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[Hausfeld letterhead]

Federal Financial Supervisory Authority
Marie-Curie-Str. 24-28
60439 Frankfurt/M.

Berlin, 18 September 2019

False and misleading ad hoc disclosure by RWE AG

Dear Sir or Madam

We act for ClientEarth gGmbH, Albrechtstr. 22, 10117 Berlin. We also act for ClientEarth, 274 Richmond Road, London E8 3QW, United Kingdom

We write to draw your attention to an apparent false and misleading ad hoc disclosure by RWE AG giving rise to potential offences under the Securities Trading Act. The statement in question led to a sharp drop in RWE's share price and significant shareholder losses.

For the reasons given in this letter and its enclosures, we believe that RWE has contravened Article 15 (market manipulation) and Article 17 (public disclosure of inside information) of the Market Abuse Regulation (MAR), giving rise, if wilful or grossly negligent, to administrative and criminal offences under the Securities Trading Act.

I. RWE's 5 October Disclosure

This complaint concerns an ad-hoc disclosure by RWE made pursuant to Article 17 MAR on 5 October 2018 (the "5 October Disclosure").

The 5 October Disclosure, which we attach as Exhibit 1, reads as follows:

RWE AG: Ad-hoc-disclosure according to Art. 17 MAR - Temporary interruption of forest clearance in Hambach negatively affects EBITDA as of 2019 in the range of a low three digit million Euro amount per year

Essen, 5 October 2018

The Higher Administrative Court Münster today abolished the immediate enforcement of the forest clearance as permitted by the main operation plan 2018-2020 for the lignite opencast mine in Hambach. A final decision on the further forest clearance will now be issued later in the main proceedings. Possibly, such final decision will only be reached by the end of 2020 and RWE will only be allowed to resume the forest clearance thereafter. As a result, as of 2019 the EBITDA of the segment Lignite & Nuclear will be negatively affected in the range of a low three digit million Euro amount per year.

Disclosed by Dr. Ulrich Rust, General Counsel

The 5 October Disclosure had a demonstrable and significant effect on RWE's share price. RWE's share price closed at €20.43 on 4 October 2018. On 5 October, it closed 8.5% down at €18.69. This

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share price drop alone represented a loss of market capitalisation of over €1 billion. It continued to decline over the following days, closing at €17.11 on 10 October 2018.

The share price impact is demonstrated in the following share price chart for the period 29 August to 3 December 2018 (see <https://www.group.rwe/en/investor-relations/the-rwe-share/share-prices>):

29/08/2018 - 03/12/2018

— RWE Ordinary share Open: 21.74 | High: 22.36 | Low: 17.01 | Close: 19.29



II. Statements of RWE after 5 October 2018

RWE offered certain additional clarification of the 5 October Disclosure in subsequent statements. In particular:

a) Spiegel Online

On 9 October 2018, *Spiegel Online* reported:

The energy group RWE is considering cutting back production in the Hambach lignite open-cast mine after the Higher Administrative Court in Münster temporarily prohibited the further clearance of the Hambach Forest west of Cologne. A spokesman for the company told SPIEGEL upon request.

"In an initial assessment, we assumed a reduction in output of around 10 to 15 million tonnes of lignite per year," explained the spokesman. So far, around 40 million tonnes of coal have been mined annually in the Hambach opencast mine. According to the information provided, the Group expects a decline of 25 to 38 percent.

As a result, power generation in the Neurath and Niederaussem power plants could initially "fall by 9 to 13 terawatt hours," RWE announced. In Neurath, about 18 million tons per year are currently burned from the Hambach site, and about 10 million tons per year from the Niederaussem power plant.

A copy of the *Spiegel Online* article is attached as Exhibit 2.

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b) Reuters

On 9 October 2018, *Reuters* reported:

German utility RWE expects to reduce lignite output at its Hambach site in Germany, a spokeswoman for RWE said, following a court ruling that will delay plans to expand the mine by clearing an ancient forest.

She was confirming a report by German magazine Der Spiegel that said output would decline by 10 to 15 million tonnes a year from its current level of 40 million tonnes.

...

The spokeswoman for RWE said on Tuesday that the forecast for a hit of more than 100 million euros on the 2019 operating profit of its Lignite & Nuclear division already took the expected output reduction into account.

A copy of the *Reuters* article is attached as Exhibit 3.

c) Frankfurter Allgemeine Zeitung

On 12 October 2018, *Frankfurter Allgemeine Zeitung* published an interview with RWE's CEO Rolf Martin Schmitz including:

From 2019 onwards, the clearance stop in the forest is predicted to amount to an annual loss in a low three-digit million euro range. Will this have an impact on the future dividend?

To be more precise: According to our estimates, the damage will amount up to around 100 to 200 million euros per year. [...]

A copy of the *Frankfurter Allgemeine Zeitung* article is attached as Exhibit 4.

d) Interim Statement for first quarter

RWE Power AG subsequently announced on p. 3 of its interim statement on the first quarter of 2019 published on 14 March 2019 that it would not proceed with the Hambach Forest clearance, regardless of the outcome of the court proceedings, until autumn 2020.

A copy of the interim statement is attached as Exhibit 5.

III. 5 October Disclosure is false and misleading

RWE's 5 October Disclosure is false and misleading in that the EBITDA of the Lignite & Nuclear segment as of 2019 could not reasonably have been expected to be negatively affected by the halt of clearance work in the Hambach forest in the low three digit million euro range.

Our client has commissioned the enclosed report from Energy Brainpool, an independent analysis and consulting company for the energy markets.

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Energy Brainpool concludes:

- The court-ordered suspension, even if it did lead to a 10-15 million tonne per year reduction in lignite output from Hambach, would not result in a supply shortage. This is because lignite demand from RWE's Hambach and Garzweiler mines was to reduce by an equivalent amount, regardless of the court order, due to five power plant units being put into Germany's lignite reserve in 2017-2019.
- Therefore, no significant change in EBITDA was to be expected as a consequence of the court-ordered suspension of the Hambach Forest clearance.

A copy of the Energy Brainpool report is attached as Exhibit 6.

IV. Blogpost of BUND NRW from 11 October 2018

The potential false and misleading nature of the 5 October Disclosure was first raised by environmental group Bund für Umwelt und Naturschutz Deutschland Landesverband Nordrhein-Westfalen e.V. (BUND NRW) in October 2018. On 11 October 2018 BUND published a blog post including the following:

The North Rhine-Westphalian Friends of the Earth (BUND NRW) accuses RWE AG of wanting to influence politics with targeted misrepresentations.

"The reduction of coal mining at the Hambach opencast mine announced by RWE is not caused by the clearance stop in Hambach Forest that BUND reached [translator's note: as a consequence of BUND's legal intervention], but a direct consequence of the transfer of five power plant units into the so-called security reserve that was requested by RWE," stated the deputy chairman for Northrhine-Westfalia Thomas Kämperkämper. "With such false reports RWE continues to lose credibility."

...

"RWE is trying to pressure the courts and politics with such false reports. We urge RWE to finally lead the debate on the coal phase-out in an open and honest way," concludes BUND Northrhine-Westfalia's deputy chairman Krämerkämper.

A copy of the article is attached as Exhibit 8.

V. Potential offences of RWE

RWE's 5 October Disclosure may constitute a contravention of:

a) Article 15 MAR

Article 15 MAR provides that "A person shall not engage in or attempt to engage in market manipulation."

Article 12(1)(c) MAR provides that market manipulation includes "disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, ... where the

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person who made the dissemination knew, or ought to have known, that the information was false or misleading”.

For the reasons given in this letter and the Energy Brainpool report, the 5 October Disclosure has given false and misleading signals to the market related to the price of RWE’s shares.

b) Article 17 MAR

RWE made the 5 October Disclosure expressly pursuant to Article 17 MAR (public disclosure of inside information). Article 17(1) MAR provides that “The issuer shall ensure that the inside information is made public in a manner which enables ... complete, correct and timely assessment of the information by the public”.

For the reasons given in this letter and the Energy Brainpool report, the 5 October Disclosure does not enable complete, correct and timely assessment of the information by the public.

The contraventions of Articles 15 and 17 MAR described above, if wilful or grossly negligent, give rise to administrative offences under section 120(15)(2) and (6) of the Securities Trading Act and/or a criminal offence under section 119 of the Securities Trading Act.

VI. Investigation by BaFin

ClientEarth requests that BaFin carry out a formal investigation into this matter and report any facts giving rise to suspicion of a criminal offence to the public prosecutor’s office and impose an appropriate fine for an administrative offence and publish that decision.

[Signed]

Dr. Wolf H. von Bernuth

Partner