capital GmbH, Essen		75[4]	432	-410
Société Electrique de l'Our S.A., Luxembourg/Luxembourg		40	17,212	4,697[2]
TCP Petcoke Corporation, Dover/USA		50	33,535	2,112[2]
URANIT GmbH, Jülich		50	70,416	147,383

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VII. Associates accounted for using the equity method	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Amprion GmbH, Dortmund	25	25	2,466,400	216,600
Belectric Gulf Limited, Abu Dhabi/United Arab Emirates		49	2,655	-5,518
Bray Offshore Wind Limited, Kilkenny/Ireland		50	-107	-9
DOTI Deutsche Offshore-Testfeld- und Infrastruktur-GmbH & Co. KG, Oldenburg		26	34,574	-17,351
GNS Gesellschaft für Nuklear-Service mbH, Essen		28	33,248	11,097[2]
Grosskraftwerk Mannheim Aktiengesellschaft, Mannheim		40	140,729	6,647
Kärntner Energieholding Beteiligungs GmbH, Klagenfurt/Austria		49	969,918	109,841[2]
KELAG-Kärntner Elektrizitäts-AG, Klagenfurt/Austria		13[5]	969,067	110,063[2]
Kish Offshore Wind Limited, Kilkenny/Ireland		50	-128	-9
Magicat Holdco, LLC, Wilmington/USA		20	276,350	-14,337
Mingas-Power GmbH, Essen		40	4,881	4,212
Nysäter Wind AB, Malmö/Sweden		20	47,706	-7,188
PEARL PETROLEUM COMPANY LIMITED, Road Town/British Virgin Islands		10[6]	1,791,179	143,505
Rødsand 2 Offshore Wind Farm AB, Malmö/Sweden		20	131,320	18,235
RWE Renewables Technology Fund I GmbH & Co. KG, Dortmund		78[4]	14,619	945
Schluchseewerk Aktiengesellschaft, Laufenburg (Baden)		50	70,575	2,809
Vela Wind Holdco, LLC, Wilmington/USA		25	149,560	0
Vliegasunie B.V., De Bilt/Netherlands		75[4]	5,395	-478

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VIII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Abwasser-Gesellschaft Knapsack, Gesellschaft mit beschränkter Haftung, Hürth		33	472	242
Akita Yurihonjo Yojou Wind Energy K.K., Yurihonjo/Japan		50		3
Alfred Thiel-Gedächtnis-Unterstützungskasse GmbH, Essen		50	5,483	370
Ascent Energy LLC, Wilmington/USA		50	82,215	-8,617
Bight Wind Holdings, LLC, Wilmington/USA		70		3
CARBON Climate Protection GmbH, Langenlois/Austria		50	4,931	3,826
CARBON Egypt Ltd. (under liquidation), Cairo/Egypt		49	-2,290	-247
Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen AG & Co. oHG, Essen		31	1,732	1,221
DOTI Management GmbH, Oldenburg		26	120	0
Dunkerque Eoliennes En Mer SAS, Montpellier/France		32	-17	-26
Fassi Coal Pty. Ltd., Rutherford/Australia		47	-10,197	-3,030
First River Energy LLC, Denver/USA		40	-1,399	-7,197
Five Estuaries Offshore Wind Farm Limited, Swindon/United Kingdom		25	8,460	-229
Fond du Moulin SAS, Asnières-sur-Seine/France		25	-135	-39
Gemeinschaftswerk Hattingen Gesellschaft mit beschränkter Haftung, Essen		52	2,045	-403
GfS Gesellschaft für Simulatorschulung mbH, Essen		33	67	3
Kraftwerk Buer GbR, Gelsenkirchen		50	5,113	0
KSG Kraftwerks-Simulator-Gesellschaft mbH, Essen		33	666	26
KÜCKHOVENER Deponiebetrieb GmbH & Co. Kommanditgesellschaft, Bergheim		50	27	0
KÜCKHOVENER Deponiebetrieb Verwaltungs-GmbH, Bergheim		50	26	0
LDO Coal Pty. Ltd., Rutherford/Australia		47	-103	78
London Array Limited, Tunbridge Wells/United Kingdom		30	0	0
Moravske Hidroelektrane d.o.o., Belgrade/Serbia		51	4,000	-5

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

VIII. Companies which are not accounted for using the equity method due to secondary importance for the assets, liabilities, financial position and profit or loss of the Group	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Netzanbindung Tewel OHG, Cuxhaven		25	563	-25
New England Aqua Ventus, LLC, Los Angeles/USA		50	837	-515
North Falls Offshore Wind Farm HoldCo Limited, Swindon/United Kingdom		50	0	0
Parc Eolien De Sepmes SAS, Angers/France		50	37	-3
Parc Eolien Des Monts Jumeaux SAS, Paris/France		50	3	-4
Parc Eolien Du Coupru SAS, Paris/France		50	-76	-26
Parc Eolien Du Vilpion SAS, Paris/France		50	-108	-37
Q-Portal GmbH, Grevenbroich		49	2,639	114
Rampion Extension Development Limited, Swindon/United Kingdom		50	10,212	-23
Scarweather Sands Limited, Coventry/United Kingdom		50	0	0
TetraSpar Demonstrator ApS, Copenhagen/Denmark		23	3,349	-14,410
Toledo PV A.E.I.E., Madrid/Spain		33	965	635
TPG Wind Limited, Coventry/United Kingdom		50	339	753
Umspannwerk Putlitz GmbH & Co. KG, Oldenburg		25	0	-87
Versorium Energy (GP) Ltd., Calgary/Canada		48		[3]
Versorium Energy LP, Calgary/Canada		50		[3]
Walden Renewables Development LLC, New York City/USA		92	17,050	9,274
Windesco Inc, Boston/USA		21	5,187	-1,765
WINDTEST Grevenbroich GmbH, Grevenbroich		38	896	-70
WP France 15 SAS, Puteaux/France		40	-42	-18

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

IX. Other investments	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
APEP Dachfonds GmbH & Co. KG, Munich	36	36	81,373	14,880
Chrysalix Energy II U.S. Limited Partnership, Vancouver/Canada		6	17,964	1,680
Chrysalix Energy III U.S. Limited Partnership, Vancouver/Canada		5	69,375	-5,555
Energías Renovables de Ávila, S.A., Madrid/Spain		17	595	0
E.ON SE, Essen		15	10,642,800	2,113,800
Glenrothes Paper Limited, Glenrothes/United Kingdom		0	-594	0
High-Tech Gründerfonds II GmbH & Co. KG, Bonn		1	107,586	0
HOCHTEMPERATUR-KERNKRAFTWERK Gesellschaft mit beschränkter Haftung (HKG) Gemeinsames Europäisches Unternehmen, Hamm		31	0	0
Nordsee One GmbH, Oststeinbek		15	69,649	44,956
Nordsee Three GmbH, Oststeinbek		15	68	-4
Nordsee Two GmbH, Oststeinbek		15	67	-4
OPPENHEIM PRIVATE EQUITY Institutionelle Anleger GmbH & Co. KG, Cologne	29	29	0	-159
Parque Eólico Cassiopea, S.L., Oviedo/Spain		10	82	0
Parque Eólico Escorpio, S.A., Oviedo/Spain		10	2,392	0
Parque Eólico Leo, S.L., Oviedo/Spain		10	316	0
PEAG Holding GmbH, Dortmund	12	12	19,636	1,693
Promocion y Gestion Cáncer, S.L., Oviedo/Spain		10	95	0
SET Fund II C.V., Amsterdam/Netherlands		6	21,877	-2,423
Stem Inc., Milbrae/USA		4	4,415	-95,326

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

IX. Other investments	Shareholding in %		Equity	Net income / loss
	Direct	Total	€ '000	€ '000
Sustainable Energy Technology Fund C.V., Amsterdam/Netherlands		48	18,947	-4,185
Technologiezentrum Jülich GmbH, Jülich		5	2,147	191
Transport- und Frischbeton-Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Aachen, Aachen		17	390	122
Trinkaus Secondary GmbH & Co. KGaA, Düsseldorf	43	43	1,000	-25
Umspannwerk Lübz GbR, Lübz		18	41	13
Versorgungskasse Energie (VVaG) i.L., Hanover		0	51,729	0
Versorium Energy Ltd., Calgary/Canada		15	-309	-117

1 Profit and loss-pooling agreement; amounts blocked for transfer.
2 Figures from the Group's consolidated financial statements.
3 Newly founded, financial statements not yet available.
4 No control by virtue of company contract.
5 Significant influence via indirect investments.
6 Significant influence by virtue of company contract.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Additions to affiliated companies included in the consolidated financial statements			
Panther Creek Three Class B, LLC, Wilmington/USA	100		100
Panther Creek Three Holdco, LLC, Wilmington/USA	100		100
Rampion Offshore Wind Limited, Coventry/United Kingdom	50		50
RWE Generation Service GmbH, Essen	100		100
RWE Renewables Offshore HoldCo One GmbH, Essen	100		100
RWE Renewables Offshore HoldCo Three GmbH, Essen	100		100
RWE Renewables Offshore HoldCo Two GmbH, Essen	100		100
RWE Renewables UK Dogger Bank South One Limited, Swindon/United Kingdom	100		100
RWE Renewables UK Dogger Bank South Two Limited, Swindon/United Kingdom	100		100
Solarengo Portugal, SGPS, Unipessoal Lda., Cascais/Portugal	100		100
Additions to joint ventures accounted for using the equity method	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Meton Energy S.A., Athens/Greece	51[1]		51
Change of joint ventures accounted for using the equity method into affiliated companies included in the consolidated financial statements	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Rampion Renewables Limited, Coventry/United Kingdom	100	60[1]	40

1 No control by virtue of company contract.

Changes in shareholding with change of control	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Change of affiliated companies included in the consolidated financial statements into associated companies accounted for using the equity method			
Vela Wind Holdco, LLC, Wilmington/USA	25	100	-75
Disposal of affiliated companies included in the consolidated financial statements			
Belectric France S.à.r.l., Vendres/France		100	-100
BELECTRIC GmbH, Kolitzheim		100	-100
Belectric Israel Ltd., Be'er Sheva/Israel		100	-100
Belectric Italia s.r.l., Latina/Italy		100	-100
Belectric Solar Ltd., Slough/United Kingdom		100	-100
Centrale Hydroelectrique d'Oussiat S.A.S., Paris/France		100	-100
Cranell Holdco, LLC, Wilmington/USA		100	-100
Cranell Wind Farm, LLC, Wilmington/USA		100	-100
Energies Charentus S.A.S., Paris/France		100	-100
Energies France S.A.S., Paris/France		100	-100
Energies Maintenance S.A.S., Paris/France		100	-100
Energies Saint Remy S.A.S., Paris/France		100	-100
Energies VAR 1 S.A.S., Paris/France		100	-100
Energies VAR 3 S.A.S., Paris/France		100	-100
Glen Kyllachy Wind Farm Limited, Swindon/United Kingdom		100	-100
Inversiones Belectric Chile LTDA, Santiago de Chile/Chile		100	-100
INVESTERG - Investimentos em Energias, Sociedade Gestora de Participações Sociais, Lda., São João do Estoril/Portugal		100	-100
LUSITERG – Gestão e Produção Energética, Lda., São João do Estoril/Portugal		74	-74
Raymond Holdco, LLC, Wilmington/USA		100	-100
Raymond Wind Farm, LLC, Wilmington/USA		100	-100
SAS Île de France S.A.S., Paris/France		100	-100
Stella Holdco, LLC, Wilmington/USA		100	-100

Changes in shareholding with change of control	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Stella Wind Farm, LLC, Wilmington/USA		100	– 100
West Raymond Holdco, LLC, Wilmington/USA		100	– 100
West Raymond Wind Farm, LLC, Wilmington/USA		100	– 100
Disposal of associated companies accounted for using the equity method			
ATBERG – Eólicas do Alto Tâmega e Barroso, Lda., Ribeira de Pena/Portugal		40	– 40
HIDROERG – Projectos Energéticos, Lda., Lisbon/Portugal		32	– 32

Changes in shareholding without change of control	Shareholding in % 31 Dec 2021	Shareholding in % 31 Dec 2020	Change
Affiliated companies which are included in the consolidated financial statements			
Parc Eolien Les Pierrots SAS, Clichy/France	60	100	– 40
RWE Windpark Bedburg A44n GmbH & Co. KG, Bedburg	51	100	– 49

Boards (part of the notes)

As of 3 March 2022

Supervisory Board

Dr. Werner Brandt
Bad Homburg
Chairman
Chairman of the Supervisory Board of ProSiebenSat.1 Media SE
Year of birth: 1954
Member since 18 April 2013
End of term: 2025

Other appointments:
- ProSiebenSat.1 Media SE[1] until 5 May 2022 (Chairman)
- Siemens AG[1]

Frank Bsirske[2]
Isernhagen
Deputy Chairman until 15 September 2021
Former Chairman of ver.di - Vereinte Dienstleistungsgewerkschaft
Year of birth: 1952
Member from 9 January 2001 to 15 September 2021

Other appointments:
- Deutsche Bank AG[1]

Ralf Sikorski[2]
Hanover
Deputy Chairman since 21 September 2021
Deputy Chairman of IG Bergbau, Chemie, Energie
Year of birth: 1961
Member since 1 July 2014
End of term: 2026

Other appointments:
- CHEMIE Pensionsfonds AG
- Lanxess AG[1]
- Lanxess Deutschland GmbH
- RAG AG
- RWE Generation SE[3]
- RWE Power AG[3]
- KSBG Kommunale Verwaltungsgesellschaft GmbH

Michael Bochinsky[2]
Grevenbroich
Deputy Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 1 August 2018
End of term: 2026

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Sandra Bossemeyer[2]
Duisburg
Chairwoman of the Works Council of RWE AG
Representative of the disabled
Year of birth: 1965
Member since 20 April 2016
End of term: 2026

Martin Bröker[2]
Bochum
Head of Corporate IT & SAP at RWE AG
Year of birth: 1966
Member from 1 September 2018 to 15 September 2021

Dr. Hans Friedrich Bünting
Mülheim an der Ruhr
Independent Corporate Consultant
Year of birth: 1964
Member since 28 April 2021
End of term: 2025

Anja Dubbert[2]
Essen
Business Development Manager
Member of the Works Council of RWE Supply & Trading GmbH
Year of birth: 1979
Member from 27 September 2019 to 15 September 2021

Matthias Dürbaum[2]
Heimbach
Chairman of the Works Council of the Hambach Opencast Mine, RWE Power AG
Year of birth: 1987
Member since 30 September 2019
End of term: 2026

Ute Gerbaulet
Düsseldorf
General Partner at Dr. August Oetker KG
Year of birth: 1968
Member since 27 April 2017
End of term: 2024

Other appointments:
• Flaschenpost SE
- Dr. August Oetker Nahrungsmittel KG (Chairwoman)
- OEDIV Oetker Daten- und Informationsverarbeitung KG (Chairwoman)
- Oetker Digital GmbH (Chairwoman)
- Radeberger Gruppe KG
- NRW.Bank AöR

Prof. Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel
Essen
Former Chairman of the Executive Board of HOCHTIEF AG
Independent Corporate Consultant
Year of birth: 1947
Member since 18 April 2013
End of term: 2024

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Mag. Dr. h.c. Monika Kircher
Krumpendorf, Austria
Independent Corporate Consultant
Year of birth: 1957
Member since 15 October 2016
End of term: 2025

Other appointments:
- Andritz AG[1]
- Kärntner Energieholding Beteiligungs GmbH (Chairwoman)
- KELAG-Kärntner Elektrizitäts AG
- Siemens AG Austria

Thomas Kufen
Essen
Mayor of the City of Essen
Year of birth: 1973
Court-appointed Member since 18 October 2021[4]

Other appointments:
• Essener Versorgungs- und Verkehrsgesellschaft mbH (EVV) (Chairman)
• Stadtwerke Essen AG (Chairman)
- Advisory Board, Sparkasse Essen (Chairman)
- RAG Foundation (Member of the Board of Trustees)

Reiner van Limbeck[2]
Dinslaken
Chairman of the Works Council of the Essen Headquarters, RWE Generation SE and RWE Technology International GmbH
Year of birth: 1965
Member since 15 September 2021
End of term: 2026

Other appointments:
• RWE Generation SE[3]

Harald Louis[2]
Jülich
Chairman of the General Works Council of RWE Power AG
Year of birth: 1967
Member since 20 April 2016
End of term: 2026

Other appointments:
• RWE Power AG[3]

Dagmar Mühlenfeld
Mülheim an der Ruhr
Former Mayor of the City of Mülheim an der Ruhr
Managing Director of JUNI gGmbH (Junior-Uni Ruhr)
Year of birth: 1951
Member from 4 January 2005 to 28 April 2021

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Peter Ottmann
Nettetal
Former Managing Director of Verband der kommunalen RWE-Aktionäre GmbH
Attorney
Former Chief Administrative Officer of Viersen County
Year of birth: 1951
Member from 20 April 2016 to 28 April 2021

Dagmar Paasch[2]
Solingen
Head of NRW Supply and Waste Management Division at ver.di Dienstleistungsgewerkschaft
Year of birth: 1974
Member from 15 September 2021
End of term: 2026

Other appointments:
- RWE Generation SE[3]

Günther Schartz
Wincheringen
Former Chief Administrative Officer of the District of Trier-Saarburg
Year of birth: 1962
Member from 20 April 2016 to 30 September 2021

Dr. Erhard Schipporeit
Hanover
Independent Corporate Consultant
Year of birth: 1949
Member since 20 April 2016
End of term: 2024

Other appointments:
- BDO AG Wirtschaftsprüfungsgesellschaft
- Hannover Rück SE[1]
- HDI Haftpflichtverband der Deutschen Industrie VVaG
- Talanx AG[1]

Dr. Wolfgang Schüssel
Vienna, Austria
Former Federal Chancellor of the Republic of Austria
Year of birth: 1945
Member from 1 March 2010 to 28 April 2021

Other appointments:
- Adenauer Stiftung (Chairman of the Board of Trustees)
- PJSC LUKOIL[1]

Dirk Schuhmacher[2]
Rommerskirchen
Chairman of the HW Grefrath Works Council, RWE Power AG
Year of birth: 1970
Member since 15 September 2021
End of term: 2026

Ullrich Sierau
Dortmund
Independent Consultant for Companies, Administrations, Political Parties and Civil Society Initiatives
Year of birth: 1956
Member since 20 April 2011
End of term: 2024

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Hauke Stars
Königstein
Member of the Executive Board of Volkswagen AG
Year of birth: 1967
Member since 28 April 2021
End of term: 2025

Other appointments:
- • Audi AG
- • CARIAD SE
- - Kühne + Nagel International AG

Helle Valentin
Birkeroed, Denmark
Managing Partner, IBM Consulting EMEA, IBM Corporation
Year of birth: 1967
Member since 28 April 2021
End of term: 2025

Other appointments:
- - PFA Holding A / S, Denmark until 7 March 2022
- - PFA Pension, Forsikringsaktieselskab, Denmark until 7 March 2022
- - IBM Danmark ApS, Denmark

Dr. Andreas Wagner[2]
Grevenbroich
Head of Drilling and Water Management, RWE Power AG
Year of birth: 1967
Member since 15 September 2021
End of term: 2026

Marion Weckes[2]
Dormagen
Officer of the Group Works Council of GEA Group AG
Year of birth: 1975
Member since 20 April 2016
End of term: 2026

Leonhard Zubrowski[2]
Lippetal
Chairman of the Group Works Council of RWE AG
Year of birth: 1961
Member from 1 July 2014 to 15 September 2021

Other appointments:
- • RWE Generation SE[3]

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Employee representative.
3 Office within the Group.

Supervisory Board Committees

Executive Committee of the Supervisory Board
Dr. Werner Brandt (Chairman)
Ute Gerbaulet
Prof. Dr. Hans-Peter Keitel
Reiner van Limbeck
Dirk Schuhmacher
Ralf Sikorski

Mediation Committee in accordance with Section 27, Paragraph 3 of the German Co-Determination Act
Dr. Werner Brandt (Chairman)
Thomas Kufen
Ralf Sikorski
Marion Weckes

Personnel Affairs Committee
Dr. Werner Brandt (Chairman)
Sandra Bossemeyer
Dr. Hans Friedrich Bünting
Harald Louis
Ralf Sikorski
Hauke Stars

Audit Committee
Dr. Erhard Schipporeit (Chairman)
Michael Bochinsky
Matthias Dürbaum
Mag. Dr. h. c. Monika Kircher
Dagmar Paasch
Ullrich Sierau

Nomination Committee
Dr. Werner Brandt (Chairman)
Prof. Dr. Hans-Peter Keitel
Hauke Stars

Strategy and Sustainability Committee
Dr. Werner Brandt (Chairman)
Michael Bochinsky
Dr. Hans Friedrich Bünting
Prof. Dr. Hans-Peter Keitel
Harald Louis
Dagmar Paasch
Ralf Sikorski
Helle Valentin

Executive Board

Dr. Markus Krebber
Chief Executive Officer since 1 May 2021
Member of the Executive Board of RWE AG since 1 October 2016,
appointed until 30 June 2026
Chief Financial Officer to 30 April 2021

Offices:
- Group Communications & Public Affairs
- Energy Transition & Regulatory Affairs
- Legal, Compliance & Insurance
- Mergers & Acquisitions
- Strategy & Sustainability
- Corporate Transformation

Other appointments:
- RWE Generation SE[2] (Chairman)
- RWE Power AG[2]
- RWE Renewables GmbH[2] (Chairman)
- RWE Supply & Trading GmbH[2]

Dr. Michael Müller
Chief Financial Officer since 1 May 2021
Member of the Executive Board of RWE AG since 1 November 2020,
appointed until 31 October 2023
Managing Director and CFO of RWE Supply & Trading GmbH from 1 September 2016 to 30 April 2021 (posts held concurrently from 1 November 2020 to 30 April 2021)

Offices:
- Accounting
- Controlling & Risk Management
- Finance & Credit Risk
- Investor Relations
- Tax

Other appointments:
- Amprion GmbH
- RWE Generation SE[2]
- RWE Power AG[2]
- RWE Renewables GmbH[2]
- RWE Supply & Trading GmbH[2] (Chairman)

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Office within the Group.

Zvezdana Seeger
Chief HR Officer and Labour Director since 1 November 2020
Member of the Executive Board of RWE AG since 1 November 2020, appointed until 31 October 2023

Offices:
- HR Services & Analytics
- Employee Relations
- People Management & Talent Attraction
- Group Information Technology
- Internal Audit & Security

Other appointments:
- • Deutsche Kreditbank AG
- • RWE Generation SE[2]
- • RWE Pensionsfonds AG[2] (Chairwoman)
- • RWE Power AG[2] (Chairwoman)
- • RWE Supply & Trading GmbH[2]
- \- Kärntner Energieholding Beteilgungs GmbH
- \- KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

Dr. Rolf Martin Schmitz
Chief Executive Officer of RWE AG from 15 October 2016 to 30 April 2021
Member of the Executive Board of RWE AG from 1 May 2009 to 30 April 2021
Labour Director of RWE AG from 1 May 2017 to 31 October 2020

• Member of other mandatory supervisory boards as defined in Section 125 of the German Stock Corporation Act.
\- Member of comparable domestic and foreign supervisory boards of commercial enterprises as defined in Section 125 of the German Stock Corporation Act.

1 Listed company.
2 Office within the Group.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the combined review of operations includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Essen, 3 March 2021

The Executive Board


Krebber


Müller


Seeger

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3a HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Independent auditor's report

To RWE Aktiengesellschaft, Essen

Report on the audit of the annual financial statements and of the management report

Audit Opinions

We have audited the annual financial statements of RWE Aktiengesellschaft, Essen, which comprise the balance sheet as at December 31, 2021, and the statement of profit and loss for the financial year from January 1 to December 31, 2021, and notes to the financial statements, including the presentation of recognition and measurement policies. In addition, we have audited the management report of RWE Aktiengesellschaft, which is combined with the group management report, for the financial year from January 1 to December 31, 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2021 and of its financial performance for the financial year from January 1 to December 31, 2021 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to [§ [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code]], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the annual financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

❶ Measurement of shares in affiliated companies and investments

Our presentation of this key audit matter has been structured as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matter:

❶ Measurement of shares in affiliated companies and investments

① In the annual financial statements of RWE Aktiengesellschaft, shares in affiliated companies and investments amounting to EUR 13.9 billion (36,5 % of total assets) are reported under the „Financial assets" balance sheet item.

The measurement of shares in affiliated companies and investments under commercial law is based on the acquisition costs and the lower fair value. The perspective of the entity holding the investment must be adopted for the purposes of calculating the fair value. The measurements are based on the present values of the future cash flows derived from the planning projections prepared by the executive directors. Expectations relating to future market developments and country-specific assumptions about the performance of macroeconomic indicators are also taken into account. Present values are calculated using discounted cash flow models. The discount rate used is the weighted cost of capital for the respective financial asset. The Company carried out its own valuations and also used the work of external experts appointed by the Company for this purpose. On the basis of the values determined and supplementary documentation, write-downs amounting in total to EUR 1,6 billion were required for the financial year. The outcome of this measurement is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth employed. The measurement is therefore subject to material uncertainty. Against this background and due to the highly complex nature of the measurement, this matter was of particular significance during our audit.

② As part of our audit of the fair values of the shares in affiliated companies and investments, we evaluated the methodology used for the measurement, among other things. In addition, we assessed whether the future cash flows underlying the measurements form an appropriate basis for the impairment testing of the shares in affiliated companies and investments. We evaluated the appropriateness of the future cash inflows used in the calculations, among other things by comparing this data with the planning projections and by reconciling it against general and sector-specific market expectations. In this context, we also assessed the usability of the work performed by the external experts engaged by the Company and reviewed the experts' professional qualifications. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated using this method, we also evaluated the parameters used to determine the discount rate applied, including the weighted cost of capital, and assessed the measurement model. Taking into consideration the information available, the measurement parameters and assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies and investments.

③ The Company's disclosures relating to the shares in affiliated companies and investments are contained in the notes to the financial statements in the section „Notes to the Balance Sheet" in note "(1) Non-current assets".

Other Information
The executive directors are responsible for the other information.

The other information comprises the statement on corporate governance pursuant to § 289f HGB and 315d HGB.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report
The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report
Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file RWE_AG_EA_KLB_ESEF_2021-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2021, contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF-Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on April 28, 2021. We were engaged by the supervisory board on April 28, 2021. We have been the auditor of RWE Aktiengesellschaft, Essen without interruption since the financial year 2000.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an other matter– use of the Auditor's Report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Aissata Touré.

Essen, March 4, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Markus Dittmann	Aissata Touré
Wirtschaftsprüfer	Wirtschaftsprüferin

Financial Calender 2022/2023

28 April 2022	Virtual Annual General Meeting
29 April 2022	Ex-dividend day
3 May 2022	Dividend payment
12 May 2022	Interim statement on the first quarter of 2022
11 August 2022	Interim report on the first half of 2022
10 November 2022	Interim statement on the first three quarters of 2022
21 March 2023	Annual report for fiscal 2022
4 May 2023	Annual General Meeting
5 May 2023	Ex-dividend day
9 May 2023	Dividend payment
11 May 2023	Interim statement on the first quarter of 2023
10 August 2023	Interim report on the first half of 2023
14 November 2023	Interim statement on the first three quarters of 2023

The virtual Annual General Meeting and all events concerning the publication of the financial reports are broadcast live on the internet and recorded. We will keep the recordings on our website for at least twelve months.

Imprint

RWE Aktiengesellschaft
RWE Platz 1
45141 Essen
Germany

Phone +49 201 5179-0
Fax +49 201 5179-5299
E-mail contact@rwe.com

Investor Relations:
Phone +49 201 5179-5619
Fax +49 201 5179-420042
Internet www.rwe.com/ir
E-mail invest@rwe.com

Corporate Communications:
Phone +49 201 5179-5009
E-mail communications@rwe.com

Layout and Production
MPM Corporate Communication Solutions, Mainz, Germany
www.mpm.de

RWE Aktiengesellschaft
RWE Platz 1
45141 Essen
Germany

www.rwe.com

Translation:
Olu Taylor Translation & Interpretation Services, Geretsried, Germany
For annual reports, interim reports, interim statements and further information on RWE, please visit us on the internet at www.rwe.com. .

This report was published on 15 March 2022. This is a translation of the German financial statements. In case of divergence from the German version, the German version shall pre- vail. It also appears in the German Federal Gazette. Only that publication is definitive.

RWE is a member of DIRK – the German Investor Relations Association.

7-11 Fitch Rating Report RWE AG 2018

This document contains confidential information and is excluded from this public version.

7-12 Fitch Rating Report RWE AG 2020

This document contains confidential information and is excluded from this public version.

7-13 Fitch Rating Report RWE AG 2021

This document contains confidential information and is excluded from this public version.

7-14 Fitch Rating Report RWE AG 2022

This document contains confidential information and is excluded from this public version.

7-15 Moody's Credit Opinion RWE AG 2019

This document contains confidential information and is excluded from this public version.

7-16 Moody's Credit Opinion RWE AG 2020

This document contains confidential information and is excluded from this public version.

7-17 Moody’s Credit Opinion Technical Update RWE AG 2020

This document contains confidential information and is excluded from this public version.

7-18 Moody's Credit Opinion RWE AG 2021

This document contains confidential information and is excluded from this public version.

7-19 Moody's Credit Opinion Technical Update RWE AG 2021

This document contains confidential information and is excluded from this public version.

7-20 Moody’s Credit Opinion RWE AG 2022

This document contains confidential information and is excluded from this public version.

7-21 Moody’s Credit Opinion Technical Update RWE AG 2022

This document contains confidential information and is excluded from this public version.