

## 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  
Huysenallee 2  
45128 Essen  
Germany



# 2016 PAYMENT REPORT

## Basis of the report

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

#### 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               |
| <b>Magyar Bányászati Hivatal (Hungarian mining authority)</b>  |                           |  |                    |  |                   |
| Visonta opencast mine  | 1,288,353                 |  | 271,852            |  | 1,560,204         |
| Bükkábrány opencast mine   | 1,332,985                 |  | 237,386            |  | 1,570,371         |
| <b>Sum</b>   | <b>2,621,337</b>          |  | <b>509,238</b>     |  | <b>3,130,575</b>  |
| <b>Baz Megyei Katasztfavédelmi (Vaz District Disaster Control Agency)</b>                                  |                           |  |                    |  |                   |
| Visonta opencast mine  |                           |  | 970,416            |  | 970,416           |
| Bükkábrány opencast mine   |                           |  | 679,720            |  | 679,720           |
| <b>Sum</b>   |                           |  | <b>1,650,136</b>   |  | <b>1,650,136</b>  |
| <b>Füzesabony Járási Földhivatal (Füzesabony Land Registry Office)</b>                                     |                           |  |                    |  |                   |
| Visonta opencast mine  |                           |  |                    | 285,600  | 285,600           |
| <b>Sum</b>   |                           |  |                    | <b>285,600</b>   | <b>285,600</b>    |
| <b>Mezőkövesd Járási Földhivatal (Mezőkövesd Land Registry Office)</b>                                     |                           |  |                    |  |                   |
| Bükkábrány opencast mine   |                           |  |                    | 324,244  | 324,244           |
| <b>Sum</b>   |                           |  |                    | <b>324,244</b>   | <b>324,244</b>    |
| <b>Visonta Önkormányzat (Municipality of Visonta)</b>  |                           |  |                    |  |                   |
| Across all projects  |                           | 690,261  |                    |  | 690,261           |
| <b>Sum</b>   |                           | <b>690,261</b>   |                    |  | <b>690,261</b>    |
| <b>Halmajugra Önkormányzat (Municipality of Halmajugra)</b>  |                           |  |                    |  |                   |
| Across all projects  |                           | 1,564,593  |                    |  | 1,564,593         |
| <b>Sum</b>   |                           | <b>1,564,593</b>   |                    |  | <b>1,567,593</b>  |
| <b>Detk Önkormányzat (Municipality of Detk)</b>  |                           |  |                    |  |                   |
| Across all projects  |                           | 815,417  |                    |  | 815,417           |
| <b>Sum</b>   |                           | <b>815,417</b>   |                    |  | <b>815,417</b>    |
| <b>Vatta Önkormányzat (Municipality of Vatta)</b>  |                           |  |                    |  |                   |
| Across all projects  |                           | 414,908  |                    |  | 414,908           |
| <b>Sum</b>   |                           | <b>414,908</b>   |                    |  | <b>414,908</b>    |
| <b>Bükkábrány Önkormányzat (Municipality of Bükkábrány)</b>  |                           |  |                    |  |                   |
| Across all projects  |                           | 557,081  |                    |  | 557,081           |
| <b>Sum</b>   |                           | <b>557,081</b>   |                    |  | <b>557,081</b>    |
| <b>Markaz Önkormányzat (Municipality of Markaz)</b>  |                           |  |                    |  |                   |
| Across all projects  |                           | 204,418  |                    |  | 204,418           |
| <b>Sum</b>   |                           | <b>204,418</b>   |                    |  | <b>204,418</b>    |
| <b>Karácsond Önkormányzat (Municipality of Karácsond)</b>  |                           |  |                    |  |                   |
| Across all projects  |                           | 182,169  |                    |  | 182,169           |
| <b>Sum</b>   |                           | <b>182,169</b>   |                    |  | <b>182,169</b>    |
| <b>Ludas Önkormányzat (Municipality of Ludas)</b>  |                           |  |                    |  |                   |
| Across all projects  |                           | 158,510  |                    |  | 158,510           |
| <b>Sum</b>   |                           | <b>158,510</b>   |                    |  | <b>158,510</b>    |
| <b>Aldebrő Önkormányzat (Municipality of Aldebrő)</b>  |                           |  |                    |  |                   |
| Across all projects  |                           | 402,608  |                    |  | 402,608           |
| <b>Sum</b>   |                           | <b>402,608</b>   |                    |  | <b>402,608</b>    |
| <b>SUM TOTAL</b>   | <b>2,621,337</b>          | <b>4,989,964</b>   | <b>2,159,373</b>   | <b>608,844</b>   | <b>10,380,519</b> |

## 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