

# Remuneration report

The remuneration report summarises the principles relevant for determining the remuneration of the members of the Board of Management and explains the structure and level of both Board of Management and Supervisory Board remuneration.

The remuneration report takes the recommendations of the German Corporate Governance Code (DCGK) and the German Accounting Standard (GAS) 17 (amended in 2010) into consideration in this respect. It also contains disclosures required by German commercial law included in the notes pursuant to section 314 of the German Commercial Code (HGB) and the management report pursuant to section 315 HGB.

## Board of Management remuneration



Based on proposals of the personnel committee, the Supervisory Board passes resolutions on the remuneration of the Board of Management, including the main contract elements, and reviews it on a regular basis. The criteria for determining appropriate remuneration include the responsibilities and performance of the members of the Board of Management, the economic situation, the success and sustainable development of the company and the relationship between the remuneration of the Board of Management and the remuneration of senior management and the workforce as a whole, as well as its development over time.

The current version of the Board of Management remuneration system is valid until 31 December 2017. The remuneration for 2017 consists of the following essential components:




### Fixed remuneration

This remuneration component comprises fixed basic annual remuneration and other earnings.

### Variable remuneration

> **Performance bonus (Short Term Incentive – STI):** The level of the performance bonus depends on the extent to which the respective targets agreed for the financial year have been achieved. These include financial targets at a Group level (corporate targets), which are measured relative to the two performance indicators  EBITDA and  ROCE, as well as individual targets. The Supervisory Board is entitled to adjust the targets if events arise that are not relevant to the ongoing management of the company. The size of the performance bonus for 100% achievement of the targets, as well as the maximum and minimum values for the

overachievement or underachievement of the agreed targets, can be found in the table “Target income of members of the Board of Management”. The performance bonus for the current assessment year is paid immediately. The delayed payment from 2014 for the year 2016 (deferral 2, payment in 2017) was adjusted to reflect the extent to which the corporate targets were met in 2016. Interest of 3% per annum is accrued on this payment, which is made following ratification of the annual financial statements (see table “Payments to Board of Management members”).

> **Value appreciation bonus (Long Term Incentive – LTI):** The value appreciation bonus consists of a basic LTI, a competition component and a sustainability component. The total value appreciation bonus is the sum of the variable remuneration payments that are calculated from these three components. As with the performance bonus, the Supervisory Board defines target values, lower limits and upper limits in advance. The basic LTI is determined by the accumulated contribution to value derived from the three-year medium-term planning. It is calculated from the difference between the performance indicators  ROCE and  WACC (weighted average cost of capital) multiplied by the average  capital employed. The competition component measures the relative performance of the EnBW Group in the respective three-year performance period against a peer group of competitors on the basis of the value spread (= ROCE - WACC). The goal of the sustainable growth of the company in its strictest sense is also taken into account through the LTI sustainability component. In this component, the impact of the sustainable growth of the company on the areas of customers, employees and environment/society is taken into account. The extent to which the targets for all three components have been achieved is determined after the conclusion of the three-year planning period that acts as the basis for the calculations in each case. The Supervisory Board is entitled to adjust the targets if events arise that are not relevant to the ongoing management of the company and thus outside of the sphere of influence of the Board of Management. The size of the value appreciation bonus for 100% achievement of the targets, as well as the maximum and minimum values for the overachievement or underachievement of the agreed targets, can also be found in the table “Target income of members of the Board of Management”. The amount based on the achievement of the relevant targets is paid out after the conclusion of the three-year measurement period. With a view to maintaining the previous level of target income, interest of 3% per annum is accrued on the calculated bonus payment for two years and is paid after the conclusion of the three-year calculation period.

## Remuneration of members of the Board of Management in the 2017 financial year

in €	Dr. Frank Mastiaux, Chairman		Dr. Bernhard Beck, LL.M.	
	2017	2016	2017	2016
<b>Fixed remuneration</b>				
Basic remuneration	990,000	990,000	515,000	515,000
Other remuneration <sup>1</sup>	30,933	26,960	32,078	66,036
<b>Variable remuneration</b>				
Without long-term incentive	999,350	878,268	593,950	508,016
With long-term incentive	1,282,331 <sup>2</sup>	1,241,349	755,354 <sup>2</sup>	647,960
<b>Total</b>	<b>3,302,614</b>	<b>3,136,577</b>	<b>1,896,382</b>	<b>1,737,012</b>

1 Other remuneration includes monetary benefits, particularly from the provision of company cars amounting to €126,911 (previous year: €159,603).

2 Current preliminary value appreciation bonus for the performance periods 2016 to 2018 (and 2017 to 2019) is €1,301,710 for Dr. Frank Mastiaux (€1,315,516), €773,984 for Dr. Bernhard Beck (€780,822), €675,836 for Thomas Kusterer (€671,550) and €665,227 for Dr. Hans-Josef Zimmer (€671,550). The exact level of the value appreciation bonus for the performance periods 2016 to 2018 (and 2017 to 2019) can only be determined following the end of the 2018 financial year (and 2019 financial year), and can fluctuate within the LTI spread pursuant to the following table "Target income of members of the Board of Management".

Target income of members of the Board of Management<sup>1</sup>

in €	Dr. Frank Mastiaux Chief Executive Officer				Dr. Bernhard Beck, LL.M. Chief Personnel Officer			
	2017	2017 (min.)	2017 (max.)	2016	2017	2017 (min.)	2017 (max.)	2016
Fixed remuneration	990,000	990,000	990,000	990,000	515,000	515,000	515,000	515,000
Fringe benefits	30,933	30,933	30,933	26,960	32,078	32,078	32,078	66,036
<b>Total</b>	<b>1,020,933</b>	<b>1,020,933</b>	<b>1,020,933</b>	<b>1,016,960</b>	<b>547,078</b>	<b>547,078</b>	<b>547,078</b>	<b>581,036</b>
One-year variable remuneration performance bonus	748,000	0	1,089,000	748,000	455,000	0	628,000	455,000
Multi-year variable remuneration LTI 2015 to 2017	1,026,000	0	1,494,000	1,026,000	630,000	0	870,000	630,000
<b>Total</b>	<b>2,794,933</b>	<b>1,020,933</b>	<b>3,603,933</b>	<b>2,790,960</b>	<b>1,632,078</b>	<b>547,078</b>	<b>2,045,078</b>	<b>1,666,036</b>
Pension expenses	545,005	545,005	545,005	-57,648	222,398	222,398	222,398	-282,520
<b>Total remuneration</b>	<b>3,339,938</b>	<b>1,565,938</b>	<b>4,148,938</b>	<b>2,733,312</b>	<b>1,854,476</b>	<b>769,476</b>	<b>2,267,476</b>	<b>1,383,516</b>

1 This table illustrates the remuneration in both the reporting year and previous year which arises given 100% achievement of the targets (target income) and the potential minimum and maximum remuneration for the financial year. Remuneration is described for Board of Management members who were appointed at least on a part-time basis in either the reporting year or previous year to the Board of Management at EnBW AG.

Payments to Board of Management members<sup>1</sup>

in €	Dr. Frank Mastiaux Chief Executive Officer		Dr. Bernhard Beck, LL.M. Chief Personnel Officer	
	2017	2016	2017	2016
Fixed remuneration	990,000	990,000	515,000	515,000
Fringe benefits	30,933	26,960	32,078	66,036
<b>Total</b>	<b>1,020,933</b>	<b>1,016,960</b>	<b>547,078</b>	<b>581,036</b>
One-year variable remuneration performance bonus	892,250	974,178	503,050	542,906
Multi-year variable remuneration				
Deferrals from 2013	-	520,374	-	320,230
Deferrals from 2014	445,231	493,657	261,901	290,387
LTI 2014 to 2016	796,118	-	386,059	-
<b>Total</b>	<b>3,154,532</b>	<b>3,005,169</b>	<b>1,698,088</b>	<b>1,734,559</b>
Pension expenses	545,005	-57,648	222,398	-282,520
<b>Total remuneration</b>	<b>3,699,537</b>	<b>2,947,521</b>	<b>1,920,486</b>	<b>1,452,039</b>

1 This table illustrates payments in both the reporting year and previous year pursuant to the German Income Tax Act (Einkommensteuergesetz). Earnings are described for members of the Board of Management who were appointed at least on a part-time basis in either the reporting year or previous year to the Board of Management of EnBW AG.

	Thomas Kusterer		Dr. Hans-Josef Zimmer	
	2017	2016	2017	2016
	515,000	515,000	515,000	515,000
	23,313	29,116	41,309	41,642
	514,994	448,500	514,820	448,500
	651,327 <sup>2</sup>	585,164	651,327 <sup>2</sup>	585,164
	<b>1,704,634</b>	<b>1,577,780</b>	<b>1,722,456</b>	<b>1,590,306</b>

	Thomas Kusterer Chief Financial Officer				Dr. Hans-Josef-Zimmer Chief Technical Officer			
	2017	2017 (min.)	2017 (max.)	2016	2017	2017 (min.)	2017 (max.)	2016
	515,000	515,000	515,000	515,000	515,000	515,000	515,000	515,000
	23,313	23,313	23,313	29,116	41,309	41,309	41,309	41,642
	<b>538,313</b>	<b>538,313</b>	<b>538,313</b>	<b>544,116</b>	<b>556,309</b>	<b>556,309</b>	<b>556,309</b>	<b>556,642</b>
	390,000	0	546,000	390,000	390,000	0	546,000	390,000
	535,000	0	749,000	535,000	535,000	0	749,000	535,000
	<b>1,463,313</b>	<b>538,313</b>	<b>1,833,313</b>	<b>1,469,116</b>	<b>1,481,309</b>	<b>556,309</b>	<b>1,851,309</b>	<b>1,481,642</b>
	320,993	320,993	320,993	-533,743	239,981	239,981	239,981	-307,973
	<b>1,784,306</b>	<b>859,306</b>	<b>2,154,306</b>	<b>935,373</b>	<b>1,721,290</b>	<b>796,290</b>	<b>2,091,290</b>	<b>1,173,669</b>

	Thomas Kusterer Chief Financial Officer		Dr. Hans-Josef-Zimmer Chief Technical Officer	
	2017	2016	2017	2016
	515,000	515,000	515,000	515,000
	23,313	29,116	41,309	41,642
	<b>538,313</b>	<b>544,116</b>	<b>556,309</b>	<b>556,642</b>
	475,294	503,870	475,120	478,870
	-	288,207	-	288,207
	235,711	261,348	235,711	261,348
	349,453	-	349,453	-
	<b>1,598,771</b>	<b>1,597,541</b>	<b>1,616,593</b>	<b>1,585,067</b>
	320,993	-533,743	239,981	-307,973
	<b>1,919,764</b>	<b>1,063,798</b>	<b>1,856,574</b>	<b>1,277,094</b>

## Compensation agreed with the Board of Management in the event of termination of service

The Supervisory Board of EnBW AG passed a new resolution on 18 March 2016 for the reorganisation of the company pension scheme for the Board of Management, effective as of 1 January 2016.

The regulations that were valid up until then can be found in the following publications:

- > The company pension scheme that was valid for members of the Board of Management up until 31 December 2015 is presented in detail in the remuneration report for 2015, which was published in the combined management report of the EnBW Group and EnBW AG for the 2015 financial year.
- > The regulations governing the transition of the company pension scheme that were valid for members of the Board of Management up until 31 December 2015 are presented in detail in the remuneration report for 2016, which was published in the combined management report of the EnBW Group and EnBW AG for the 2016 financial year.

The company pension scheme for the members of the Board of Management at the company is a modern and market-oriented pension system that provides members of the Board of Management with flexibility with respect to how the pension benefits are paid out. Following the introduction of the new system, there has been a shift from the previous defined benefit pension plan to a defined contribution pension model. In the new system, annual pension contributions will be paid that accrue interest at a rate oriented to the capital market. In order to ensure that the business risks associated with the pension scheme – especially the interest rate risks and biometric risks – remain calculable in the future, the interest model only contains a relatively low fixed interest entitlement that forms the basic interest rate plus a non-guaranteed surplus that is based on the actual development of interest rates in the life insurance industry.

During the term of the contract, EnBW pays fixed annual contributions to the pension scheme to an individual pension account. Pension contributions are paid for a maximum period of three terms of office (or 13 years in office). The fixed annual contributions are €230,000 for ordinary members of the Board of Management and €390,000 for the Chairman of the Board of Management. In the event of invalidity and as a supplementary risk benefit, age-dependent “notional” contributions will be paid on top of the balance already existing on the pension account until the member reaches the age of 60 – although at the most seven contributions will be paid.

As well as the annual contributions, interest is paid that is oriented to the market and consists of a guaranteed basic interest rate and a non-guaranteed surplus. The guaranteed interest is paid on every contribution in advance until the defined retirement age (63 years old). In addition, annual surplus payments can be paid above and beyond the guaranteed interest. These are based on the current average

interest rate for capital investments actually achieved in the past year in the life insurance industry and are not guaranteed.

When the pension is due (age, invalidity, death), payment of the pension assets is generally made in five to ten instalments. Alternatively, a life-long pension payment can be made on the request of the member of the Board of Management – including a 60% entitlement for surviving dependants – or a mixed form of payment. Payment options are also available to the surviving dependants. If the member leaves the Board of Management before the pension is due, the pension account will remain at its current balance plus any surplus payments that are still due to be made.

The members of the Board of Management are entitled to make their own contributions to the pension scheme and supplement the pension provision financed by the employer. For this purpose, a proportion of the annual STI bonus up to a maximum sum of €50,000 p.a. can be converted into a pension entitlement. The regulations described above apply correspondingly to self-financed contributions.

**Vested pension entitlements from the old pension scheme:** As part of the transfer of the existing pension entitlements from the old pension scheme, the following vested pension entitlements – in accordance with the individual term of service in each case – were determined for the serving members of the Board of Management as of 31 December 2015: Dr. Frank Mastiaux: €80,676 p.a., Dr. Bernhard Beck: €195,846 p.a., Thomas Kusterer: €89,523 p.a., Dr. Hans-Josef Zimmer: €174,636 p.a.

**Individual pension contributions that deviate from the regulations for the new pension scheme:** From 1 January 2016, the annual pension contributions and the interest on the contributions will generally be paid in accordance with the rules of the new system for new members of the Board of Management appointed in the future. However, a deviation was necessary for the current members of the Board of Management to take account of the transition to the new system, and individual pension contributions and an individual contribution period have been defined. The following individual pension contributions were determined: Dr. Frank Mastiaux: €360,000 p.a., Dr. Bernhard Beck: €170,000 p.a., Thomas Kusterer: €215,000 p.a., Dr. Hans-Josef Zimmer: €120,000 p.a.

**Regulation for limiting severance payments:** No severance benefit obligations exist in the event of premature termination of service on the Board of Management. However, severance benefits may be payable on the basis of a severance agreement made with the individual. For agreements in place as of the reporting date, it was agreed that payments made to a member of the Board of Management on premature termination of his or her contract without serious cause, including fringe benefits, shall not exceed the value of two years' remuneration (severance cap) and compensate for no more than the remaining term of the contract. In concluding or extending contracts for the Board of Management, care is taken to ensure that no payments will be made to a member of the Board of Management in the event of the premature termination of the

contract due to an important reason for which the member of the Board of Management is responsible.

In the event of the premature termination of service on the Board of Management due to a change of control, the possibility of a severance payment for the member of the Board of Management is limited to the pro rata share of annual remuneration(s) for the residual term of the contract. However, the severance payment must not exceed three times the annual remuneration.

In concluding or extending contracts for the Board of Management in the event of the premature termination of service on the Board of Management due to a change of control, it is agreed that settlement or severance payments should not exceed three times the annual remuneration and must not compensate for more than the residual term of the contract.

**Temporary unavailability for work:** In the event of temporary unavailability for work on the part of a member of the Board of Management due to illness or any other reason for which the member of the Board of Management is not responsible, remuneration will be paid for the first six months. The amount of variable remuneration will be calculated from the average of the last three years, and basic remuneration will be paid for a further six months. However, payments in the event of unavailability for work will be made no longer than until the end of the term of the service agreement.

The disclosures for the 2017 financial year concerning post-employment benefits are presented below. This presentation satisfies the requirements of section 285 No. 9a HGB. The disclosures include the vested entitlement as of the reporting date, the annual expenses for pension obligations and the present value of the pension obligations earned as of the reporting date.

#### Post-employment benefits

in €	Dr. Frank Mastiaux, Chairman		Dr. Bernhard Beck, LL.M.		Thomas Kusterer		Dr. Hans-Josef Zimmer	
	2017	2016	2017	2016	2017	2016	2017	2016
Vested benefit from previous entitlement p.a.	80,676	80,676	195,846	195,846	89,523 <sup>2</sup>	89,523 <sup>2</sup>	174,636	174,636
Capital from contribution model	877,398	408,885	312,129	171,059	515,493	256,636	254,643	126,773
Annual expenses for pension obligations <sup>1</sup>	545,005	-57,648	222,398	-282,520	320,993	-533,743	239,981	-307,973
Present value of pension obligations [defined benefit obligations]	2,899,870	1,895,835	4,971,364	5,602,207	2,786,574	2,223,910	4,564,216	4,722,748

<sup>1</sup> Including an addition to capital for pension benefits totalling €74,580 (previous year: €101,001). This is a pension commitment financed through voluntarily waiving part of the salary. An extraordinary item (income) of €-2,528,767 is included in the figure for the previous year, which results from the conversion of the pension commitments.

<sup>2</sup> In addition to the vested pension, Thomas Kusterer also has a special capital component of €135,000.

Annual expenses for pension obligations include both service and interest costs. There are defined benefit obligations in accordance with IFRS of €15.2 million for the current members of the Board of Management (previous year: €14.4 million).

Former members of the Board of Management and their surviving dependants received total remuneration of €4.7 million in the 2017 financial year (previous year: €6.5 million). These pension payments are indexed to the percentage change in remuneration according to the collective bargaining agreement.

There are defined benefit obligations to former members of the Board of Management and their surviving dependants in accordance with IFRS of €98.8 million (previous year: €97.2 million).

As in the previous year, no loans or advances to members of the Board of Management existed at the end of the financial year.

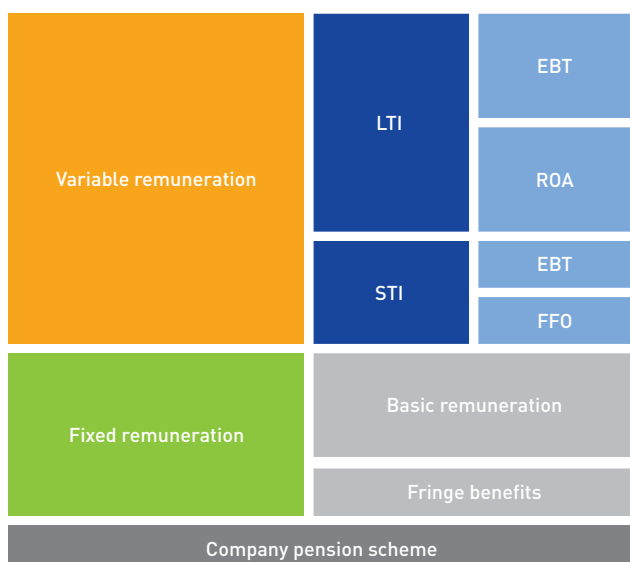
## Restructuring of the remuneration system

The Supervisory Board of EnBW AG passed a resolution on 7 December 2017 for the restructuring of the remuneration system for the members of the Board of Management, effective as of 1 January 2018. The new regulations will be presented to the Annual General Meeting on 8 May 2018 for approval in accordance with article 120 (4) AktG. The following description is not part of the remuneration report.

The aim of the restructuring is, above all, to reduce complexity and thus increase the transparency and clarity of the system. In addition, it is designed to increase the incentive effect by focussing on the achievement of targets that can be influenced by the Board of Management. This applies, in particular, with a view to the long-term ability to distribute dividends and increasing the competitiveness of the remuneration system, while at the same time, maintaining the fundamental orientation of the system towards sustainable development and the long-term growth of the company and Group.

The existing remuneration structure, consisting of basic remuneration, one-year and multi-year variable remuneration, the (unchanged) contributions as part of the company pension scheme and the regulations in the event of the premature termination of service, remains unchanged. The ratio of basic remuneration to the target remuneration for the variable remuneration components has also been retained. The ratio of single-year to multi-year variable remuneration is 40% to 60%. Multi-year variable remuneration will thus still significantly outweigh single-year variable remuneration in the future. In general, the variable remuneration components have a multi-year measurement basis in accordance with section 4.2.3 sentence 4 DCGK. The single-year variable remuneration component is also described below as the Short Term Incentive (STI) while the multi-year variable remuneration component is described as the Long Term Incentive (LTI). The following diagram shows the structure of the total remuneration:

Components of the target remuneration



### Fixed remuneration

The fixed remuneration, consisting of basic remuneration and fringe benefits, remains unchanged.

### Variable remuneration

#### Short-term variable remuneration (Short Term Incentive – STI)

The STI is paid for a period of one financial year in each case and paid out in the following financial year. The measurement period for the STI is the financial year for which it is paid.

The performance indicators for calculating the extent to which the target for the STI has been achieved are the following non-adjusted corporate performance indicators for the EnBW Group determined for one financial year:

- > EBT (earnings before taxes), adjusted for earnings from the measurement of financial assets allocated to the financial result and outstanding items for derivatives allocated under trading.
- > FFO (funds from operations), adjusted for the items of income tax paid and income tax received.

The Supervisory Board will define the target values for the performance indicators EBT and FFO each year before the start of the single-year measurement period.

The target value for the performance indicator EBT is generally defined on the basis of the figure actually achieved in the previous year, whereby the Supervisory Board can, at its own discretion, make the achievement of the target easier or more difficult by adjusting the figure from the previous year, taking into account extraordinary events in the previous year and general considerations about the development of earnings (target-actual comparison).

The target value for the performance indicator FFO corresponds to the value defined for the performance indicator in the single-year budget plan approved in the year before the start of the measurement period (plan-actual comparison).

The target remuneration for the STI consists of two equally weighted partial remuneration amounts (50:50). Each partial remuneration amount will be achieved if the target value for the respective performance indicator is achieved to 100%.

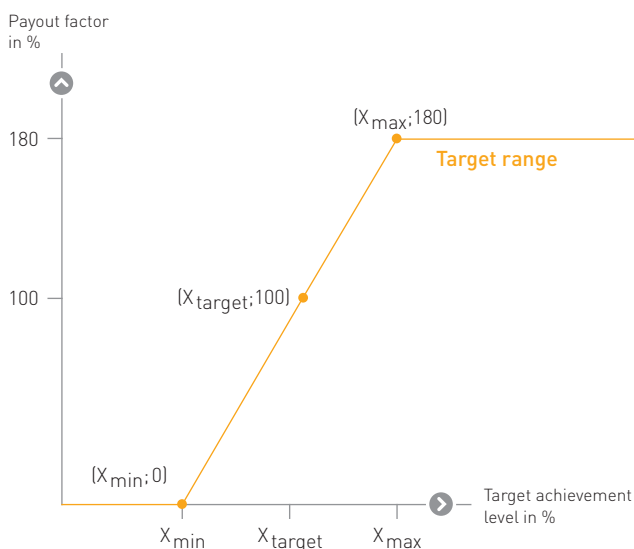
The extent to which the individual targets for each of the performance indicators are achieved is based on the underachievement or overachievement of the target value, which is the ratio of the defined target value and the actual value for the performance indicator in the measurement period as defined in the consolidated financial statements for the year of payment.

In the event of the overachievement of the target, the maximum possible remuneration that can be paid is limited to 180% of the partial target remuneration defined for each performance indicator (partial remuneration cap). The sum of

both partial remuneration caps gives the total STI remuneration cap, which is 180% of the total amount for the STI target remuneration. In the event of the underachievement of the target, STI remuneration has no lower limit and can fall to an amount of €0.

When defining the target values for the short-term remuneration components, the Supervisory Board can also separately define a minimum and maximum value – at its own discretion – and thus the target range for each of the performance indicators on an annual basis.

**Target range**



The target range corresponds to a linear function, as shown in the above diagram, which is determined by the value of the lowest achievement level  $X_{min}$  in relation to the lowest payout factor and the value of the highest achievement level  $X_{max}$  in

relation to the highest payout factor. The relationship between the target value and the minimum and maximum values can be used to determine the lowest and highest achievement levels ( $X_{min}$  and  $X_{max}$ ) respectively, while the relationship between the target remuneration and the minimum and maximum remuneration can be used to determine the lowest and highest payout factors, respectively. The partial amount of the short-term variable remuneration for each performance indicator based on the achievement level is calculated by multiplying the actual payout factor by the target remuneration defined for the respective performance indicator. The actual payout factor is derived using the actual value achieved for the performance indicator and the linear function for the target range.

If the definitions for the performance indicators or accounting policies change, especially as a result of amendments to accounting standards, the target values and ranges will be adjusted correspondingly during the ongoing measurement period, insofar as these changes cause the relevant achievement level to differ by more than +/-5 percentage points in comparison to the value that would have been achieved without these changes. The sum of the partial remuneration amounts for each performance indicator gives the total preliminary STI remuneration.

The amount of the total preliminary STI remuneration, which is calculated exclusively on the basis of financial performance indicators, is then evaluated qualitatively using additional criteria. The adjustment is carried out by multiplying the total preliminary remuneration by a certain factor, whose lowest value is 0.7 and highest value is 1.3. Only one decimal place is used for this factor. If not defined otherwise by the Supervisory Board, the default factor is 1.0. The level of this factor is determined primarily by the Supervisory Board on the basis of an evaluation of criteria that are defined in advance on an annual basis. The sustainable growth of the company is an aspect that is particularly taken into account.

**Calculation of the Short Term Incentive (STI)**



In the event of extraordinary performance by the whole Board of Management or one member of the Board of Management, the Supervisory Board can, at its own discretion, grant special remuneration as part of the short-term variable remuneration.

As part of a final evaluation of the short-term variable remuneration, the Supervisory Board also has the discretionary power to appropriately adjust the amount of the STI to take into account extraordinary and unforeseeable events that cannot be controlled by the Board of Management that have

had a considerable impact on the financial performance indicators on which the remuneration system is based. This discretionary power does not apply to the success targets or comparative values, the subsequent adjustment of which should be excluded according to the recommendations in section 4.2.3 paragraph 2 DCGK.

If remuneration is granted in accordance with the two previous paragraphs, the total STI remuneration cap of 180% of the target STI remuneration still applies.



### Long-term variable remuneration (Long Term Incentive – LTI)

The LTI is paid for a period of one financial year and paid out in the financial year following the conclusion of the measurement period. The measurement period for calculating the LTI covers a period of three financial years which includes the year for which the remuneration is being paid and the two subsequent financial years (performance period).

The performance indicators for calculating the extent to which the target for the LTI has been achieved are the following non-adjusted corporate performance indicators for the EnBW Group determined for one financial year in each case:

- > EBT (earnings before taxes), adjusted for earnings from the measurement of financial assets allocated to the financial result and outstanding items for derivatives allocated under trading
- > ROA (return on assets = return on the capital expenditure for intangible assets and property, plant and equipment based on the relationship between the non-adjusted EBIT and the sum of the intangible assets and property, plant and equipment [adjusted for subsidies related to capital expenditure]).

The target values for the performance indicators EBT and ROA for a performance period are defined by the Supervisory Board at its own discretion on an annual basis based on the corporate strategy and with effect for the next performance period that begins in the following year.

The target remuneration for the LTI consists of two equally weighted partial remuneration amounts (50:50). Each partial remuneration amount will be achieved if the target value for the respective performance indicator is achieved to 100%.

The extent to which the individual targets for each of the performance indicators are achieved is based, in case of the underachievement or overachievement of the target value, on the ratio of the defined target value and the arithmetic mean of the actual values for the performance indicator as defined in the consolidated financial statements for each individual year of the performance period.

In the event of the overachievement of the target, the maximum possible remuneration that can be paid is limited to 180% of the partial target remuneration defined for each performance indicator (partial remuneration cap). The sum of both partial remuneration caps gives the total LTI remuneration cap, which is 180% of the total amount of the LTI target remuneration. In the event of the underachievement of the target, the amount of the LTI remuneration has no lower limit and can fall to an amount of €0.

When defining the target values for the long-term remuneration components, the Supervisory Board can also separately define a minimum and maximum value – at its own discretion – and thus the target range for each of the performance indicators on an annual basis (see here the information provided on the target range for the STI).

The partial amount of the long-term variable remuneration for each performance indicator based on the achievement level is calculated by multiplying the actual payout factor by the target remuneration defined for the respective performance indicator. The actual payout factor is derived using the actual value achieved for the performance indicator and the linear function for the target range. The sum of the partial remuneration amounts for each performance indicator gives the total LTI remuneration.

If the definitions for the performance indicators or accounting policies change, especially as a result of amendments to accounting standards, the target values and ranges will be adjusted correspondingly during the ongoing measurement period, insofar as these changes cause the relevant achievement level to differ by more than 5 percentage points in comparison to the value that would have been achieved without these changes.

## Supervisory Board remuneration

In response to a proposal of the Board of Management and Supervisory Board, the Annual General Meeting on 25 April 2013 revised the regulations for Supervisory Board remuneration. Accordingly, members of the Supervisory Board receive fixed remuneration of €40,000 each payable at the end of the financial year in addition to reimbursement of their expenses for the entire 2017 financial year. The Chairman of the Supervisory Board receives twice the above, while the Deputy Chairman of the Supervisory Board receives one and a half times the aforementioned amount.

Members of the Supervisory Board receive fixed remuneration of €7,500 each per financial year to offset the additional work involved in any activities in one or more Supervisory Board committees. The Chairperson of one or more committees receives twice the amount of the remuneration for the committee work, unless the respective committee has not met in the financial year concerned.

Supervisory Board members who have only belonged to the Supervisory Board or a committee or acted as a Chairperson for part of the financial year are paid remuneration proportionate to the duration of their office or their position in that financial year.

In addition, members of the Supervisory Board receive an attendance fee of €750 for Supervisory Board meetings and committee meetings. Attendance at preliminary meetings is remunerated with €250 per meeting, but only for one preliminary meeting per Supervisory Board meeting.

According to this remuneration system, the members of the Supervisory Board will receive the total remuneration (including attendance fees and remuneration for offices held at subsidiaries) shown in the table for the 2017 financial year:

The disclosures for the remuneration for members of the Supervisory Board include attendance fees amounting to



€227,250 (previous year: €240,000) and attendance fees totalling €20,265 in the remuneration for offices held at subsidiaries (previous year: €20,515). No other remuneration or benefits for services rendered personally, in particular consulting or mediation services, were paid to members of the Supervisory Board, nor did they receive any loans or advances in the reporting year.

The members of the Board of Management and the Supervisory Board are covered by adequate D&O insurance concluded in the interest of EnBW. For this D&O insurance, the deductible for members of the Board of Management and the Supervisory Board is 10% of the claim in each case, but no more than one and a half times the fixed annual remuneration.

#### Total remuneration for members of the Supervisory Board of EnBW AG

in €	Fixed remuneration (incl. attendance fees)		Remuneration for offices held at subsidiaries		Total	
	2017	2016	2017	2016	2017	2016
Lutz Feldmann, Chairman	113,000	92,378	0	0	113,000	92,378
Dietrich Herd, Deputy Chairman	88,500	85,000	9,800	10,400	98,300	95,400
Dr. Dietrich Birk	57,250	17,986	0	0	57,250	17,986
Stefanie Bürkle <sup>1</sup>	54,250	36,628	0	0	54,250	36,628
Stefan Paul Hamm <sup>2</sup>	66,250	61,250	7,513	9,413	73,763	70,663
Michaela Kräutter <sup>2</sup>	46,000	49,250	1,500	1,500	47,500	50,750
Silke Krebs <sup>3</sup>	61,000	59,500	0	0	61,000	59,500
Marianne Kugler-Wendt <sup>2</sup>	56,500	60,500	6,400	7,000	62,900	67,500
Thomas Landsbek	46,000	32,292	0	0	46,000	32,292
Dr. Hubert Lienhard	55,000	55,750	0	0	55,000	55,750
Sebastian Maier	56,500	55,586	6,615	6,615	63,115	62,201
Arnold Messner	66,250	63,500	8,113	8,413	74,363	71,913
Dr. Wolf-Rüdiger Michel <sup>1</sup>	54,250	59,500	0	0	54,250	59,500
Gunda Röstel	66,250	67,000	11,513	7,427	77,763	74,427
Klaus Schörnich	56,500	60,500	11,150	12,500	67,650	73,000
Heinz Seiffert <sup>1</sup>	55,750	58,000	0	0	55,750	58,000
Edith Sitzmann <sup>4</sup>	55,750	18,736	0	0	55,750	18,736
Ulrike Weindel	56,500	38,628	0	0	56,500	38,628
Lothar Wölfle <sup>1</sup>	64,750	59,500	0	0	64,750	59,500
Dr. Bernd-Michael Zinow	68,500	68,750	12,200	12,747	80,700	81,497
Dr. Claus Dieter Hoffmann (Member and Chairman until 10/05/2016)	0	37,753	0	0	0	37,753
Wolfgang Lang (until 10/05/2016)	0	21,751	0	0	0	21,751
Dr. Nils Schmid <sup>3</sup> (until 31/08/2016)	0	39,167	0	0	0	39,167
Carola Wahl (until 31/07/2016)	0	27,029	0	0	0	27,029
Dietmar Weber (until 10/05/2016)	0	22,001	0	0	0	22,001
<b>Total</b>	<b>1,244,750</b>	<b>1,247,935</b>	<b>74,804</b>	<b>76,015</b>	<b>1,319,554</b>	<b>1,323,950</b>

1 The regulations in the State Civil Service Act (Landesbeamtengesetz) and the Ancillary Activities Ordinance (Landesnebenberufungsverordnung - LNTVO) of the Federal State of Baden-Württemberg for relinquishing remuneration from secondary employment to the administrative district apply. The term of office of Mr Seiffert ended on 30 September 2016. From 1 October 2016, the regulations for LBeamTVG apply.

2 In accordance with the regulations of the German Federation of Trade Unions (DGB) on the transfer of supervisory board remuneration, the remuneration is transferred to the Hans Böckler foundation and ver.di GewerkschaftsPolitische Bildung gGmbH.

3 The members of the state government and the state secretaries have agreed to relinquish any remuneration received for membership of supervisory boards, advisory boards and all other comparable boards to which they have been appointed in connection with their office or to which they are assigned as a member of the state government, applying section 5 of the Ancillary Activities Ordinance (LNTVO) analogously, provided that the extent to which the remuneration received in the calendar year exceeds a gross total of €6,100 (council of ministers resolution dated 24 May 2011). The membership of Mrs. Krebs and Dr. Schmid in the cabinet of the state government ended on 18 March 2016 and 11 May 2016, respectively.

4 The members of the state government and the state secretaries are obligated to relinquish any remuneration, including attendance fees, received for membership of supervisory boards, executive boards, advisory boards and all other comparable boards to which they have been appointed in connection with their office or to which they are assigned as a member of the state government, applying section 5 of the Ancillary Activities Ordinance (LNTVO) analogously, provided that the remuneration received in the calendar year exceeds the gross total for level "B6 and higher" (currently €6,100) (council of ministers resolution dated 5 July 2016).