

PAYMENT REPORT

2018

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

RWE Aktiengesellschaft
Altenessener Straße 35
45141 Essen
Germany



2018 PAYMENT REPORT

Basis of the report

Headquartered at Altenessener Straße 35 in 45141 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. 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. Therefore, it must be determined which fully consolidated Group companies are active in the mineral extraction industry as of 31 December of every year. Companies with a reporting duty within the RWE Group in fiscal 2018 were RWE Power AG ("RWE"), Cologne and Essen, and Mátrai Erömü Zártkörűen Működő Részvénytársaság ("Mátrai"), Visonta (Hungary), due to their opencast mining operations. This also applied to Rheinische Baustoffwerke GmbH ("RBS"), Bergheim, the business activities of which consist of gravel and sand extraction.

In the middle of December 2017, RWE Power AG sold Hungary-based Mátrai to a consortium consisting of Czech-based EP Holding and Hungarian investor Lőrinc Mészáros. The transaction closed in March 2018. The company was deconsolidated as of 31 March 2018. This report thus contains all of the relevant payments made by Mátrai for the period from 1 January 2018 to 31 March 2018.

Germany

RWE Power AG, Cologne and 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.

Rheinische Baustoffwerke GmbH, Bergheim

Rheinische Baustoffwerke GmbH is a subsidiary wholly owned by RWE Power AG, which operates plants for the extraction of gravel and sand. The main market is largely in the greater Cologne-Düsseldorf-Krefeld-Aachen area where Rheinische Baustoffwerke GmbH ranks among the largest gravel and sand companies. Furthermore, Rheinische Baustoffwerke GmbH 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 gravelworks are jointly presented as a single project.

Hungary

Mátrai Erőmű Zártkörűen Működő Részvénytársaság, Visonta

In the reporting year through to 31 March 2018, Mátrai was included in the report as 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

€	Production payment claims	Taxes on income, production or profits of stock corporations	Network usage fees	Payments for infrastructure improvements	SUM
Germany			16.478.539	30.419.661	46.898.201
Hungary	655.480	2.093.368	815.082		3.563.930
SUM TOTAL	655.480	2.093.368	17.293.622	30.419.661	50.462.131

Payment report for Germany

for fiscal 2018

€	Network usage fees	Payments for infrastructure improvements	SUM
Hamm District Court			
Gezweiler opencast mine		222.724	222.724
Sum		222.724	222.724
Düsseldorf District Administration			
Gezweiler opencast mine		780.000	780.000
Sum		780.000	780.000
Entwicklungsgesellschaft Indeland mbH			
Inden opencast mine		904.500	904.500
Sum		904.500	904.500
Erfurt Water Authority			
Across all projects		4.503.186	4.503.186
Sum		4.503.186	4.503.186
Bergheim Tax Authority			
Hambach opencast mine		916.036	916.036
Sum		916.036	916.036
Düren Tax Authority			
Hambach opencast mine		1.233.640	1.233.640
Sum		1.233.640	1.233.640
Euskirchen Tax Authority			
Gravelworks		261.350	261.350
Hambach opencast mine		430.499	430.499
Sum		691.849	691.849
Grevenbroich Tax Authority			
Gezweiler opencast mine		246.907	246.907
Sum		246.907	246.907
Erkelenz Tax Authority			
Gezweiler opencast mine		4.102.642	4.102.642
Sum		4.102.642	4.102.642
Jülich Tax Authority			
Hambach opencast mine		356.395	356.395
Sum		356.395	356.395
Municipality of Inden			
Inden opencast mine		148.053	148.053
Sum		148.053	148.053
Merzenich Municipal Treasury			
Hambach opencast mine		664.500	664.500
Sum		664.500	664.500
Cologne High School and Endowment Fund			
Gezweiler opencast mine		3.876.271	3.876.271
Sum		3.876.271	3.876.271
Heinsberg District Waterworks			
Gezweiler opencast mine		192.312	192.312
Sum		192.312	192.312
NRW Nature, Environment and Consumer Protection Agency			
Gravelworks	96.770		96.770
Gezweiler opencast mine	1.725.005		1.725.005
Hambach opencast mine	11.866.094		11.866.094
Inden opencast mine	2.478.495		2.478.495
Sum	16.166.366		16.166.366
NRW Geological Services Agency			
Gezweiler opencast mine		22.438	22.438
Across all projects		215.127	215.127
Sum		237.565	237.565
NRW Roadworks Agency			
Gezweiler opencast mine		1.505.446	1.505.446
Sum		1.505.446	1,505,446
NEW GmbH			
Gezweiler opencast mine		1.712.903	1,712,903
Sum		1,712,903	1,712,903
Viersen Niers Authority			
Gezweiler opencast mine		184.066	184,066
Sum		184,066	184,066
SUBTOTAL	16.166.366	22.468.995	38.635.360

€	Network usage fees	Payments for infrastructure improvements	SUM
CARRYFORWARD	16.166.366	22.468.998	38.635.360
Rhine District of Neuss Across all projects		250.000	250.000
Sum		250.000	250.000
Rhenish-Westphalian Technical University of Aachen Across all projects		133.472	133.472
Sum		133.472	133.472
City of Erkelenz Garzweiler opencast mine		5.536.207	5.536.207
Sum		5.536.207	5.536.207
Kerpen Municipal Treasury Hambach opencast mine Gravelworks	312.173	351.567	351.567
Sum	312.173	367.137	669.311
Jülich Municipal Utility Hambach opencast mine		152.293	152.293
Sum		152.293	152.293
Aldenhoven Waterworks Hambach opencast mine		149.729	149.729
Sum		149.729	149.729
Eifel-Ruhr Water Association Inden opencast mine		553.320	553.320
Sum		553.320	553.320
Joint Cologne Peripheral Channel Association Across all projects		612.508	612.508
Sum		612.508	612.508
Garzweiler Opencast Mine Consequence(s) Association Garzweiler opencast mine		204.000	204.000
Sum		204.000	204.000
SUM TOTAL	16.478.539	30.419.861	46.898.201

Commentary on the payment report for Germany:

1. RWEP's opencast mine development work normally involves swapping assets – in particular land – with the municipalities located within the opencast mining area and with other state entities. If the value of the assets relinquished is below the value of the assets received, compensatory payments are made by RWEP to the corresponding state entities. These payments are included in the payment report, but the value of the relinquished assets is not, as they can be netted against the value of the assets received (cf. IDW comments 1/2017, note 84). In the 2018 reporting year, asset swaps involving compensatory payments exceeding those of the preceding year and other property transactions were the main reason for the year-on-year increase in payments to German authorities of approximately €9 million.
2. The usage fees paid to Landesamt für Natur, Umwelt und Verbraucherschutz Nordrhein Westfalen are water withdrawal fees paid by RWEP and RBS. 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. Reported payments to Zweckverband Tagebaufolge(n)landschaft Garzweiler include €154,000 in payments in kind primarily resulting from transfers of use. Payments in kind were valued on the basis of the costs incurred by RWEP to provide the payments in kind.
4. RWEP and RBS 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 RWEP and RBS 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 for the period from 1 January 2018 to 31 March 2018

€	Production payment claims	Taxes on income, production or profits of stock corporations	Network usage fees	SUM
Payments made in Hungarian forints converted to € at the average exchange rate for Q1 2018 (HUF 312.24/€)				
Magyar Bányászati Hivatal (Hungarian Mining Authority)				
Visonta opencast mine	292.992		200.354	493.347
Bükkábrány opencast mine	362.488		242.393	604.881
Sum	655.480		442.747	1.098.228
Baz Megyei Katasztfavédelmi (Baz District Disaster Control Agency)				
Visonta opencast mine			238.991	238.991
Bükkábrány opencast mine			133.343	133.343
Sum			372.334	372.334
Visonta Önkormányzat (Municipality of Visonta)				
Across all projects		295.755		295.755
Sum		295.755		295.755
Halmajugra Önkormányzat (Municipality of Halmajugra)				
Across all projects		647.901		647.901
Sum		647.901		647.901
Detk Önkormányzat (Municipality of Detk)				
Across all projects		273.488		273.488
Sum		273.488		273.488
Vatta Önkormányzat (Municipality of Vatta)				
Across all projects		175.389		175.389
Sum		175.389		175.389
Bükkábrány Önkormányzat (Municipality of Bükkábrány)				
Across all projects		218.864		218.864
Sum		218.864		218.864
Markaz Önkormányzat (Municipality of Markaz)				
Across all projects		125.705		125.705
Sum		125.705		125.705
Karácsond Önkormányzat (Municipality of Karácsond)				
Across all projects		79.615		79.615
Sum		79.615		79.615
Ludas Önkormányzat (Municipality of Ludas)				
Across all projects		66.208		66.208
Sum		66.208		66.208
Aldebrő Önkormányzat (Municipality of Aldebrő)				
Across all projects		210.443		210.443
Sum		210.443		210.443
SUM TOTAL	655.480	2.093.368	815.082	3.563.930

Commentary on the payment report for Hungary:

Some 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, 17 June 2019

The Executive Board



Schmitz



Krebber