

1.11 Remuneration report

We believe that the transparent reporting of Supervisory and Executive Board remuneration is a key element of good corporate governance. In this chapter, we provide information on the principles of innogy SE's remuneration system as well as its structure and benefits. The 2018 remuneration report adheres to all statutory regulations and complies in full with the recommendations of the German Corporate Governance Code.

Structure of Supervisory Board remuneration

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 additional compensation for committee mandates according to the following rules:

Members of the Audit Committee receive additional compensation 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 additional compensation of €20,000 and €40,000, 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 compensation 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.

In 2016, 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. At its meeting on 11 December 2018, the Supervisory Board decided to suspend performance of the self-imposed obligation, to the extent that there is no longer an obligation to acquire shares in the company from the Supervisory Board compensation granted for fiscal 2018 up until the first Supervisory Board meeting which occurs at least two months following transfer of the innogy shares held by RWE to E.ON or following final termination of this transaction. The obligation assumed in the self-imposed obligation to hold shares in the company acquired from Supervisory Board compensation from earlier years for the entire duration of the Supervisory Board member's tenure on the Supervisory Board remains intact.

Level of Supervisory Board remuneration

In total, the emoluments of the Supervisory Board (including compensation for committee mandates and mandates exercised at subsidiaries) amounted to €2,797,000 in fiscal 2018 (previous year: €2,805,000). Of this sum, €475,000 represented compensation paid for mandates on committees of the Supervisory Board (previous year: €480,000) and €27,000 was for mandates exercised at subsidiaries (previous year: €28,000).

The total compensation of the persons who served on the Supervisory Board in 2017 and 2018 and the compensation included for mandates exercised on Supervisory Board committees is shown in the following table.

Supervisory Board compensation ¹	Fixed compensation		Compensation for committee offices		Compensation for offices held at subsidiaries		Total compensation	
	2018	2017	2018	2017	2018	2017	2018	2017
€ '000								
Dr. Werner Brandt (until 31 December 2017)		300						300
Dr. Erhard Schipporeit (Chairman)	300						300	
Frank Bsirske (Deputy Chairman)	200	200					200	200
Reiner Böhle		100		20				120
Ulrich Grillo	100	100	20	20			120	120
Arno Hahn (until 31 May 2017)		41		15				56
Maria van der Hoeven	100	100					100	100
Michael Kleinemeier	100	100	20	20			120	120
Martina Koederitz	100	100	20	20			120	120
Dr. Markus Krebber	100	100	40	40			140	140
Monika Krebber (since 9 June 2017)	100	56	20	11			120	67
Hans Peter Lafos		100		20				120
Robert Leyland	100	100	20	20			120	120
Meike Neuhaus	100	100					100	100
Stefan May (since 7 June 2018) ²	57		11				68	
Dr. Rolf Pöhlig	100	100	80	80			180	180
René Pöhls	100	100	40	40	17	17	157	157
Pascal van Rijsewijk	100	100	40	34			140	134
Gabriele Sassenberg	100	100	40	40			140	140
Dr. Dieter Steinkamp	100	100	20	20	10	11	130	131
Markus Sterzl ³	100		20				120	
Marc Tüngler	100	100	20	20			120	120
Sarka Vojiková	100	100	20	20			120	120
Jürgen Wefers (until 20 May 2018)	38		4				42	
Deborah Wilkens ³	100	100	40	40			140	140
	2,295	2,297	475	480	27	28	2,797	2,805

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

2 Member of the Takeover Committee since 19 June 2018.

3 Member of the Takeover Committee since 13 March 2018.

Structure of Executive Board remuneration

Remuneration system. innogy SE's Supervisory Board has adopted a remuneration system for the members of the Executive Board which is closely linked to business performance and the long-term development of the innogy share. The structure and level of the Executive Board's compensation are established 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.

Fiscal 2018 was dominated by the basic agreement reached between RWE AG and E.ON SE in March on the sale of the 76.79% stake in innogy as part of an extensive exchange

of business activities. The Personnel Affairs Committee and the Supervisory Board of innogy SE took into account the prospective effects of the planned transaction in their decisions on the remuneration system for the Executive Board members and the employment contracts.

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

Uwe Tigges	Dr. Bernhard Günther	Arno Hahn	Martin Herrmann	Dr. Hans Bünting	Hildegard Müller
Chief Executive Officer since 19 Dec 2017	Chief Financial Officer since 1 Apr 2016	Chief Human Resources Officer Labour Director since 1 May 2018	Chief Operating Officer Retail since 1 Apr 2016	Chief Operating Officer Renewables since 1 Apr 2016	Chief Operating Officer Grid & Infrastructure since 1 May 2016
Chief Human Resources Officer 1 Apr 2016 until 30 Apr 2018 Labour Director 15 Feb 2017 until 30 Apr 2018					

Uwe Tigges is the CEO of innogy SE and has been a member of the Executive Board since the company started operating on 1 April 2016. He was initially responsible for Human Resources and was the company's Labour Director, until he took over the position of CEO from Peter Terium in December 2017, at first on an interim basis, after Mr. Terium left the Executive Board of innogy SE by mutual agreement at the end of 2017. Arno Hahn is a new member of the Executive Board of innogy SE. On 1 May 2018 the Supervisory Board appointed him as a member of the Executive Board for a period of three years. He took over responsibility for Human Resources from Uwe Tigges at that time and has been the Labour Director of innogy SE since then.

innogy SE's Chief Financial Officer is Dr. Bernhard Günther. For health-related reasons, Dr. Bernhard Günther was temporarily unable to exercise his functions or only able to in a limited capacity from March until May 2018. During this period of time he was represented by his fellow Executive Board member Dr. Hans Bünting, who was also responsible for the duties of the CFO during this period, in addition to the Renewables division.

Along with Dr. Hans Bünting, Martin Herrmann and Hildegard Müller are members of the Executive Board of innogy SE, with responsibility for the divisions Retail and Grid & Infrastructure, respectively. Upon their initial appointment in 2016, the three Chief Operating Officers were appointed to the Executive Board of innogy SE for terms of three years each. In view of the planned transaction between RWE and E.ON, in the course of its regular decision on reappointment, the Supervisory Board of innogy SE decided not to extend the mandates for the maximum period of five years; instead Dr. Hans Bünting, Martin Herrmann and Hildegard Müller were reappointed members of the Executive Board of innogy SE for another three years each, starting from 1 April 2019. In the case of Ms. Müller, the appointment was ended early as of 31 March 2019 and she was reappointed as a member of the Executive Board starting from 1 April 2019 until 31 March 2022.

The mandates of Uwe Tigges and Dr. Bernhard Günther end as planned on 31 March 2021.

The CVs of the Executive Board members can be found on the Internet on innogy SE's webpages under the heading Corporate Governance (www.innogy.com/governance).

Former Executive Board members. 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 member of the Executive Board and Chief Executive Officer and finalised the conditions for the early termination of his employment contract as of 31 December 2017.

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

Principles of the remuneration system. The compensation of the Executive Board is composed of non-performance-based and performance-based components: the former consists of the fixed salary, the pension instalment as well as non-cash compensation and other compensation. The variable, 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 remuneration of the Executive Board

Fixed compensation and pension instalments. All Executive Board members receive a fixed salary, which is paid in twelve monthly instalments. 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 instalments. 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 and other compensation. Non-cash compensation and other compensation primarily consist of the use of a company car and accident insurance premiums.

Performance-based remuneration 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% and 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 on the company bonus, which cannot be exceeded even if adjusted EBIT is higher. The lower limit is reached if adjusted EBIT is exactly

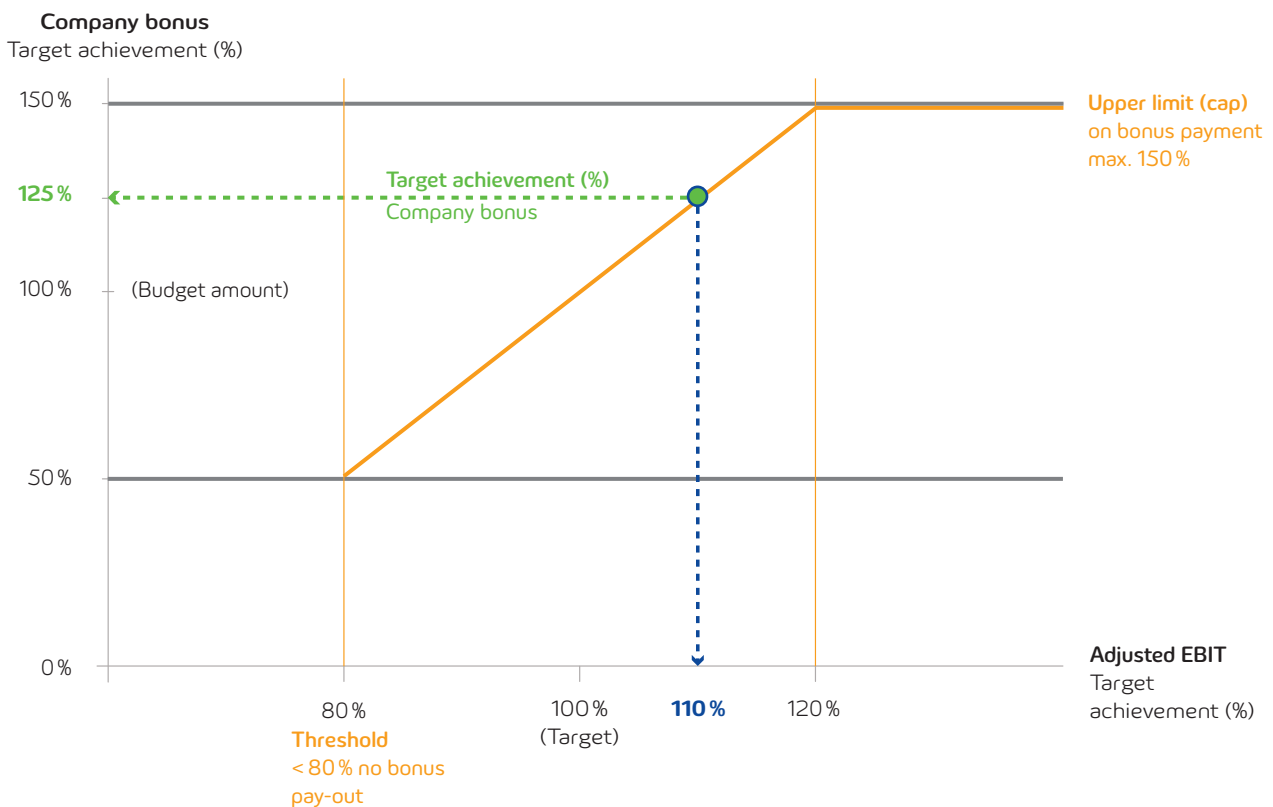
80% of the target figure which has been set. In this case, the target achievement for the company bonus amounts to 50%. If the EBIT figure is lower than this 80% threshold, no company bonus is paid out to the Executive Board mem-

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

Company bonus: Schematic presentation of target achievement

The following overview illustrates the aforementioned methodology for determining the company bonus:

If adjusted EBIT is 110% of the target figure, this results in target achievement of 125% for the company bonus.



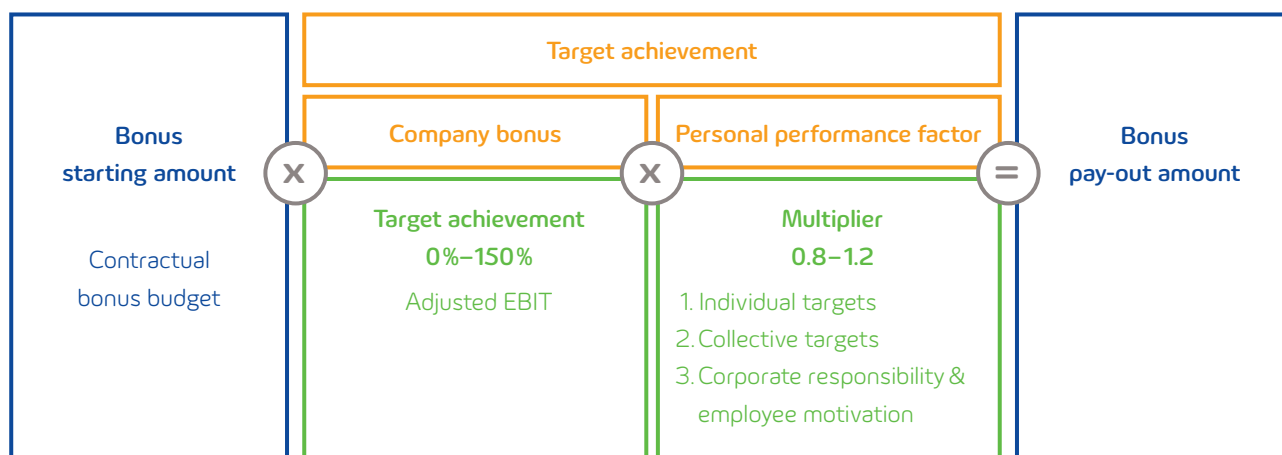
The personal performance of Executive Board members is considered by multiplying the company bonus by an individual performance factor, which can range between 0.8 and 1.2. The value achieved depends on the following criteria, each of which is weighted by one-third: (1) achievement of the individual targets, which are agreed between the Executive Board member and the Supervisory Board at the start of the fiscal year, (2) the 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 the environmental and social goals, which were set by the Supervisory Board at the start of the fiscal year. Along with other sustainability indicators, these indicators are explained and documented in our sustainability report www.innogy.com/responsibility. 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 takes the goals and targets which it set at the start of the financial year as orientation. The bonus of the Executive Board members is determined by multiplying the contractually

agreed bonus budget by the target achievement for the company bonus and the personal performance factor. The bonus determined in this manner can range between 0% and a maximum of 180% of the contractual budget figure and 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 remuneration 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. These are granted on 1 January of each financial year and have a vesting period of four years. Determining

the target figures relevant for measuring performance is the responsibility of the Supervisory Board. 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 for the years 2016 to 2019. These figures are oriented towards innogy SE's medium-term planning approved in 2016.

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 quotation of the innogy share on the last 30 days of trading on Xetra ahead of the grant.

After the end of the first year of the vesting period, the number of fully granted performance shares is determined as an intermediate step. 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 adjusted net income achieved corresponds exactly to the target figure set for the tranche, 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 adjusted net income is at the lower threshold of 65% of the target figure, the final grant amounts to 50%. If the actual figure for adjusted net income is lower than the threshold (< 65%), all of the conditionally granted performance shares from the tranche lapse. This means that, after completion of the first year, the final number of performance shares granted can vary from 0% ('floor') to 150% ('cap') of the conditionally granted performance shares. The value of the fully vested performance shares and thus the success

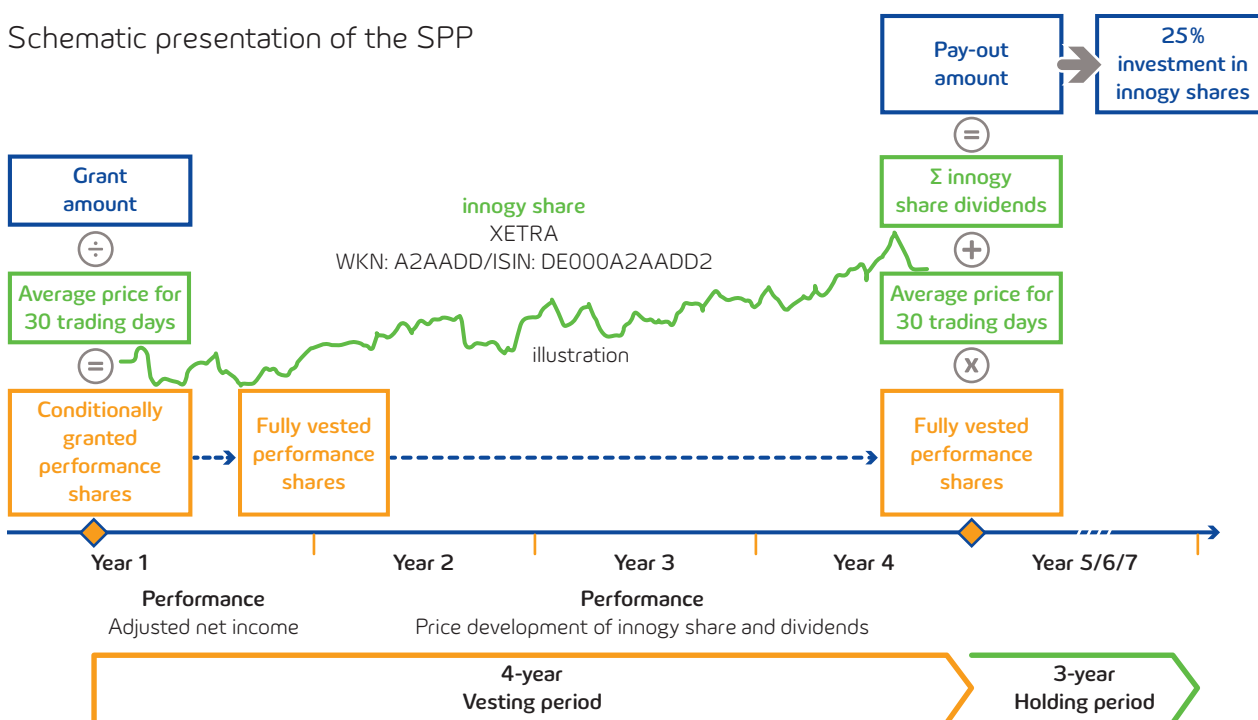
of the tranche depends on the performance of the innogy share and the dividend paid in the following three years.

After the end of the four-year vesting period, in a third step the fully vested performance shares are multiplied by the average closing quotation of the innogy share on the last 30 days of trading on Xetra before the end of the vesting period. Cumulated dividends which were paid since the full vesting of the performance shares are also taken into account.

The payment amount determined in this manner is initially paid out in full in cash to the members of the Executive Board. However, a cap applies in this case as well: even in the case of extremely good performance by the innogy share, the payment after the 4-year vesting period 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 conclusion of the vesting period.

Schematic presentation of the SPP



Additional regulations of the SPP

Introductory tranche. Upon introduction of the SPP in October 2016, the Executive Board members were granted share-based remuneration retroactively and 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 after completion 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 are forfeited without replacement. 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.

Change in corporate control/merger. In the event of a change of control, all of the fully vested performance shares that have not been paid out are paid out early. In order to determine the payment amount, the price of the innogy share on the last 30 exchange trading days prior to the announcement of the change of control is taken as a basis. Additionally, the dividends paid per share in the fiscal years between the vesting of the performance shares and the effective date of the change of control relative to the fully vested performance shares are also taken into consideration.

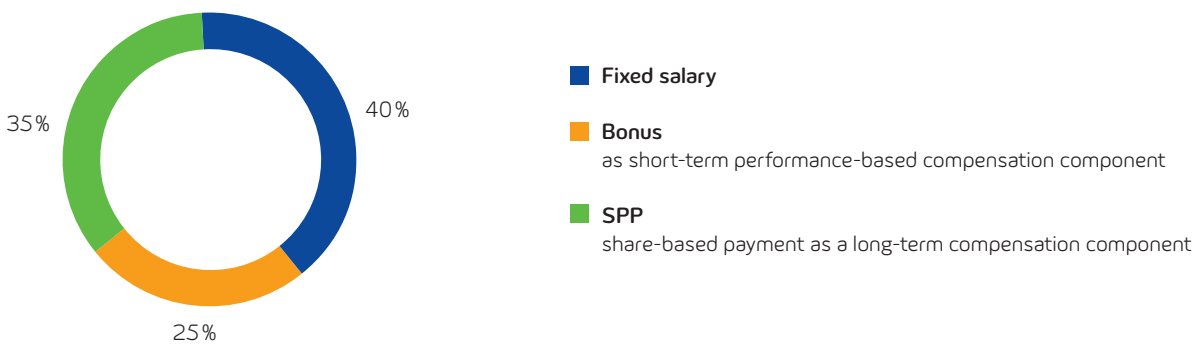
New regulations for the 2019 tranche. The planned completion of the transaction agreed between RWE and E.ON would lead to a change of control within the meaning of the conditions of the Strategic Performance Plan. Following acquisition of the majority of the shares in innogy by E.ON and the subsequent integration of innogy, the indicators necessary to determine target achievement for the 2019 tranche of the SPP would no longer be available, as expected. Despite the planned takeover and the unusual situation of innogy SE, the goal is to continue providing long-term, achievement-based remuneration for the Executive Board members of innogy SE. In view of this, the SPP for the 2019 tranche was replaced with a variable bonus of equal value on this one occasion. The multi-annual bonus depends on the achievement of sustainable strategic and other goals. The goals for the truncated, 2-year period from 1 January 2019 to 31 December 2020 and the criteria for target achievement were defined and set by the Supervisory Board.

Composition, limitation and payment of Executive Board 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% for a fiscal year, the remuneration structure roughly breaks down as follows: As a non-performance-based compensation component,

the base salary accounts for around 40% of the total compensation. Approximately 25% 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 35% of total compensation.

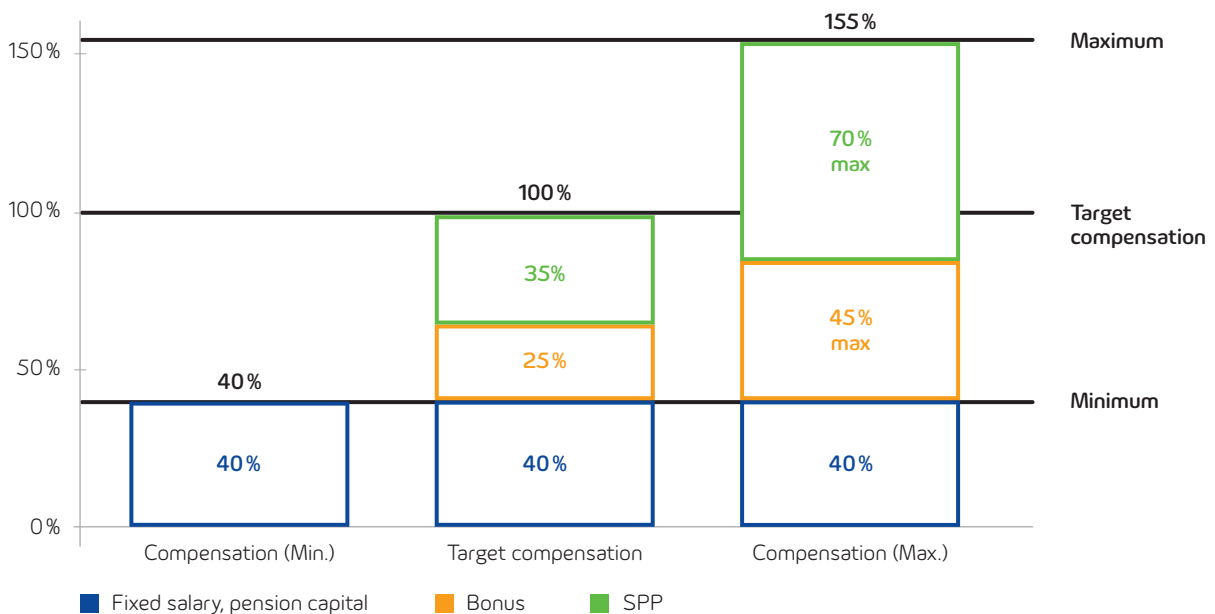
Overview of compensation components



Limitation of Executive Board remuneration. The amounts of long-term remuneration components are 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 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).

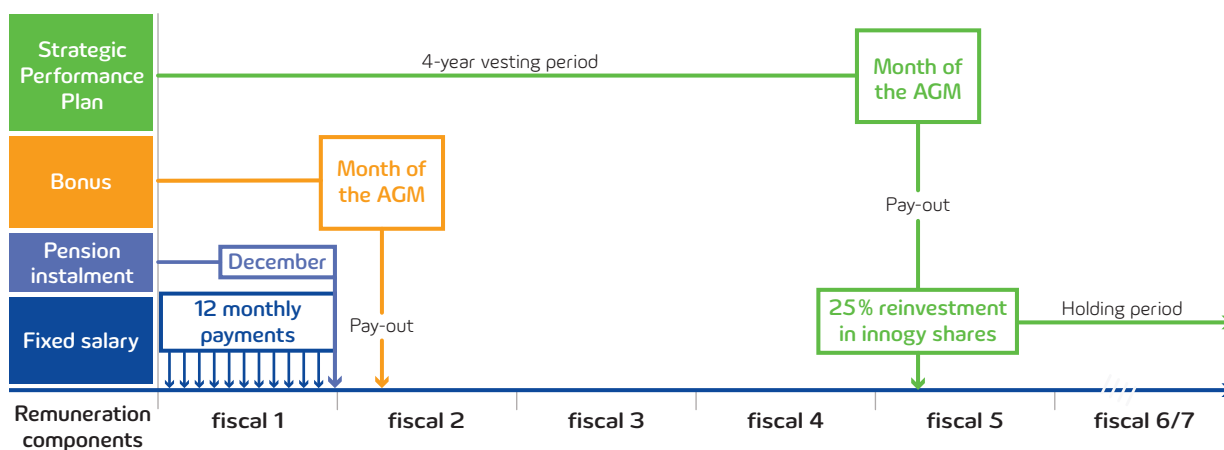
Executive Board compensation – minimum and maximum



Payment dates. Members of the Executive Board receive the fixed salary in twelve monthly instalments. The pension instalment is paid out at the end of the year, insofar as it is not turned into a pension commitment. After the financial year, the Supervisory Board determines the target achievement for the company bonus and establishes the individual performance factor. The bonus is paid out 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 remuneration 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 bonuses of the Executive Board members and therefore does not increase the total compensation.

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

Pension scheme. 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 SE. Insofar as pension commitments were made based on earlier activities in the Group, these were suspended upon appointment to the Executive Board of innogy SE and remain unaffected. The vested retirement benefits from earlier activities acquired by 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 and Arno Hahn to transfer their 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 without compensation 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 2018

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 at the

start of the financial year. 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.

Company bonus According to the consolidated financial statements, the company recorded adjusted EBIT of €2,630 million in 2018. Comparing this figure to the target figure of €2,700 million, the actual figure amounts to 97.4% of the target. According to the system presented below, this results in target achievement of 94% for the company bonus of the Executive Board members in fiscal 2018.

	Target figure 2018	Actual figure 2018	Actual figure/target figure 2018	Target achievement Company bonus
Adjusted EBIT	€2,700 million	€2,630 million	97.4%	94%

Determination of target achievement		2018					
Adjusted EBIT	Actual figure/target figure %	< 80%	80%	97.4%	100%	120%	>120%
Company bonus	Target achievement %	0%	50%	94%	100%	150%	150%

Personal performance factor	2018 targets	Assessment			Target achievement Personal performance factor	
		Assessment	Target figure 2018	Actual figure 2018		
Individual performance & targets	Achievement of personal goals and projects, launch of new programmes, new management model, etc. (for example)	Assessment of the Supervisory Board 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: Strategy, value added, growth, innovation, digitisation, diversity, etc. (for example)	Assessment of the Supervisory Board 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	103%
	2018 targets	Assessment	Target figure 2018	Actual figure 2018		
Corporate responsibility & employee motivation	Increase in capacity	> previous year	> 3.9	4.0	1/3	106%
	Grid outages (SAIDI)	min/customer/a	15.0	13.4		
	Customer loyalty index	Points	77	78		
	Reputation index	Approval %	52	66		
	Number of work accidents	LTIF	1.8	1.8		
	Motivation index	Points	> 73.8	76.6		

The bonuses of the member of the Executive Board for fiscal 2018 were determined as follows:

Baseline bonus (€) x **94% 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 €1,026 million in fiscal 2018. 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 2018 was determined. Consequently, effects from the adjustment of service costs for pensions due to interest rates and from interest accretion to provisions for pensions were also taken into consideration in determining the adjusted net income. The adjusted figure of €992 million was taken as the basis for the full vesting of performance shares (PS).

Adjusted net income	Target figure 2018	Actual figure 2018	Adjusted figure 2018	Actual figure/target figure 2018	Target achievement Strategic Performance Plan
2018 tranche	€1,255 million	€1,026 million	€992 million	79%	70%

Determination of target achievement		2018					
Adjusted net income	Actual figure/target figure %	< 65%	65%	79%	100%	135%	>135%
Grant of performance shares	Target achievement %	0%	50%	70%	100%	150%	150%

The number of performance shares to be fully vested after completion of fiscal 2018 is determined as follows:

Number of conditionally granted performance shares x **70% target achievement SPP** = number of fully vested performance shares

Level of Executive Board remuneration 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 2018. It was calculated in compliance with the rules set out in the German Commercial Code. The figures presented for the previous year also contain the compensation granted to Peter Terium for fiscal 2017. In the case of Arno Hahn, the compensation granted in fiscal 2018 was taken into account on a pro-rated basis for the period of time of his appointment as an Executive Board member of innogy SE.

Total compensation for fiscal 2018. Pursuant to the calculation regulations of the German Commercial Code, the total compensation of the Executive Board for fiscal 2018 amounted to €14,736,000. In total, the compensation of the Executive Board amounted to €16,772,000 in the previous year.

Level of individual compensation components. In 2018, non-performance-based components, i.e. the fixed salary, non-cash and other compensation and the pension instalment, amounted to €5,922,000 (previous year: €6,912,000). Dr. Bernhard Günther, Arno Hahn and

Dr. Hans Bunting turned their pension instalments into a pension commitment of equal value through a gross compensation conversion. Specifically, the amounts converted were as follows: €258,000 for Dr. Bernhard Günther (previous year: €60,000), €170,000 for Arno Hahn (previous year: €0) and €150,000 for Dr. Hans Bunting (previous year: €150,000).

Performance-based components, consisting of the Executive Board members' bonuses and grants under the SPP, amounted to a total of €8,814,000 (previous year: €9,860,000). From the performance-based components of the Executive Board members, €3,678,000 (previous year: €3,649,000) was attributable to the bonus for fiscal 2018 paid directly and €5,136,000 (previous year: €6,211,000) to the allocation of performance shares from the SPP.

The following table shows the short-term and long-term remuneration paid to the Executive Board of innogy SE in accordance with the German Commercial Code for fiscal 2018, in a breakdown by the individual member.

Short-term Executive Board compensation	Uwe Tigges		Dr. Bernhard Günther		Arno Hahn		Dr. Hans Bunting		Martin Herrmann		Hildegard Müller		Total	
	Chief Executive Officer since 19 Dec 2017		Chief Financial Officer since 1 Apr 2016		Chief Human Resources Officer since 1 May 2018		COO Renewables since 1 Apr 2016		COO Retail since 1 Apr 2016		COO Grid & Infrastructure since 1 May 2016			
€ '000	2018	2017 ¹	2018	2017	2018 ²	2017	2018	2017	2018	2017	2018	2017	2018	2017 ⁴
Non-performance-based compensation														
Fixed compensation	850	625	759	750	467		723	700	723	700	723	700	4,245	3,475
Fringe benefits (use of company car, accident insurance)	20	17	33	34	18		19	15	28	24	39	53	157	143
Other payments (pension instalment)	300	213	258	255	170		264	255	264	255	264	255	1,520	1,233
Total	1,170	855	1,050	1,039	655		1,006	970	1,015	979	1,026	1,008	5,922	4,851
Performance-based compensation														
Bonus payment	1,074	526	712	614	329		538	430	491	444	455	398	3,599	2,412
Remuneration for mandates ³		7					24	23			55	55	79	85
Bonus	1,074	533	712	614	329		562	453	491	444	510	453	3,678	2,497
Total	1,074	533	712	614	329		562	453	491	444	510	453	3,678	2,497
Total	2,244	1,388	1,762	1,653	984		1,568	1,423	1,506	1,423	1,536	1,461	9,600	7,348

1 The compensation of Uwe Tigges in fiscal 2017 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.

2 In fiscal 2018, the prorated compensation granted for tenure from 1 May 2018 to 31 December 2018 was taken into account for Arno Hahn.

3 Income from exercising intragroup supervisory board offices is fully set off against the prorated bonus paid. For Uwe Tigges, the compensation from exercising mandates in fiscal 2017 was fully set off against the prorated bonus paid to him by innogy SE.

4 The individual figures presented here for the previous year do not contain the compensation granted to Peter Terium for fiscal 2017.

Share-based payment according to the Strategic Performance Plan. In fiscal 2018, 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 2017 and 2018.

Long-term incentive payment Strategic Performance Plan		Uwe Tigges		Dr. Bernhard Günther		Arno Hahn		Dr. Hans Bünting		Martin Herrmann		Hildegard Müller	
		Chief Executive Officer since 19 Dec 2017		Chief Financial Officer since 1 Apr 2016		Chief Human Resources Officer since 1 May 2018		COO Renewables since 1 Apr 2016		COO Retail since 1 Apr 2016		COO Grid & Infrastructure since 1 May 2016	
Tranche	Year	2018	2017 ¹	2018	2017	2018 ²	2017	2018	2017	2018	2017	2018	2017
Grant date		1 Jan 2018	1 Jan 2017	1 Jan 2018	1 Jan 2017	1 Jan 2018	1 Jan 2017	1 Jan 2018	1 Jan 2017	1 Jan 2018	1 Jan 2017	1 Jan 2018	1 Jan 2017
Grant value	€ '000	1,122	823	1,000	988	533		827	800	827	800	827	800
Average share price	€	36.78	32.07	36.78	32.07	36.78		36.78	32.07	36.78	32.07	36.78	32.07
Number of conditionally granted performance shares	Shares	30,506	25,660	27,185	30,792	14,501		22,476	24,945	22,476	24,945	22,476	24,945
Adjusted net income	€ million	992	1,151	992	1,151	992		992	1,151	992	1,151	992	1,151
Target achievement for adjusted net income	%	70	88	70	88	70		70	88	70	88	70	88
Number of fully vested performance shares	Shares	21,354	22,581	19,030	27,097	10,151		15,733	21,952	15,733	21,952	15,733	21,952
End of holding period		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020

1 The compensation of Uwe Tigges in fiscal 2017 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.

2 In fiscal 2018, the prorated compensation granted for tenure from 1 May 2018 to 31 December 2018 was taken into account for Arno Hahn.

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

Addition to (+) or release (-) of provisions for long-term incentive share-based payments	2018 € '000	2017 € '000
Uwe Tigges	994	248
Dr. Bernhard Günther	1,068	311
Arno Hahn	225	
Dr. Hans Bünting	955	307
Martin Herrmann	955	307
Hildegard Müller	935	294
Total	5,132	1,467

Compensatory payment to Peter Terium. The employment contract of Peter Terium was terminated early by mutual agreement as of 31 December 2017. As a settlement for the early termination of his employment, the company made a compensatory payment in the gross amount of €7,994,000. With this, all of Peter Terium's contractual claims to fixed annual salary, a variable bonus, a pension instalment and use of a company car until the contractual end of his employment contract on 31 March 2021 were settled.

The performance shares granted to Peter Terium for fiscal 2016 and 2017 under the Strategic Performance Plan (SPP) were fully vested and will be paid out in accordance with the conditions of his employment contract and the provisions of SPP after completion of the vesting period. With regard to fiscal 2018 and 2019, Peter Terium was granted performance shares on the basis of the contractually agreed budget with a gross amount of €2,000,000, according to the relevant prevailing plan conditions of the SPP.

Level of Executive Board remuneration according to GCGC

According to the version of the German Corporate Governance Code (GCGC) published on 24 April 2017, the total compensation 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 remuneration 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, on the other hand, 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 member of the Executive Board of innogy SE according to the provisions of GCGC is presented in the following, using the model tables.

Benefits granted	Uwe Tigges				Dr. Bernhard Günther				Arno Hahn			
	Chief Executive Officer since 19 Dec 2017				Chief Financial Officer since 1 Apr 2016				Chief Human Resources Officer since 1 May 2018			
	2017 ¹	2018	2018 (Min)	2018 (Max)	2017	2018	2018 (Min)	2018 (Max)	2017	2018 ²	2018 (Min)	2018 (Max)
€ '000												
Fixed compensation	625	850	850	850	750	759	759	759		467	467	467
Pension instalment	213	300	300	300	255	258	258	258		170	170	170
Fringe benefits	17	20	20	20	34	33	33	33		18	18	18
Total fixed compensation	855	1,170	1,170	1,170	1,039	1,050	1,050	1,050		655	655	655
Bonus	594	1,078	0	1,940	713	721	0	1,298		333	0	599
SPP 2017 tranche (term: 2017–2020)	823				988							
SPP 2018 tranche (term: 2018–2021)		1,122	0	2,244		1,000	0	2,000		533	0	1,066
Total variable compensation	1,417	2,200	0	4,184	1,701	1,721	0	3,298		866	0	1,665
Total compensation	2,272	3,370	1,170	5,354	2,740	2,771	1,050	4,348		1,521	655	2,320

1 The compensation of Uwe Tigges in fiscal 2017 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.

2 In fiscal 2018, the prorated compensation granted for tenure from 1 May 2018 to 31 December 2018 was taken into account for Arno Hahn.

Benefits granted	Dr. Hans Bünting				Martin Herrmann				Hildegard Müller			
	COO Renewables since 1 Apr 2016				COO Retail since 1 Apr 2016				COO Grid & Infrastructure since 1 May 2016			
	2017	2018	2018 (Min)	2018 (Max)	2017	2018	2018 (Min)	2018 (Max)	2017	2018	2018 (Min)	2018 (Max)
€ '000												
Fixed compensation	700	723	723	723	700	723	723	723	700	723	723	723
Pension instalment	255	264	264	264	255	264	264	264	255	264	264	264
Fringe benefits	15	19	19	19	24	28	28	28	53	39	39	39
Total fixed compensation	970	1,006	1,006	1,006	979	1,015	1,015	1,015	1,008	1,026	1,026	1,026
Bonus	500	564	0	1,015	500	517	0	931	500	517	0	931
SPP 2017 tranche (term: 2017–2020)	800				800				800			
SPP 2018 tranche (term: 2018–2021)		827	0	1,654		827	0	1,654		827	0	1,654
Total variable compensation	1,300	1,391	0	2,669	1,300	1,344	0	2,585	1,300	1,344	0	2,585
Total compensation	2,270	2,397	1,006	3,675	2,279	2,359	1,015	3,600	2,308	2,370	1,026	3,611

Benefits received	Uwe Tigges		Dr. Bernhard Günther		Arno Hahn		Dr. Hans Bunting		Martin Herrmann		Hildegard Müller	
	Chief Executive Officer since 19 Dec 2017		Chief Financial Officer since 1 Apr 2016		Chief Human Resources Officer since 1 May 2018		COO Renewables since 1 Apr 2016		COO Retail since 1 Apr 2016		COO Grid & Infrastructure since 1 May 2016	
€ '000	2017 ¹	2018	2017	2018	2017	2018 ²	2017	2018	2017	2018	2017	2018
Fixed compensation	625	850	750	759		467	700	723	700	723	700	723
Pension instalment	213	300	255	258		170	255	264	255	264	255	264
Fringe benefits	17	20	34	33		18	15	19	24	28	53	39
Total fixed compensation	855	1,170	1,039	1,050		655	970	1,006	979	1,015	1,008	1,026
Bonus	533	1,074	614	712		329	453	562	444	491	453	510
Total variable compensation	533	1,074	614	712		329	453	562	444	491	453	510
Total compensation	1,388	2,244	1,653	1,762		984	1,423	1,568	1,423	1,506	1,461	1,536

1 The compensation of Uwe Tigges in fiscal 2017 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.

2 In fiscal 2018, the prorated compensation granted for tenure from 1 May 2018 to 31 December 2018 was taken into account for Arno Hahn.