

## 1.11 Compensation report

We believe that the transparent reporting of Supervisory and Executive Board compensation is a key element of good corporate governance. In this chapter, we provide information on the principles of innogy SE's compensation system, as well as its structure and benefits. The 2017 compensation report adheres to all statutory regulations and complies in full with the recommendations of the German Corporate Governance Code.

### Structure of Supervisory Board compensation

The remuneration of the Supervisory Board is governed by the provisions of the Articles of Incorporation of innogy SE. The Chairman and the Deputy Chairman of the Supervisory Board receive fixed compensation of €300,000 and €200,000 per fiscal year, respectively. The compensation of the other members of the Supervisory Board consists of the fixed compensation of €100,000 per fiscal year and an additional compensation for committee mandates according to the rules below:

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 only part of a fiscal year.

In addition to the remuneration paid, out-of-pocket expenses are refunded to the members of the Supervisory Board. Certain members also receive income from the exercise of Supervisory Board mandates at subsidiaries of innogy SE.

The members of innogy SE's Supervisory Board imposed on themselves the obligation to spend 25% of the total compensation paid (before taxes), subject to any obligations to relinquish any portion of their pay, on the purchase of innogy shares and to hold such shares for the duration of their membership in the Supervisory Board.

### Level of Supervisory Board compensation

In total, the emoluments of the Supervisory Board (including compensation for committee mandates and mandates exercised at subsidiaries) amounted to €2,805,000 in fiscal 2017 (previous year, on a prorated basis only: €985,000). Of this sum, €480,000 represented remuneration paid for mandates on committees of the Supervisory Board (previous year: €141,000) and €28,000 related to compensation paid for mandates exercised at subsidiaries (previous year: €19,000).

The total remuneration of the persons who served on the Supervisory Board in 2017 and the compensation included for mandates exercised on Supervisory Board committees is shown in the table below. Compensation for fiscal 2016, which is also presented here, was paid for the period starting from 27 July 2016.

Supervisory Board compensation <sup>1,2,3</sup>	Fixed compensation		Compensation for committee offices		Compensation for offices held at subsidiaries		Total compensation <sup>2</sup>	
	2017	2016	2017	2016	2017	2016	2017	2016
€ '000								
Dr. Werner Brandt (Chairman)	300	130					300	130
Frank Bsirske (Deputy Chairman)	200	86					200	86
Reiner Böhle	100	33	20	7			120	40
Ulrich Grillo	100	33	20	7			120	40
Arno Hahn (until 31 May 2017) <sup>4</sup>	41	33	15	13			56	47
Maria van der Hoeven	100	33					100	33
Michael Kleinemeier	100	33	20	7			120	40
Martina Koederitz	100	33	20				120	33
Dr. Markus Krebber	100	33	40	13			140	47
Monika Krebber (since 9 June 2017) <sup>5</sup>	56		11				67	
Hans Peter Lafos	100	33	20	7		13	120	53
Robert Leyland	100	33	20	7			120	40
Meike Neuhaus	100	33					100	33
Dr. Rolf Pohl	100	33	80	27			180	60
René Pöhls	100	33	40	13	17	6	157	53
Pascal van Rijsewijk <sup>6</sup>	100	33	34	7			134	40
Gabriele Sassenberg	100	33	40	13			140	47
Dr. Dieter Steinkamp	100	33	20		11		131	33
Marc Tüngler	100	43	20	7			120	50
Šárka Vojíková	100	33	20				120	33
Deborah Wilkens	100	33	40	13			140	47
<b>Total</b>	<b>2,297</b>	<b>820</b>	<b>480</b>	<b>141</b>	<b>28</b>	<b>19</b>	<b>2,805</b>	<b>985</b>

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

2 The commercial rounding of certain prior-year figures for fixed and committee compensation can result in the sum of the rounded figures deviating from the rounded total emoluments.

3 Compensation for fiscal 2016 was only paid for the period starting from 27 July 2016.

4 Member of the Audit Committee until 24 April 2017; member of the Strategy Committee until 31 May 2017.

5 Member of the Strategy Committee since 19 June 2017.

6 Member of the Executive Committee since 1 January 2017; member of the Audit Committee since 24 April 2017.

## Structure of Executive Board compensation

**Compensation system.** innogy SE's Supervisory Board has adopted a compensation system for the members of the Executive Board which is closely linked to business performance and the long-term development of innogy

shares. The structure and level of the Executive Board's compensation are determined by the Supervisory Board of innogy SE and reviewed on a regular basis to determine whether they are appropriate and in line with the market.

**Composition of the Executive Board.** The Executive Board of innogy SE has six members.

Peter Terium	Uwe Tigges	Dr. Bernhard Günther	Dr. Hans Bünting	Martin Herrmann	Hildegard Müller
Chief Executive Officer 1 Apr 2016 to 19 Dec 2017	Chief Executive Officer since 19 Dec 2017  Chief Human Resources Officer since 1 Apr 2016  Labour Director since 15 Feb 2017	Chief Financial Officer since 1 Apr 2016	Chief Operating Officer Renewables since 1 Apr 2016	Chief Operating Officer Retail since 1 Apr 2016	Chief Operating Officer Grid & Infrastructure since 1 May 2016

When innogy SE started operating on 1 April 2016, Peter Terium, Dr. Bernhard Günther and Uwe Tigges were appointed as the company's Executive Board members. Starting from that date, Peter Terium took over as Chief Executive Officer and Dr. Bernhard Günther as Chief Financial Officer of innogy SE. Uwe Tigges is responsible for Human Resources and has been the company's Labour Director since 15 February 2017. Up until 30 April 2017, he was also the Chief Human Resources Officer and Labour Director of RWE AG. For the period when Uwe Tigges was a member of the Executive Boards of both companies, his remuneration was divided proportionately between innogy SE and RWE AG.

Dr. Hans Bünting and Martin Herrmann were also appointed members of the Executive Board of innogy SE with effect from 1 April 2016. Hildegard Müller has been a member of innogy SE's Executive Board since 1 May 2016.

Peter Terium left the company on 19 December 2017. The Supervisory Board of innogy SE approved a mutual agreement on the termination of his mandate as Chief Executive Officer. Upon preparation of the 2017 financial

statements for innogy SE, the conditions for the early termination of Mr. Terium's employment contract had still not yet been finalised as the parties continue to work towards concluding a mutual agreement. For this reason, a risk provision was recognised in the financial statements. Until the appointment of a replacement for Peter Terium, Uwe Tigges has been appointed as innogy SE's Chief Executive Officer.

### Employment contracts of the Executive Board.

Employment contracts based on the compensation system approved by the Supervisory Board were concluded with all members of the Executive Board. The structure and components of the compensation system are set out in detail below.

**Principles of the compensation model.** The remuneration of the Executive Board is composed of non-performance-based and performance-based components: the former consists of a fixed salary, the pension installment as well as non-cash compensation and other remuneration. The performance-based components are a one-year bonus and a share-based payment in accordance with the Strategic Performance Plan (SPP), which is a long-term compensation component.

## Non-performance-based compensation of the Executive Board

**Fixed compensation and pension installments.** All Executive Board members receive a fixed salary, which is paid in twelve monthly installments. They are entitled to a contractually defined pension payment for every year of service, as the second fixed compensation component. They can choose whether the sum 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. innogy 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 63. The Executive Board members can choose between a one-time payment and a maximum of nine installments. Executive Board members

and their surviving dependants do not receive any further benefits. Insofar as Executive Board members have already accrued a pension commitment and retirement benefits as part of their previous work in the Group, the vested benefits from the corporate pension plan remain unaffected. The retirement benefits of the Executive Board members from earlier activities were transferred from the Group company involved to innogy SE.

**Non-cash compensation and other remuneration.** Non-cash compensation and other remuneration primarily consist of the use of a company car and accident insurance premiums.

## Performance-based compensation of the Executive Board

**Bonus.** Executive Board members receive a bonus, which is based on innogy's business performance and the degree to which they achieve the individual and 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. At the start of each fiscal year, the Supervisory Board sets a target figure for adjusted EBIT. 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 exceeds or undershoots 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 for the company bonus 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 this 80% threshold, no company bonus is paid out to the Executive

Board members. Depending on the level of adjusted EBIT achieved, the company bonus paid can be between 0% and 150% of the baseline bonus amount.

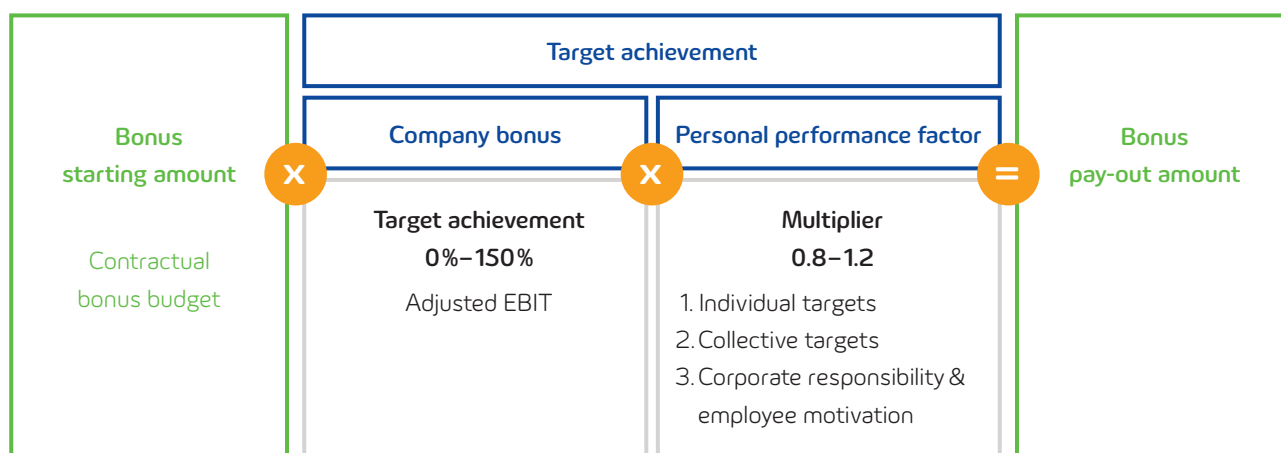
The personal performance of Executive Board members is considered by multiplying the company bonus by a performance factor, which can range between 0.8 and 1.2. The value achieved depends on the following criteria, each of which is weighted by one-third: (1) achievement of the individually agreed targets, (2) collective performance of the Executive Board, and (3) performance in the fields of corporate responsibility (CR) and employee motivation.

Success in the field of CR depends on the achievement of environmental and social goals. These indicators are documented in our sustainability report ([www.innogy.com/responsibility](http://www.innogy.com/responsibility)), along with other sustainability indicators. Employee motivation is measured with a motivation index, which is based on anonymous surveys of employee commitment and satisfaction.

After the end of the financial year, the Supervisory Board evaluates the individual performance of the Executive Board members relative to the above three criteria and determines their personal performance factor. In doing so, it follows the

binding goals and targets which it set at the start 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.

### Schematic presentation of the bonus



### Share-based payment of the Executive Board

**Strategic Performance Plan.** innogy SE’s corporate strategy focuses on increasing the value of the enterprise over the long term. In line with this, Executive Board members are granted share-based payment according to innogy SE’s Strategic Performance Plan (SPP). The SPP links the compensation of Executive Board members to the development of innogy’s share price and rewards the achievement of long-term goals. The key determinants for the success of the SPP are adjusted net income and the performance of the innogy common share (return from share price development and dividend) over a period of several years.

**Overview of the SPP.** The SPP’s conditions envisage a total of four tranches: a transitional tranche in fiscal 2016 and three more regular tranches for 2017, 2018 and 2019. The SPP is based on conditionally granted performance shares, which are granted on 1 January of each financial year and have a vesting period of four years. The Supervisory Board is responsible for determining the target figures relevant for measuring performance. Upon introducing the SPP, the Supervisory Board already defined the target figures for adjusted net income for all of the planned tranches of the SPP; these figures take innogy SE’s approved medium-term planning as a guideline.

**SPP timeline.** As the first step, the Executive Board members receive a grant letter for each tranche at the start of the fiscal year. Based on the gross grant amount in the letter, the (conditional) number of performance shares is determined. This is done by dividing the grant amount by the average closing innogy share price in the last 30 days of trading on Xetra ahead of the grant.

As the second step, after the end of the first year, the number of fully vested performance shares is determined. This number depends on the adjusted net income achieved by the innogy Group for the year. The actual figure is compared to the target figure previously established for the tranche by the Supervisory Board. If the target figure is achieved exactly, 100% of the conditionally allocated performance shares of the tranche is fully vested. 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.

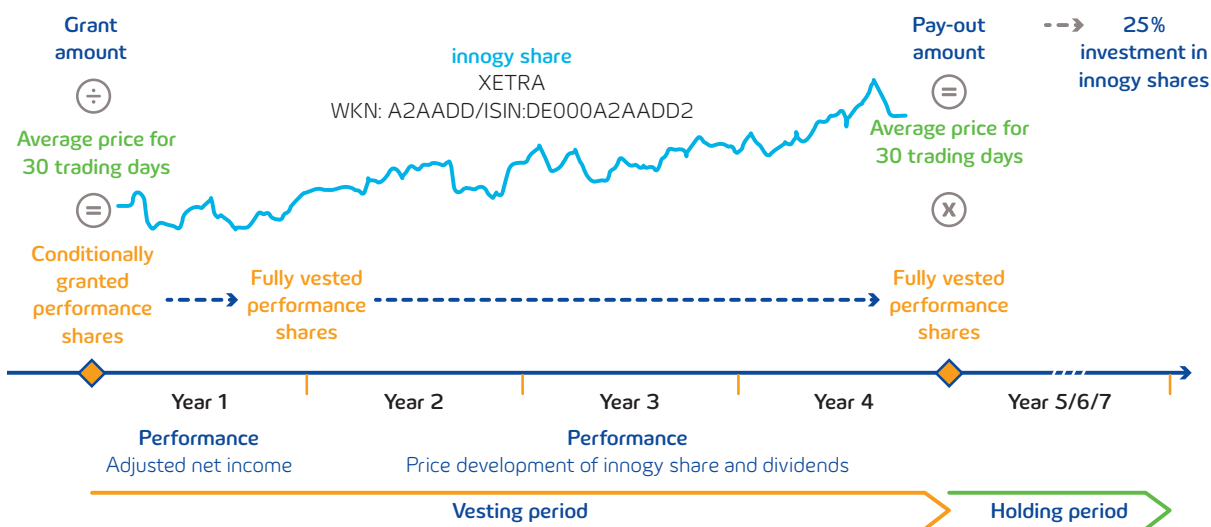
If adjusted net income reaches or exceeds the upper threshold of 135% of the target figure, 150% of the conditionally granted performance shares are fully vested. If it is at the lower threshold of 65% of the target figure, the final grant amounts to 50%. If the actual figure is lower than

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.

After the end of the four-year vesting period, in a third step the fully vested performance shares are fully paid out in cash to the member of the Executive Board. The payment depends on how the innogy share price has performed. It is calculated by multiplying the fully vested performance shares by innogy's average closing price over the last 30 days of trading on Xetra before the end of the vesting period. Cumulated dividends paid since the full vesting of the performance shares are also taken into account. However, a cap applies in this case as well: even in the case of extremely good share performance, the payment is limited to a maximum of 200% of the initial gross grant amount.

In the fourth step, the members of the Executive Board are obligated to reinvest 25% of the payment amount (after taxes) in innogy shares. The shares acquired must be held until at least the end of the third year after the conclusion of the four-year vesting period.

### Schematic presentation of the SPP



**Introductory tranche.** Upon introduction of the SPP in October 2016, the Executive Board members were granted share-based compensation retroactively in full for the entire year, based on the new SPP. 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.

**SPP performance targets.** In 2016, the Supervisory Board already established the long-term performance targets for all of the planned tranches (2016–2019) and the SPP target figures for adjusted net income. 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 pre-defined situations, in order to be able to take into account the effects of capital measures, acquisitions, disposals or changes in discount rates for non-

current provisions, which were not known or foreseeable at the time when the target figures were determined. innogy SE thus 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.

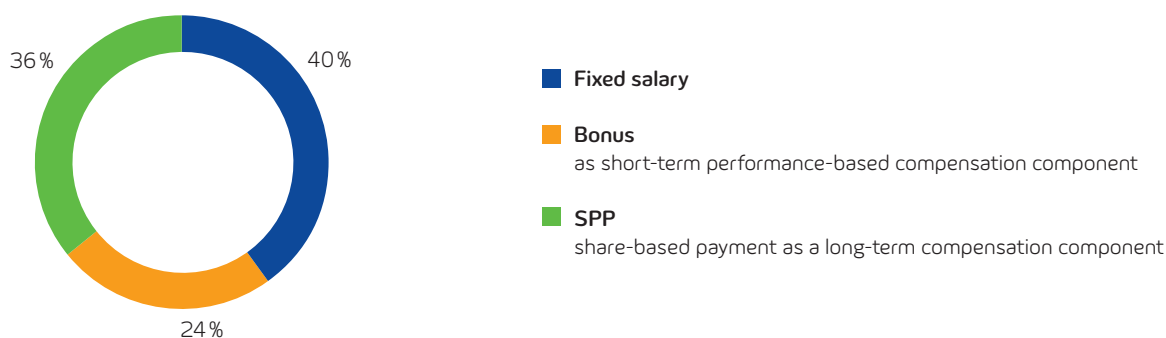
**Termination and demerit rules.** The performance shares remain unaffected after Executive Board members leave the body at the end of their contract and are paid out as planned at the end of the four-year vesting period. If Executive Board members voluntarily leave the company early or are dismissed 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.

## Composition, limitation and payment of Executive Board compensation

**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% for a fiscal year, the compensation structure roughly breaks down as follows.

As a non-performance-based compensation component, the base salary accounts for around 40% of total compensation. Approximately 24% was allocable to short-term variable remuneration, i.e. bonuses paid directly after the completion of one fiscal year. The SPP's long-term compensation component accounts for roughly 36% of total compensation.

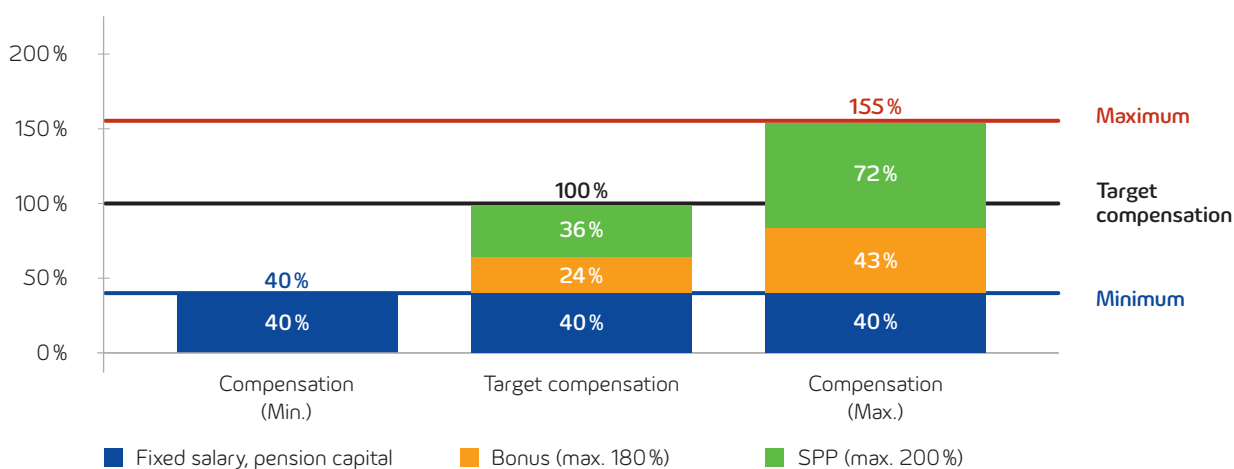
### Overview of compensation components



**Limitation of Executive Board compensation.** The amounts of long-term compensation components are limited. The company bonus amounts to a maximum of 150% of the contractually agreed bonus budget. By multiplying this by the individual performance factor (0.8 to 1.2), it is possible to reach a maximum of 180% of the

contractually agreed bonus budgets. With regard to share-based payment under the SPP, pay-out of the performance shares after the completion of the vesting period is limited to a maximum of 200% of the budgeted grant. Based on the above maximum values, a cap can also be derived for the total compensation (see the following overview).

### Executive Board compensation – minimum and maximum

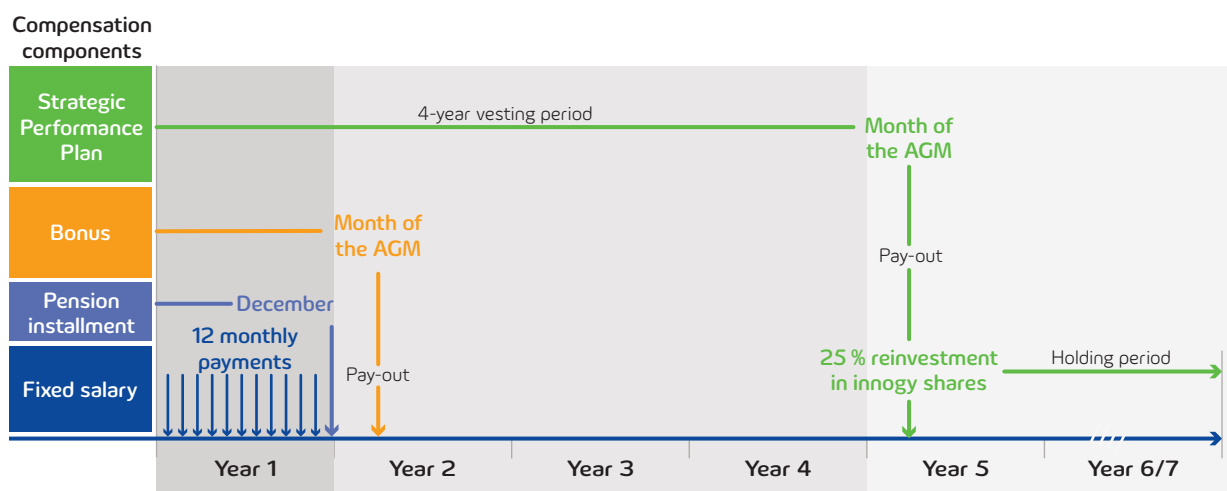


**Payment dates.** Executive Board members receive the fixed salary in twelve monthly installments. The pension installment is paid out at the end of the year, insofar as it is not transformed into a pension commitment. After the fiscal year, the Supervisory Board determines the target achievement for the company bonus and the individual performance factor. The bonus is paid in the month of the Annual General Meeting which approves the financial statements of innogy SE. After the end of the four-year

vesting period, the performance shares from the SPP are paid out, during the month of the ordinary Annual General Meeting held in the following year. As explained above, Executive Board members must invest 25% of the payment in innogy common shares and must hold these shares until three additional years have passed after 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.



## Payment dates



## Additional compensation components of the Executive Board

**Compensation for exercising mandates.** Executive Board members are paid for exercising supervisory board mandates at affiliates. This income is deducted from the aforementioned bonuses of the Executive Board members and therefore does not increase the total remuneration.

**End of tenure benefits.** Under certain conditions, Executive Board members also receive benefits from innogy when they retire from the Executive Board. These benefits are described below.

**Pension scheme.** As described above, all members of innogy SE's Executive Board are entitled to a pension payment for each year of service. Executive Board members and their surviving dependants do not receive any further benefits from innogy. Insofar as pension commitments were made based on earlier activities in the Group, these are suspended and remain unaffected. The vested retirement benefits from earlier activities acquired by Peter Terium, Dr. Bernhard Günther and Uwe Tigges were transferred to innogy SE upon termination of their employment contracts with RWE AG. An agreement was also signed with Martin Herrmann to transfer his vested retirement benefits from

earlier activities to innogy SE. The vested retirement benefits of Dr. Hans Bünting were transferred in 2016, when RWE Innogy GmbH was folded into innogy SE.

**Change in corporate control/merger.** 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 retire 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, 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 innogy SE. Upon termination of their employment contracts, Executive Board members receive a one-off payment equalling the

compensation due until the end of the duration of their contract. This amount shall 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 conditionally granted under the SPP on a preliminary basis lapse on the date of the change of control.

**Early termination and severance cap.** In accordance with a recommendation of the GCGC, the employment contracts of the Executive Board include an agreement that if a member's mandate is terminated early without due cause, a severance payment is made, which amounts to no more than the claims for the remainder of the employment contract, but is limited to the value of two years of total annual compensation, including fringe benefits (severance cap).

## Performance criteria and goals of the Executive Board in fiscal 2017

The bonus payments of Executive Board members and the number and value of the performance shares granted under the SPP are determined on the basis of targets and criteria defined and established by the Supervisory Board. The

targets and target figures for the Executive Board members are listed for the past fiscal year and the degree to which these targets were achieved is presented.

<b>Company bonus</b>					
	Target figure 2017	Actual figure 2017	Adjusted figure 2017	Target achievement 2017	<b>Target achievement Company bonus</b>
Adjusted EBIT	€2,913 million	€2,816 million	€2,774 million	95.2%	<b>88%</b>

Determination of target achievement				Actual figure 2017			
Adjusted EBIT	Actual figure/target figure %	< 80%	80%	<b>95.2%</b>	100%	120%	>120%
Company bonus	Target achievement %	0%	50%	<b>88%</b>	100%	150%	150%

Personal performance factor	2017 targets	Assessment	Target achievement personal performance factor	
Individual performance & targets	Achievement of personal goals and projects, launch of new programmes, new management model, etc. (for example)	Supervisory Board's assessment of whether and how well the Executive Board member has achieved the individual goals agreed at the start of the year.	1/3	individual target
Collective performance & targets	Targets from the fields of strategy, value added, growth, innovation, digitisation, diversity, etc. (for example)	Supervisory Board's assessment of whether and how well the Executive Board has achieved the collective goals agreed at the start of the year. The personal contributions of the Executive Board members are taken into consideration.	1/3	96%
	2017 targets	Assessment	Target figure 2017	Actual figure 2017
Corporate responsibility & employee motivation	Increase in capacity	> previous year	> 3.7	3.9
	Grid outages (SAIDI)	min/customer/a	15.0	14.2
	Customer loyalty index	Points	74	76
	Number of work accidents	LTIF	1.85	2.19
	Motivation index	Points	> 71.8	73.3

The bonuses of the members of the Executive Board for fiscal 2017 were determined as follows:

Baseline bonus (€) x **88% target achievement for company bonus** x personal performance factor = pay-out amount

**Strategic Performance Plan**  
Full vesting of performance shares

According to the consolidated financial statements, adjusted net income amounted to €1,224 million in fiscal 2017. The plan conditions for the SPP envisage the modification of adjusted net income by a few, predefined exceptional effects, which were not known or foreseeable at the time the target figure for 2017 was determined. In addition to the aforementioned adjustment of service costs for pensions due to interest rates, effects from changes in discount rates for non-current provisions were also taken into consideration in determining the adjusted net income. The adjusted figure of €1,151 million was taken as the basis for the full vesting of performance shares.

Adjusted net income	Target figure 2017	Actual figure 2017	Adjusted figure 2017	Target achievement 2017	Target achievement SPP
2016 tranche	€1,261 million	€1,224 million	€1,151 million	91.2%	<b>88%</b>
2017 tranche	€1,261 million	€1,224 million	€1,151 million	91.2%	<b>88%</b>

Adjusted net income	Determination of target achievement			Actual figure 2017	100%	135%	>135%
	Actual figure/target figure %	< 65%	65%				
Grant of performance shares	Target achievement %	0%	50%	<b>88%</b>	100%	150%	150%

The number of performance shares to be fully vested after completion of fiscal 2017 is determined as follows:

Number of conditionally granted performance shares x **88% target achievement SPP** = number of fully vested performance shares

## Level of Executive Board compensation according to the German Commercial Code

The following section presents the compensation granted to the Executive Board members of innogy SE for their work in fiscal 2017. It was calculated in compliance with the rules set out in the German Commercial Code. The compensation of Uwe Tigges considers the emoluments granted for the period during which he was concurrently appointed to the Executive Boards of both innogy SE and RWE AG, prorated to reflect the share accounted for by his work for the Executive Board of innogy SE and the amounts cleared between the two companies.

**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 €16,772,000. The remuneration of Uwe Tigges, which was paid by innogy SE for the period from 1 January to 30 April 2017, but is allocable pro-rata to his work for RWE AG and was subtracted accordingly, is not included in the figure for total compensation. In the previous year, the total compensation of the Executive Board amounted to €9,905,000. In this and in the prior-year figures presented below, the compensation of Peter Terium, Dr. Bernhard Günther and Uwe Tigges also considers the prorated emoluments they were paid by RWE AG in fiscal 2016 for the period during which they were appointed to the Executive Board of innogy SE but were on-debited to innogy SE.

**Level of individual compensation components.** In 2017, non-performance-based components, i.e. the fixed salary, non-cash and other remuneration and the pension installment, amounted to €6,912,000 (previous year: €3,969,000). Dr. Bernhard Günther and Dr. Hans Bünting turned their pension installments into a pension commitment of equal value through a gross compensation conversion. Specifically, the amounts converted for Dr. Bernhard Günther and Dr. Hans Bünting totalled €60,000 (previous year: €64,000) and €150,000 (previous year: €150,000), respectively.

Performance-based components, consisting of the Executive Board members' bonuses and grants under the SPP, amounted to a total of €9,860,000 (previous year: €5,936,000). The compensation for Uwe Tigges up until his exit from the Executive Board of RWE AG is included in this and in the following figures for 2017 on a prorated basis. From the performance-based components of the Executive Board members, €3,649,000 (previous year: €2,832,000) was attributable to the bonus for fiscal 2017 paid directly and €6,211,000 (previous year: €3,104,000) to the allocation of performance shares from the SPP.

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

Short-term compensation of the Executive Board	Peter Terium		Dr. Bernhard Günther		Uwe Tigges		Dr. Hans Bunting		Martin Herrmann		Hildegard Müller		Total	
	Chief Executive Officer from 1 Apr 2016 to 19 Dec 2017		Chief Financial Officer since 1 Apr 2016		Chief Executive Officer since 19 Dec 2017 and Chief Human Resources Officer since 1 Apr 2016		Chief Operating Officer Renewables since 1 Apr 2016		Chief Operating Officer Retail since 1 Apr 2016		Chief Operating Officer Grid & Infrastructure since 1 May 2016			
€ '000	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017 <sup>2</sup>	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>3</sup>	2017	2016
<b>Non-performance-based compensation</b>														
Fixed compensation	1,400	700	750	375	625	281	700	525	700	525	700	467	4,875	2,873
Fringe benefits (use of company car, accident insurance)	61	11	34	16	17	8	15	12	24	12	53	21	204	80
Other payments (pension installment)	600	240	255	128	213	96	255	191	255	191	255	170	1,833	1,016
<b>Subtotal</b>	<b>2,061</b>	<b>951</b>	<b>1,039</b>	<b>519</b>	<b>855</b>	<b>385</b>	<b>970</b>	<b>728</b>	<b>979</b>	<b>728</b>	<b>1,008</b>	<b>658</b>	<b>6,912</b>	<b>3,969</b>
<b>Performance-based compensation</b>														
Bonus payment	1,152	834	614	440	526	330	430	400	444	424	398	351	3,564	2,780
Remuneration for mandates <sup>4</sup>					7		23	25		1	55	27	85	52
Bonus	1,152	834	614	440	533	330	453	425	444	425	453	378	3,649	2,832
<b>Subtotal</b>	<b>1,152</b>	<b>834</b>	<b>614</b>	<b>440</b>	<b>533</b>	<b>330</b>	<b>453</b>	<b>425</b>	<b>444</b>	<b>425</b>	<b>453</b>	<b>378</b>	<b>3,649</b>	<b>2,832</b>
<b>Total</b>	<b>3,213</b>	<b>1,785</b>	<b>1,653</b>	<b>959</b>	<b>1,388</b>	<b>715</b>	<b>1,423</b>	<b>1,153</b>	<b>1,423</b>	<b>1,153</b>	<b>1,461</b>	<b>1,036</b>	<b>10,561</b>	<b>6,801</b>

1 In fiscal 2016, the prorated compensation granted for tenure from 1 April 2016 to 31 December 2016 was taken into account.

2 The compensation of Uwe Tigges considers the emoluments granted for the period during which he was concurrently appointed to the Executive Boards of both innogy SE and RWE AG, prorated to reflect the share accounted for by his work for the Executive Board of innogy SE.

3 In fiscal 2016, the prorated compensation granted for tenure from 1 May 2016 to 31 December 2016 was taken into account.

4 For Uwe Tigges the income from exercising intragroup supervisory board offices was fully set off against the prorated bonus paid to him by innogy SE in fiscal 2017.

**Share-based payment according to the SPP.** In fiscal 2017, the Executive Board members were allocated performance shares from innogy SE's SPP. The following overview

presents the number and value of the performance share allocations to the members of the Executive Board in fiscal 2016 and 2017.

Long-term incentive payment		Peter Terium		Dr. Bernhard Günther		Uwe Tigges		Dr. Hans Bünting		Martin Herrmann		Hildegard Müller	
		Chief Executive Office 1 Apr 2016 to 19 Dec 2017		Chief Financial Officer since 1 Apr 2016		Chief Executive Officer since 19 Dec 2017 Chief Human Resources Officer since 1 Apr 2016		Chief Operating Officer Renewables since 1 Apr 2016		Chief Operating Officer Retail since 1 Apr 2016		Chief Operating Officer Grid & Infrastructure since 1 May 2016	
Strategic Performance Plan													
Tranche	Year	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017 <sup>2</sup>	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>3</sup>
Grant date		1 Jan 2017	1 Jan 2016	1 Jan 2017	1 Jan 2016	1 Jan 2017	1 Jan 2016	1 Jan 2017	1 Jan 2016	1 Jan 2017	1 Jan 2016	1 Jan 2017	1 Jan 2016
Grant value	€ '000	2,000	694	988	400	823	277	800	600	800	600	800	533
<b>Average share price</b>	<b>€</b>	<b>32.07</b>	<b>37.13</b>	<b>32.07</b>	<b>37.13</b>	<b>32.07</b>	<b>37.13</b>	<b>32.07</b>	<b>37.13</b>	<b>32.07</b>	<b>37.13</b>	<b>32.07</b>	<b>37.13</b>
Number of conditionally granted performance shares	Shares	62,364	18,684	30,792	10,773	25,660	7,448	24,945	16,159	24,945	16,159	24,945	14,364
Adjusted net income	€ '000	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151
Target achievement for adjusted net income	%	88	88	88	88	88	88	88	88	88	88	88	88
Number of fully vested performance shares	Shares	54,880	16,442	27,097	9,480	22,581	6,555	21,952	14,220	21,952	14,220	21,952	12,640
End of the holding period		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019

1 In fiscal 2016, the prorated compensation granted for tenure from 1 April 2016 to 31 December 2016 was taken into account.

2 The compensation of Uwe Tigges considers the emoluments granted for the period during which he was concurrently appointed to the Executive Boards of both innogy SE and RWE AG, prorated to reflect the share accounted for by his work for the Executive Board of innogy SE.

3 In fiscal 2016, the prorated compensation granted for tenure from 1 May 2016 to 31 December 2016 was taken into account.

The following table shows the amounts of releases and accruals of provisions for share-based payments by innogy SE.

Addition to (+) or release of (-) provisions for long-term incentive share-based payments		2017	2016
		€ '000	€ '000
Peter Terium		607	119
Dr. Bernhard Günther		311	70
Uwe Tigges		248	45
Dr. Hans Bünting		307	120
Martin Herrmann		307	120
Hildegard Müller		294	111
<b>Total</b>		<b>2,074</b>	<b>585</b>

## Level of Executive Board compensation according to GCGC

According to the version of the German Corporate Governance Code (GCGC) published on 24 April 2017, the total remuneration of executive board members comprises the monetary compensation elements, pension commitments, other awards, fringe benefits of all kinds and benefits by third parties which were granted or paid in the financial year with regard to executive board work. Item 4.2.5, Paragraph 3 of the Code lists the compensation components that should be disclosed for every executive board member. Unlike under German commercial law, according to GCGC the annual service cost of pension commitments is also part of total compensation.

GCGC provides specific examples for the recommended presentation of the compensation of the executive board based on model tables which have been used below. A distinction is drawn between 'benefits granted' and 'benefits received':

- **Benefits granted:** According to GCGC, benefits or compensation is granted when a binding promise of such is made to the executive board member. In deviation from German commercial law, it is not relevant to what extent the executive board member has already provided the service being remunerated.
- **Benefits received:** This expression focuses on the extent to which the executive board member has already received payments. In this regard, the relevant aspect is the time at which the amount being paid is adequately 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 bonus allocation for the fiscal year in question is deemed to be a 'benefit granted'. In the Payments table, however, the amount of bonus which is expected to be paid to the executive board member is to be reported. In this regard, it is not relevant that no payment has actually taken place during the year in question. The timing of the payment is determined when the indicators and results needed to determine target achievement (and thus the bonus amount) are known with an adequate degree of 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 to be stated in the reporting year in the Payments table.

The compensation of the members of the Executive Board of innogy SE according to the provisions of GCGC is presented below, using the model tables.

Benefits granted	Peter Terium				Dr. Bernhard Günther				Uwe Tigges			
	Chief Executive Officer 1 Apr 2016 to 19 Dec 2017				Chief Financial Officer since 1 Apr 2016				Chief Executive Officer since 19 Dec 2017 Chief Human Resources Officer since 1 Apr 2016			
	2016 <sup>1</sup>	2017	2017 (Min)	2017 (Max)	2016 <sup>1</sup>	2017	2017 (Min)	2017 (Max)	2016 <sup>1</sup>	2017 <sup>2</sup>	2017 (Min)	2017 (Max)
€ '000												
Fixed compensation	700	1,400	1,400	1,400	375	750	750	750	281	625	625	625
Pension installment	240	600	600	600	128	255	255	255	96	213	213	213
Fringe benefits	11	61	61	61	16	34	34	34	8	17	17	17
<b>Total fixed compensation</b>	<b>951</b>	<b>2,061</b>	<b>2,061</b>	<b>2,061</b>	<b>519</b>	<b>1,039</b>	<b>1,039</b>	<b>1,039</b>	<b>385</b>	<b>855</b>	<b>855</b>	<b>855</b>
Bonus	675	1,350	0	2,430	356	713	0	1,283	267	594	0	1,069
SPP 2016 tranche (term: 2016–2019)	694				400				277			
SPP 2017 tranche (term: 2017–2020)		2,000	0	4,000		988	0	1,976		823	0	1,646
<b>Total variable compensation</b>	<b>1,369</b>	<b>3,350</b>	<b>0</b>	<b>6,430</b>	<b>756</b>	<b>1,701</b>	<b>0</b>	<b>3,259</b>	<b>544</b>	<b>1,417</b>	<b>0</b>	<b>2,715</b>
<b>Total compensation</b>	<b>2,320</b>	<b>5,411</b>	<b>2,061</b>	<b>8,491</b>	<b>1,275</b>	<b>2,740</b>	<b>1,039</b>	<b>4,298</b>	<b>929</b>	<b>2,272</b>	<b>855</b>	<b>3,570</b>

1 In fiscal 2016, the prorated compensation granted for tenure from 1 April 2016 to 31 December 2016 was taken into account.

2 The compensation of Uwe Tigges considers the emoluments granted for the period during which he was concurrently appointed to the Executive Boards of both innogy SE and RWE AG, prorated to reflect the share accounted for by his work for the Executive Board of innogy SE.

3 In fiscal 2016, the prorated compensation granted for tenure from 1 May 2016 to 31 December 2016 was taken into account.

Benefits granted	Dr. Hans Bünting				Martin Herrmann				Hildegard Müller			
	Chief Operating Officer Renewables since 1 Apr 2016				Chief Operating Officer Retail since 1 Apr 2016				Chief Operating Officer Grid & Infrastructure since 1 May 2016			
	2016 <sup>1</sup>	2017	2017 (Min)	2017 (Max)	2016 <sup>1</sup>	2017	2017 (Min)	2017 (Max)	2016 <sup>3</sup>	2017	2017 (Min)	2017 (Max)
€ '000												
Fixed compensation	525	700	700	700	525	700	700	700	467	700	700	700
Pension installment	191	255	255	255	191	255	255	255	170	255	255	255
Fringe benefits	12	15	15	15	12	24	24	24	21	53	53	53
<b>Total fixed compensation</b>	<b>728</b>	<b>970</b>	<b>970</b>	<b>970</b>	<b>728</b>	<b>979</b>	<b>979</b>	<b>979</b>	<b>658</b>	<b>1,008</b>	<b>1,008</b>	<b>1,008</b>
Bonus	375	500	0	900	375	500	0	900	333	500	0	900
SPP 2016 tranche (term: 2016–2019)	600				600				533			
SPP 2017 tranche (term: 2017–2020)		800	0	1,600		800	0	1,600		800	0	1,600
<b>Total variable compensation</b>	<b>975</b>	<b>1,300</b>	<b>0</b>	<b>2,500</b>	<b>975</b>	<b>1,300</b>	<b>0</b>	<b>2,500</b>	<b>866</b>	<b>1,300</b>	<b>0</b>	<b>2,500</b>
<b>Total compensation</b>	<b>1,703</b>	<b>2,270</b>	<b>970</b>	<b>3,470</b>	<b>1,703</b>	<b>2,279</b>	<b>979</b>	<b>3,479</b>	<b>1,524</b>	<b>2,308</b>	<b>1,008</b>	<b>3,508</b>

1 In fiscal 2016, the prorated compensation granted for tenure from 1 April 2016 to 31 December 2016 was taken into account.

2 The compensation of Uwe Tigges considers the emoluments granted for the period during which he was concurrently appointed to the Executive Boards of both innogy SE and RWE AG, prorated to reflect the share accounted for by his work for the Executive Board of innogy SE.

3 In fiscal 2016, the prorated compensation granted for tenure from 1 May 2016 to 31 December 2016 was taken into account.



Benefits received	Peter Terium		Dr. Bernhard Günther		Uwe Tigges		Dr. Hans Bunting		Martin Herrmann		Hildegard Müller	
	Chief Executive Office 1 Apr 2016 to 19 Dec 2017		Chief Financial Officer since 1 Apr 2016		Chief Executive Officer since 19 Dec 2017 Chief Human Resources Officer since 1 Apr 2016		Chief Operating Officer Renewables since 1 Apr 2016		Chief Operating Officer Retail since 1 Apr 2016		Chief Operating Officer Grid & Infrastructure since 1 May 2016	
€ '000	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017 <sup>2</sup>	2016 <sup>1</sup>	2017	2016 <sup>1</sup>	2017	2016 <sup>3</sup>	2017
Fixed compensation	700	1,400	375	750	281	625	525	700	525	700	467	700
Pension installment	240	600	128	255	96	213	191	255	191	255	170	255
Fringe benefits	11	61	16	34	8	17	12	15	12	24	21	53
<b>Total fixed compensation</b>	<b>951</b>	<b>2,061</b>	<b>519</b>	<b>1,039</b>	<b>385</b>	<b>855</b>	<b>728</b>	<b>970</b>	<b>728</b>	<b>979</b>	<b>658</b>	<b>1,008</b>
Bonus	834	1,152	440	614	330	533	425	453	425	444	378	453
<b>Total variable compensation</b>	<b>834</b>	<b>1,152</b>	<b>440</b>	<b>614</b>	<b>330</b>	<b>533</b>	<b>425</b>	<b>453</b>	<b>425</b>	<b>444</b>	<b>378</b>	<b>453</b>
<b>Total compensation</b>	<b>1,785</b>	<b>3,213</b>	<b>959</b>	<b>1,653</b>	<b>715</b>	<b>1,388</b>	<b>1,153</b>	<b>1,423</b>	<b>1,153</b>	<b>1,423</b>	<b>1,036</b>	<b>1,461</b>

1 In fiscal 2016, the prorated compensation granted for tenure from 1 April 2016 to 31 December 2016 was taken into account.

2 The compensation of Uwe Tigges considers the emoluments granted for the period during which he was concurrently appointed to the Executive Boards of both innogy SE and RWE AG, prorated to reflect the share accounted for by his work for the Executive Board of innogy SE.

3 In fiscal 2016, the prorated compensation granted for tenure from 1 May 2016 to 31 December 2016 was taken into account.