

PAYMENT REPORT

2016

Report of the RWE Group on payments made to public authorities pursuant to Section 341q-y of the German Commercial Code

RWE AG
Huysseallee 2
45128 Essen
Germany



2016 PAYMENT REPORT

Basis of the report

Headquartered at Huyssenallee 2 in 45128 Essen, Germany, RWE AG is a stock corporation as defined by Section 341q of the German Commercial Code. As a parent company as defined by Section 290 of the German Commercial Code, pursuant to Section 341v, Paragraph 1 of the German Commercial Code, RWE AG is obligated to prepare an annual consolidated payment report as at least one of its subsidiaries is active in the mineral extraction industry. RWE AG must prepare the consolidated payment report in accordance with Section 341v, Paragraph 1 of the German Commercial Code for the first time for fiscal 2016. Pursuant to Section 341s, Paragraph 2 of the German Commercial Code, stock corporations included in the consolidated payment report are exempt from the obligation to prepare their own payment report.

Reportable payments are those made to public authorities if at least €100,000 in payments are made to a single public authority (Section 341t, Paragraph 4 of the German Commercial Code) and one of the reasons for the payments is in accordance with Section 341r, Item 3 of the German Commercial Code. Disclosure on such payments must be made by country, broken down by receiving public entity, reason of payment and project.

Companies included in the report with activities in the mineral extraction industry

Pursuant to Section 341q of the German Commercial Code, large stock corporations and large commercial partnerships with domestic headquarters that are active in the mineral extraction industry or logging in primary forests are obligated to prepare an annual payment report. None of the RWE Group companies is currently active in the logging business in primary forests. If RWE Group companies conduct logging in primary forests in the future, the criteria applicable to their reporting duties will have to be defined.

Activities in the mineral extraction industry as defined by Section 341r, Item 1 of the German Commercial Code are necessary in the RWE Group due to the opencast mines used for electricity generation from lignite (NACE Code A0520 pursuant to EU Regulation No. 1893/2006). The term 'activity' as defined by Section 341r, Paragraph 1 of the German Commercial Code is interpreted by

the RWE Group within the meaning of the infection theory for the reporting duty. Companies with a reporting duty within the RWE Group are RWE Power AG, Essen, and Mátrai Erömü Zártkörűen Működő Részvénytársaság, Visonta (Hungary) due to their opencast mines and Rheinische Baustoffwerke GmbH, Bergheim, the business activities of which result from the opencast mines. Therefore, as of 31 December of each year, it must be determined which of the fully consolidated Group companies is active in the mineral extraction industry.

Germany

RWE Power AG, Essen

The fields of business of RWE Power AG, a subsidiary wholly owned by RWE AG, are the commercial operation and maintenance of its power stations consisting of lignite-fired, nuclear and hydroelectric power plants as well as of the opencast mines in Germany.

RWE Power AG is among Germany's leading energy recovery and generation companies. RWE Power AG has a large commodity base at its disposal thanks to its opencast lignite mines at Hambach, Garzweiler and Inden. This puts the company in a position to act flexibly and successfully and to manage the goals of climate protection, security of supply and profitability over the long term in a tough competitive environment. In addition, synergies are leveraged, which strengthen the company's competitive position.

For the preparation of the payment reports, the opencast mines are considered projects. This also applies to opencast mines in which lignite mining has already ended (e.g. Fortuna Garsdorf).

Rheinische Baustoffwerke GmbH, Bergheim

Rheinische Baustoffwerke GmbH is a subsidiary wholly owned by RWE Power AG, which operates plants for the production of gravel and sand located in the opencast lignite mines and in the areas bordering the opencast mines. The main market is largely in the greater Cologne-Düsseldorf-Krefeld-Aachen area where Rheinische Baustoffwerke ranks among the largest gravel and sand companies. Furthermore, Rheinische Baustoffwerke operates receiving points for uncontaminated excavated earth and rubble and trades in purchased building materials (gravel and sand as well as solid rocks such as basalt and lava). The gravel works are jointly presented as a single project.

Hungary

Mátrai Erőmű Zártkörűen Működő Részvénytársaság, Visonta

Mátrai is a 51% subsidiary of RWE Power AG. The power station operated by Mátrai is primarily fuelled by lignite sourced from the company's opencast mines in Visonta and Bükkábrány. Moreover, the company generates electricity from renewables by firing biomass and operating a solar power station. Additional business fields are the sale of lignite, ash and gypsum as by-products of flue gas desulphurisation.

Consolidated payment report of the RWE Group

In EUR	Production payment claims	Taxes on income, production or profits of stock corporations	Usage fees	License, rental and access fees as well as other compensation for licenses and concessions	Payments for the improvement of infrastructure	SUM
Germany			15,245,818		16,531,834	31,777,653
Hungary	2,621,337	4,989,964	2,159,373	609,844		10,380,519
SUM TOTAL	2,621,337	4,989,964	17,405,191	609,844	16,531,834	42,168,172

Payment report for Germany

In EUR	Usage fees	Payments for the improvement of infrastructure	SUM
Bundesanstalt für Immobilienaufgabe (Federal Property Assignment Agency)			
Hambach opencast mine		135,000	135,000
Sum		135,000	135,000
Entwicklungsgesellschaft Indeland GmbH			
Inden opencast mine		791,350	791,350
Sum		791,350	791,350
Erftverband			
Across all projects		3,952,334	3,952,334
Sum		3,952,334	3,952,334
Düren Tax Authority			
Hambach opencast mine		1,552,703	1,552,703
Sum		1,552,703	1,552,703
Grevenbroich Tax Authority			
Garzweiler opencast mine		114,939	114,939
Sum		114,939	114,939
Erkelenz Tax Authority			
Garzweiler opencast mine		851,533	851,533
Sum		851,533	851,533
Jülich Tax Authority			
Hambach opencast mine		436,502	436,502
Sum		436,502	436,502
Bergheim Tax Authority			
Gravel works		7,985	7,985
Hambach opencast mine		2,352,078	2,352,078
Sum		2,360,063	2,360,063
Merzenich Municipal Treasury			
Hambach opencast mine		205,800	205,800
Sum		205,800	205,800
Treasury of the Free State of Saxony			
Across all projects		101,150	101,150
Sum		101,150	101,150
Kreiswerke Grevenbroich GmbH			
Garzweiler opencast mine		166,537	166,537
Sum		166,537	166,537
Kreiswasserwerk Heinsberg			
Garzweiler opencast mine		311,502	311,502
Sum		311,502	311,502
NRW/Düsseldorf State Treasury			
Gravel works	85,153		85,153
Garzweiler opencast mine	1,781,180		1,781,180
Hambach opencast mine	10,604,840		10,604,840
Inden opencast mine	2,633,800		2,633,800
Sum	2,633,800		2,633,800
Rhine District of Neuss			
Across all projects		312,500	312,500
Sum		312,500	312,500
City of Erkelenz			
Garzweiler opencast mine		2,885,070	2,885,070
Sum		2,885,070	2,885,070
Kerpen Municipal Treasury			
Hambach opencast mine		1,100,000	1,100,000
Gravel works	140,845		140,845
Sum	140,845	1,100,000	1,240,845
Municipality of Bergheim			
Fortuna-Garsdorf		196,999	196,999
Sum		196,999	196,999
Stadtwerke Jülich GmbH			
Hambach opencast mine		143,525	143,525
Sum		143,525	143,525
Eifel-Rur Water Association			
Inden opencast mine		109,995	109,995
Across all projects		277,890	277,890
Sum		387,885	387,885
Joint Cologne Peripheral Channel Association			
Across all projects		526,444	526,444
Sum		526,444	526,444
SUM TOTAL	15,245,818	16,531,834	31,777,653

Commentary on the payment report for Germany

1. In the period under review, RWE Power AG conducted property swaps with the town of Erkelenz. Based on the notarial deeds, the properties transferred to the town were of the same value as those received by RWE Power AG from the town of Erkelenz. Therefore, the transaction is not presented in the report as the sums corresponding to the payment in kind were netted out against each other in the year under review (cf. comments by the German Institute of Certified Public Auditors [IDW] 1/2017, note 84 in conjunction with note 73).
2. The usage fees paid to Landeskasse NRW are water withdrawal fees paid by RWE Power AG and Rheinische Baustoffwerke GmbH. Credits in the period under review relating to water withdrawal fees paid in earlier years were not deducted (cf. IDW comments 1/2017, note 73).
3. RWE Power AG and Rheinische Baustoffwerke GmbH are controlled companies that belong to the tax group of RWE AG. The corporate and trade tax payments made by RWE AG as controlling company are not reported as the activities of RWE Power AG and Rheinische Baustoffwerke GmbH in the mineral extraction industry are not the focal point of the activities of the RWE Group. In accordance with the IDW comments 1/2017, note 109, the tax payments are not categorised.

Payment report for Hungary

In EUR					
Payments made in Hungarian forints converted to € at the average exchange rate for the year (HUF 311.53/€)	Production payment claims	Taxes on income, production or profits of stock corporations	Network usage fees	License, rental and access fees as well as other compensation for licenses and concessions	SUM
Magyar Bányászati Hivatal (Hungarian mining authority)					
Visonta opencast mine	1,288,353		271,852		1,560,204
Bükkábrány opencast mine	1,332,985		237,386		1,570,371
Sum	2,621,337		509,238		3,130,575
Baz Megyei Katasztfavédelmi (Vaz District Disaster Control Agency)					
Visonta opencast mine			970,416		970,416
Bükkábrány opencast mine			679,720		679,720
Sum			1,650,136		1,650,136
Füzesabony Járási Földhivatal (Füzesabony Land Registry Office)					
Visonta opencast mine				285,600	285,600
Sum				285,600	285,600
Mezőkövesd Járási Földhivatal (Mezőkövesd Land Registry Office)					
Bükkábrány opencast mine				324,244	324,244
Sum				324,244	324,244
Visonta Önkormányzat (Municipality of Visonta)					
Across all projects		690,261			690,261
Sum		690,261			690,261
Halmajugra Önkormányzat (Municipality of Halmajugra)					
Across all projects		1,564,593			1,564,593
Sum		1,564,593			1,567,593
Detk Önkormányzat (Municipality of Detk)					
Across all projects		815,417			815,417
Sum		815,417			815,417
Vatta Önkormányzat (Municipality of Vatta)					
Across all projects		414,908			414,908
Sum		414,908			414,908
Bükkábrány Önkormányzat (Municipality of Bükkábrány)					
Across all projects		557,081			557,081
Sum		557,081			557,081
Markaz Önkormányzat (Municipality of Markaz)					
Across all projects		204,418			204,418
Sum		204,418			204,418
Karácsond Önkormányzat (Municipality of Karácsond)					
Across all projects		182,169			182,169
Sum		182,169			182,169
Ludas Önkormányzat (Municipality of Ludas)					
Across all projects		158,510			158,510
Sum		158,510			158,510
Aldebrő Önkormányzat (Municipality of Aldebrő)					
Across all projects		402,608			402,608
Sum		402,608			402,608
SUM TOTAL	2,621,337	4,989,964	2,159,373	608,844	10,380,519

Commentary on the payment report for Hungary

The usage fees are water withdrawal fees. Credits in the period under review relating to water withdrawal fees paid in earlier years were not deducted (cf. IDW comments 1/2017, note 73).

Essen, 22 June 2017

The Executive Board



Schmitz



Krebber