

1.11 COMPENSATION REPORT

We believe that performance-oriented and transparent supervisory and management board compensation is a key element of good corporate governance. In this chapter, we have provided information on the structure and level of the compensation of the Supervisory Board and Executive Board of RWE AG. In addition to the requirements of German stock corporation and commercial law, we also consider the recommendations of the German Corporate Governance Code concerning the design and presentation of compensation systems.

Structure of Supervisory Board compensation

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 compensation of €300,000 per fiscal year. Their Deputy receives €200,000 per fiscal year. The other members of the Supervisory Board receive fixed compensation of €100,000 and additional remuneration for committee mandates according to the following rules.

Members of the Audit Committee receive additional remuneration of €40,000. This additional payment is increased to €80,000 for the Chair of this committee. With the exception of the Nomination Committee, the members and the Chairs of all the other Supervisory Board committees receive an additional €20,000 and €40,000 in compensation, 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. Compensation 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. 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 obligations to relinquish their pay, to use 25 % of the total compensation paid (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 donate their compensation met this self-imposed obligation for their compensation for 2016. For the new members elected to the Board in April 2017, this self-imposed obligation will apply to the compensation for fiscal 2017, which was paid out at the start of fiscal 2018.

Level of Supervisory Board compensation

In total, the remuneration of the Supervisory Board (including compensation for committee mandates at subsidiaries, but excluding out-of-pocket expenses) amounted to €3,637,000 in fiscal 2017 (previous year: €3,228,000). Of this sum, €459,000 (previous year: €442,000) was remuneration paid for mandates on committees of the Supervisory Board and

€877,000 (previous year: €482,000) was remuneration paid for mandates at subsidiaries. The rise in compensation for the exercise of mandates is due in part to the fact that certain individuals also belong to the Supervisory Board of innogy SE and that they only received prorated compensation for the exercise of this mandate in 2016.

The remuneration of all individuals who have served on the Supervisory Board in 2016 and/or 2017 is shown in the following table.

Supervisory Board compensation ¹	Fixed compensation		Compensation for committee offices		Compensation for mandates at subsidiaries ²		Total compensation ³	
	2017	2016	2017	2016	2017	2016	2017	2016
€ '000								
Dr. Werner Brandt, Chairman	300	240	-	24	300	130	600	393
Dr. Manfred Schneider, Chairman (until 20 April 2016)	-	91	-	-	-	-	-	91
Frank Bsirske, Deputy Chairman	200	200	-	-	200	86	400	286
Reiner Böhle	100	100	20	20	120	48	240	168
Sandra Bossemeyer	100	70	20	14	-	-	120	84
Dieter Faust (until 20 April 2016)	-	30	-	12	-	12	-	55
Ute Gerbaulet (since 27 April 2017)	68	-	-	-	-	-	68	-
Reinhold Gispert (since 27 April 2017)	68	-	26	-	14	-	108	-
Roger Graef (until 20 April 2016)	-	30	-	-	-	-	-	30
Arno Hahn (until 27 April 2017)	32	100	13	40	18	54	63	194
Andreas Henrich	100	70	-	-	-	-	100	70
Maria van der Hoeven (20 April 2016 until 14 October 2016)	-	49	-	-	-	12	-	61
Manfred Holz (until 20 April 2016)	-	30	-	6	-	6	-	42
Prof. Dr. Hans-Peter Keitel	100	100	20	20	-	-	120	120
Dr. h. c. Monika Kircher	100	21	-	-	-	-	100	21
Martina Koederitz (20 April 2016 until 27 April 2017)	32	70	-	-	38	33	71	103
Monika Krebber	100	70	20	14	67	-	187	84
Frithjof Kühn (until 20 April 2016)	-	30	-	6	-	-	-	36
Hans Peter Lafos (until 20 April 2016)	-	30	-	-	-	12	-	42
Harald Louis	100	70	20	14	40	-	160	84
Christine Merkamp (until 20 April 2016)	-	30	-	-	-	-	-	30
Dagmar Mühlendorf	100	100	20	20	-	-	120	120
Peter Ottmann	100	70	20	14	-	8	120	92
Günther Scharz	100	70	20	14	-	2	120	85
Dr. Erhard Schipporeit	100	70	80	56	-	-	180	126
Dagmar Schmeer (until 20 April 2016)	-	30	-	-	-	-	-	30
Prof. Dr.-Ing. Ekkehard D. Schulz (until 20 April 2016)	-	30	-	12	-	-	-	42
Dr. Wolfgang Schüssel	100	100	40	34	-	-	140	134
Ullrich Sierau	100	100	40	40	-	-	140	140
Ralf Sikorski	100	100	40	40	50	50	190	190
Marion Weckes	100	70	40	28	-	-	140	98
Dr. Dieter Zetsche (until 20 April 2016)	-	30	-	-	-	-	-	30
Leonhard Zubrowski	100	100	20	20	30	30	150	150
Total³	2,301	2,303	459	442	877	482	3,637	3,228

1 Supervisory Board members who joined or retired from the corporate body during the year receive prorated compensation.

2 Compensation 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 sums.

Structure of Executive Board compensation

Principles of Executive Board compensation. 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 compensation system described in the following has been applied since 1 October 2016. It ensures that remuneration reflects individual performance, company performance and the development of the RWE share over the long term.

Executive Board compensation is composed 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 compensation. In the financial year that just ended, Rolf Martin Schmitz, Markus Krebber and Uwe Tigges 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. Markus Krebber was appointed to the corporate body with effect from 1 October 2016 and has been in charge of finance since 15 October 2016. Uwe Tigges belonged to the Executive Board from 1 April 2013 to 30 April 2017. He was in charge of human resources and was the Labour Director. He resigned from his office in order to focus on his work on the Executive Board of innogy SE, which he joined on 1 April 2016. As of 1 May 2017, his tasks on the Executive Board of RWE AG were transferred to Rolf Martin Schmitz, who has since also been the company's Labour Director.

All of the members of the Executive Board entered into employment contracts based on the current compensation system with effect from 1 October 2016. Uwe Tigges, who belonged to the Executive Boards of RWE AG and innogy SE at the time, received his contract from innogy SE.

Non-performance-based Executive Board compensation

Fixed compensation and pension instalments. All Executive Board members receive a fixed salary, which is paid in twelve monthly instalments. As a second fixed compensation component, members of the Executive Board are entitled to a pension instalment for every year of service, which is determined on an individual basis. 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 between a one-time payment and 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. The vested retirement benefits acquired by Uwe Tigges were transferred from RWE AG to innogy SE upon termination of his employment contract.

A different rule applies to Rolf Martin Schmitz, who was appointed to the Executive Board before the pension instalments were introduced. He was granted a pension benefit, which remains.

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

Performance-based Executive Board compensation

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 adjusted EBIT and is determined as follows.

The Supervisory Board sets a target for adjusted EBIT at the beginning of every fiscal year. After the end of the fiscal year, the actual level of adjusted EBIT achieved is compared with the target figure. If the figures are identical, the target achievement is 100%. In this case, the company bonus equals the contractually agreed baseline bonus. If adjusted EBIT is more or less than the established target, target achievement increases or decreases by a factor of 2.5. If adjusted EBIT is exactly 120% of the target figure, the target achievement amounts to 150%. The latter figure is also the cap, which cannot be exceeded even if adjusted EBIT is higher. The lower limit is reached if adjusted EBIT is exactly 80% of the target figure. In this case, the target achievement for the company bonus amounts to 50%. If the EBIT figure is lower than the 80% threshold, no company bonus is paid out.

The performance of individual Executive Board members is considered by multiplying the company bonus by a performance factor. It may vary between 0.8 and 1.2. The value achieved depends on the following criteria, each of which is weighted by one-third: (1) achievement of the individual targets, (2) collective performance of the Executive Board, and (3) performance in corporate responsibility (CR) and employee motivation. Success in CR depends on the achievement of environmental and social goals and is documented in our sustainability reporting. Employee motivation is measured with a motivation index, which is based on anonymous surveys of employee commitment and satisfaction.

After the end of every financial year, the Supervisory Board evaluates the individual performance of the Executive Board members relative to the above three criteria 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 share-based payment according to RWE AG's Strategic Performance Plan (SPP). The SPP rewards the achievement of long-term goals. The key determinants of its success are the level of adjusted net income and the performance of the RWE common share (return on share price development and dividend) over a period of several years. By linking compensation to the development of the share price over the long term, the SPP motivates the Executive Board to consider the interests of the company's owners when taking decisions.

The SPP is based on conditionally granted performance shares. Performance shares are granted as of 1 January of every fiscal year. The SPP's conditions envisage a transitional tranche in fiscal 2016 (year of introduction) and three more regular tranches for 2017, 2018 and 2019. The Executive Board members receive a grant letter for each tranche. The – preliminary – number of performance shares is calculated based on the gross grant amount mentioned in the grant letter by dividing the grant amount by the average closing quotation of the RWE share on the last 30 days of trading on Xetra before the grant.

The granted performance shares have a term of four years (vesting period). After the end of the first year, the number of fully granted performance shares is determined. It depends on the adjusted net income achieved by the RWE Group for the year. The actual figure is compared to a pre-defined target figure. Determining this target figure is the responsibility of the Supervisory Board, which orientates itself towards the approved medium-term plan in doing so. If the target figure is achieved exactly, 100% of the conditionally granted performance shares of the tranche is fully allocated. If the target figure is exceeded, the final grant is more than 100% and vice-versa. Similar to determining the company bonus, there is an upper limit and a lower limit. If adjusted net income reaches or exceeds the upper threshold, 150% of the conditionally granted performance shares is fully vested. If it is at the lower threshold, the final grant amounts to 50%. If the actual figure is lower than the threshold, all of the conditionally granted performance shares from the tranche lapse. This means that the final number of performance shares can vary from 0% to 150% of the conditionally granted performance shares.

The fully vested performance shares are fully paid out in cash to the member of the Executive Board 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 finalised number of performance shares multiplied by the average closing quotation of the RWE share of the last 30 days of trading on Xetra before the end of the vesting period added to the cumulative dividend paid during the holding period. However, a cap applies in this case as well: even in the event of 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 obligated 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.

Upon introduction of the SPP in October 2016, the Executive Board members were granted share-based payments retroactively and in full for 2016, the transitional year. With regard to the introductory 2016 tranche, the final number of performance shares depends on the level of adjusted net income in 2017 and its relation to the target figure for 2017. This solution was chosen because, upon being granted in October 2016, it no longer made sense to establish a 2016 target figure for adjusted net income.

In 2016, the Supervisory Board established target figures for adjusted net income for the planned SPP tranches (2016 to 2019). As part of this, the aforementioned upper and lower thresholds were also determined. The Supervisory Board is only able to subsequently adjust these figures to a very limited degree and only in predefined situations, in order to be able to take into account the effects of capital measures, acquisitions, disposals or regulatory changes which were not known or foreseeable when the target figures were determined. RWE AG therefore complies with the recommendations of the German Corporate Governance Code (GCGC), in that – as a rule – changes to the performance targets or comparison parameters should not be subsequently made.

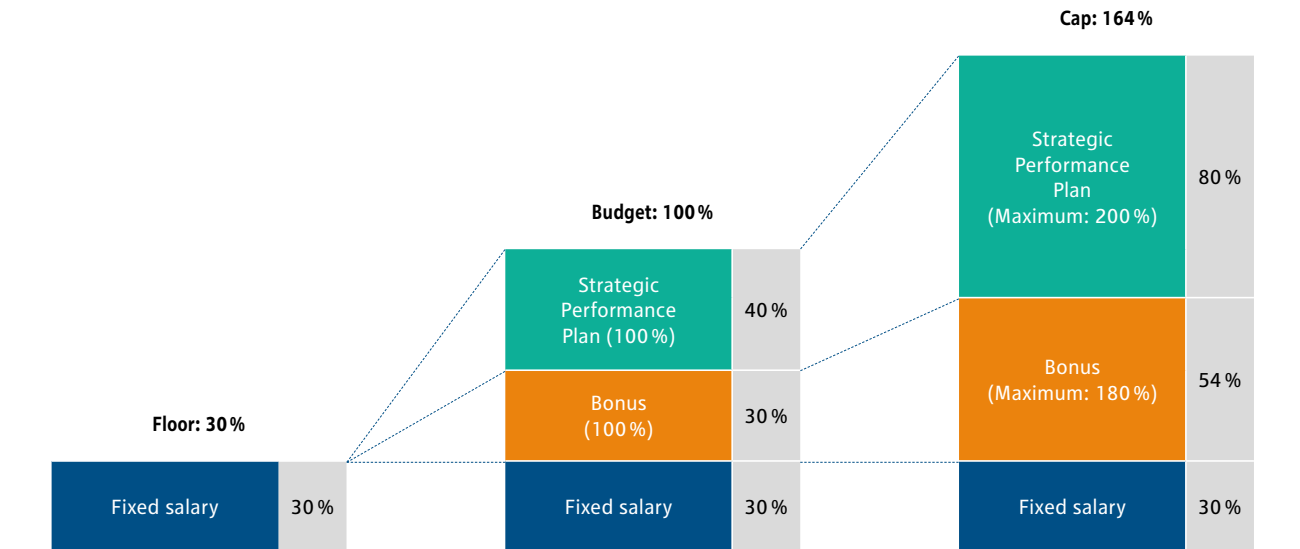
The performance shares remain unaffected after an Executive Board member leaves the body at the end of his or her contract and are paid out as planned at the end of the four-year vesting period. If an Executive Board member voluntarily leaves the company early or is dismissed with good cause, all performance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

Compensation 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.

Shares of total compensation accounted for by the individual components. 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 compensation, i.e. the bonus. As a long-term compensation component, the SPP accounts for about 40 % of total remuneration.

Limitation of Executive Board compensation. 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 (0.8 to 1.2), 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. Based on the above maximum values, a cap can also be derived for the total compensation (see the diagram overleaf).

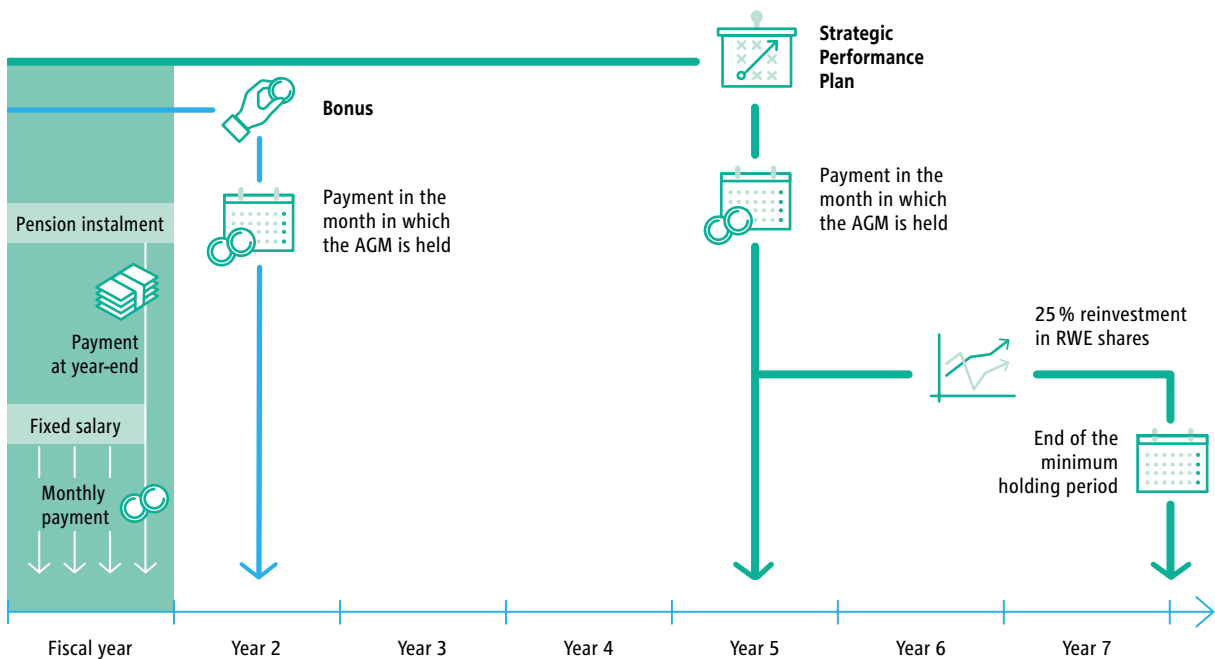
Range of Executive Board compensation



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 four-year 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 liquidate 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 compensation 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 2017, 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 60, permanent disability, early termination or non-extension of the employment contract by the company. In the event of death, surviving dependants are entitled to the 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 in corporate 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,

Level of Executive Board compensation

The following section presents the compensation granted to the Executive Board members of RWE AG for their work in fiscal 2017. It was calculated in compliance with the rules set out in the German Commercial Code.

Total compensation for fiscal 2017. Pursuant to the calculation regulations of the German Commercial Code, the total compensation of the Executive Board for fiscal 2017 amounted to €7,274,000. This includes sums received by Uwe Tigges through to 30 April 2017 for his dual offices on the Executive Board of RWE AG and innogy SE. These emoluments were paid by innogy SE and were refunded by RWE AG on a prorated basis. Total compensation in 2016 amounted to €15,486,000. This figure includes the sums received by Peter Terium and Bernhard Günther until they resigned from the Executive Board of RWE AG on 14 October 2016.

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 contracts, Executive Board members receive a one-off payment equalling the compensation due until the end of the term of their contract: this amount will not be higher than three times their total contractual annual compensation. The share-based payments under the SPP are not considered here.

In the event of a change of control, all of the fully vested 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 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 including fringe benefits is made (severance cap).

Level of individual compensation components. In 2017, non-performance-based components, i.e. the fixed salary of the Executive Board members, fringe benefits and the pension instalment, amounted to €2,342,000 (previous year: €4,471,000). Pursuant to the German Commercial Code, the annual service cost of the pension commitment to Rolf Martin Schmitz is not recognised as compensation, as opposed to the pension instalment of €255,000 paid to Markus Krebber (previous year: a prorated €64,000). The pension instalment of €85,000 paid to Uwe Tigges for the period ending on 30 April 2017 is included in this figure (previous year: €255,000 for the full year).

In 2017, performance-based components, consisting of the Executive Board members' bonuses and grants under the SPP, amounted to a total of €4,932,000 (previous year: €11,015,000). This and the following figures for 2017

consider the prorated compensation of Uwe Tigges until his resignation. Accordingly, the prior-year figures also include the compensation paid to Peter Terium and Bernhard Günther until their resignation. Of the performance-based components of the Executive Board members, €2,365,000 (previous year: €4,115,000) was attributable to the bonus for fiscal 2017 paid directly and €2,567,000 (previous year: €2,987,000) to the allocation of performance shares under the SPP.

As set out on page 66, the level of the bonus largely depends on adjusted EBIT. For fiscal 2017, the Supervisory Board had set a target of €3,573 million (100% target achievement) and a cap of €4,288 million (150% target achievement).

Including adjustments, this resulted in an actual figure of €3,676 million. Accordingly, the degree to which the target was achieved was 107%. In calculating the actual figure, adjustments were made in order to account for structural differences between actual and target figures. These differences result in particular from impairments or unscheduled special items (e. g. sales proceeds).

The following table summarises the short-term remuneration paid in accordance with the German Commercial Code for fiscal 2017.

Short-term Executive Board compensation ¹	Dr. Rolf Martin Schmitz		Dr. Markus Krebber		Uwe Tigges		Peter Terium		Dr. Bernhard Günther		Total	
			since 1 Oct 2016		until 30 Apr 2017		until 14 Oct 2016		until 14 Oct 2016			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
€ '000												
Non-performance-based compensation												
Fixed compensation	960	960	750	188	250	750	-	1,050	-	563	1,960	3,511
Fringe benefits (company car, accident insurance)	15	19	20	4	7	20	-	23	-	24	42	90
Other payments (pension instalments)	-	-	255	64	85	255	-	360	-	191	340	870
Total	975	979	1,025	256	342	1,025	-	1,433	-	778	2,342	4,471
Performance-based compensation												
Direct bonus payment	1,168	962	643	133	213	861	-	1,224	-	635	2,024	3,815
Compensation for mandates ²	138	150	203	78	-	20	-	27	-	25	341	300
Bonus	1,306	1,112	846	211	213	881	-	1,251	-	660	2,365	4,115
Total	2,281	2,091	1,871	467	555	1,906	-	2,684	-	1,438	4,707	8,586

1 The table is based on the Group perspective. The figures include all the emoluments received by Uwe Tigges, Peter Terium and Bernhard Günther for their work on the Executive Boards of RWE AG and innogy SE until they resigned from the Executive Board of RWE AG. Pursuant to the German Commercial Code, RWE AG may only state in its separate financial statements the partial amounts that are allocable to it in economic terms. Only Uwe Tigges worked for both companies in fiscal 2017. In the separate financial statements of RWE AG, he is allocated non-performance-based compensation of €171,000 and performance-based compensation of €107,000.

2 In 2017, the compensation for exercising intragroup supervisory board offices was fully set off against the bonus.

Share-based payment according to the Strategic

Performance Plan. In fiscal 2017, Rolf Martin Schmitz and Markus Krebber were granted performance shares under the SPP of RWE AG, whereas Uwe Tigges received performance shares under the SPP of innogy, which has a similar structure. The following overview shows the volume of performance shares issued. The main factor in determining the ratio of the number of performance shares granted on a preliminary basis to the final number of performance shares granted was the adjusted net income of the RWE Group in fiscal 2017. The Supervisory Board established an actual figure of

€806 million for this. The amount differs from the figure mentioned on page 48 (€1,232 million) because more adjustments were necessary, as required by the SPP conditions. These adjustments are the same as the ones made to calculate the actual figure for adjusted EBIT (see above). Based on a target of €686 million (grant of 100%) and a cap of €1,086 million (grant of 150%) the final grant amounts to 115% of the performance shares granted on a preliminary basis. The allocation ratio for Uwe Tigges was aligned to innogy's adjusted net income and was 88% in 2017.

Long-term incentive payment ¹ Strategic Performance Plan		Dr. Rolf Martin Schmitz		Dr. Markus Krebber since 1 Oct 2016		Uwe Tigges until 30 Apr 2017	
Tranche	Year	2017	2016	2017	2016	2017	2016
Company		RWE AG	RWE AG	RWE AG	RWE AG	innogy SE	innogy SE
Grant date		1 Jan 2017	1 Jan 2016	1 Jan 2017	1 Jan 2016	1 Jan 2017	1 Jan 2016
Fair value at grant date	€ '000	1,250	769	988	247	329	706
Share price (average)	€	11.62	13.78	11.62	13.78	32.07	37.13
Number of performance shares allocated on a provisional basis		107,573	55,787	84,983	17,915	10,264	19,021
Measurement date of performance conditions		31 Dec 2017	31 Dec 2017	31 Dec 2017	31 Dec 2017	31 Dec 2017	31 Dec 2017
Target achievement in relation to adjusted net income	%	115	115	115	115	88	88
Final number of fully granted performance shares		123,709	64,155	97,730	20,602	9,032	16,738
End of the vesting period		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019

1 From the Group perspective, the compensation stated for Uwe Tigges under the SPP of innogy SE is share-based. In accordance with the German Commercial Code, the separate financial statements of RWE AG are based on a different perspective: as the payment depends on the innogy share instead of on the development of the RWE share, the SPP compensation received by UWE Tigges is classified as non-share-based and is only included in total remuneration once the payment conditions are met.

The table below shows the level of provisions formed for share-based payment obligations under the SPP.

Addition of provisions for long-term share-based incentive payments € '000		2017	2016
Dr. Rolf Martin Schmitz		592	141
Dr. Markus Krebber	since 1 October 2016	393	46
Uwe Tigges	until 30 April 2017	124	134
Peter Terium	until 14 October 2016	-	143
Dr. Bernhard Günther	until 14 October 2016	-	82
Total		1,109	546

Obligations under the former pension scheme. The service cost of pension obligations to Rolf Martin Schmitz amounted to €538,000 in 2017 (previous year: €229,000). This is not a compensation 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 International Financial Reporting Standards (IFRS) amounted to €12,391,000 (previous year: €13,923,000). The value of the pension obligation determined according to the German Commercial Code totalled €9,287,000 (previous year: €9,894,000). The pension obligation for 2017 decreased by €607,000 (previous year: increase of €435,000).

Based on the emoluments qualifying for a pension as of 31 December 2017, the projected annual pension of Rolf Martin Schmitz on retiring from the company as of the expiry of his appointment amounts to €556,000 (previous year: €484,000). This includes vested pension benefits due from former employers transferred to RWE AG.

Recommendations of the German Corporate Governance Code

According to the version of the German Corporate Governance Code (GCGC) published on 7 February 2017, 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 under German commercial law, according to the GCGC the annual service cost of pension benefits is also part of total compensation.

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 not relevant that no payment actually took place during the year in question. 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 one-year Executive Board bonuses are stated in the reporting year in the benefits granted table.

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

Benefits granted	Dr. Rolf Martin Schmitz since 1 May 2009, Chief Executive Officer since 15 Oct 2016				Dr. Markus Krebber since 1 Oct 2016, Chief Financial Officer since 15 Oct 2016			
	2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)
€ '000								
Fixed compensation	960	960	960	960	188	750	750	750
Pension instalment	-	-	-	-	64	255	255	255
Fringe benefits	19	15	15	15	4	20	20	20
Total fixed compensation	979	975	975	975	256	1,025	1,025	1,025
One-year variable compensation	900	1,100	0	1,980	178	713	0	1,283
Bonus	900	1,100	0	1,980	178	713	0	1,283
Multi-year variable compensation	769	1,250	0	2,500	247	988	0	1,975
SPP 2016 tranche ¹ (term: 2016-2019)	769	-	-	-	247	-	-	-
SPP 2017 tranche (term: 2017-2020)	-	1,250	0	2,500	-	988	0	1,975
Total variable compensation	1,669	2,350	0	4,480	425	1,701	0	3,258
Total	2,648	3,325	975	5,455	681	2,726	1,025	4,283
Service cost	229	538	538	538	-	-	-	-
Total compensation	2,877	3,863	1,513	5,993	681	2,726	1,025	4,283

¹ The grant contains the contractual bonus retention for the period up to 30 September 2016, which was transferred to the 2016 tranche of the SPP on this one occasion.

Benefits granted	Uwe Tigges Chief HR Officer/Labour Director until 30 Apr 2017			
	2016	2017	2017 (Min)	2017 (Max)
€ '000				
Fixed compensation	750	250	250	250
Pension instalment	255	85	85	85
Fringe benefits	20	7	7	7
Total fixed compensation	1,025	342	342	342
One-year variable compensation	713	238	0	428
Bonus	713	238	0	428
Multi-year variable compensation	706	329	0	658
SPP 2016 tranche ¹ (term: 2016–2019)	706	-	-	-
SPP 2017 tranche (term: 2017–2020)	-	329	0	658
Total variable compensation	1,419	567	0	1,086
Total	2,444	909	342	1,428
Service cost	-	-	-	-
Total compensation	2,444	909	342	1,428

1 The grant contains the contractual bonus retention for the period up to 30 September 2016, which was transferred to the 2016 tranche of the SPP on this one occasion.

Benefits received	Dr. Rolf Martin Schmitz since 1 May 2009, Chief Executive Officer since 15 Oct 2016		Dr. Markus Krebber since 1 Oct 2016, Chief Financial Officer since 15 Oct 2016		Uwe Tigges Chief HR Officer/ Labour Director until 30 Apr 2017	
	2017	2016	2017	2016	2017	2016
€ '000						
Fixed compensation	960	960	750	188	250	750
Pension instalment	-	-	255	64	85	255
Fringe benefits	15	19	20	4	7	20
Total fixed compensation	975	979	1,025	256	342	1,025
One-year variable compensation	1,306	1,112	846	211	213	881
Bonus ¹	1,306	1,112	846	211	213	881
Multi-year variable compensation	0	947	0	0	0	723
Bonus retention 2013–2015 (released)	-	947	-	-	-	723
SPP 2016 tranche (term: 2016–2019)	0	0	0	0	0	0
SPP 2017 tranche (term: 2017–2020)	0	-	0	0	0	0
Total variable compensation	1,306	2,059	846	211	213	1,604
Total	2,281	3,038	1,871	467	555	2,629
Service cost	538	229	-	-	-	-
Total compensation	2,819	3,267	1,871	467	555	2,629

1 The bonus includes compensation for exercising intragroup supervisory board offices; also see the table 'Short-term Executive Board compensation' on page 70.