

FOREVER

LASTS

LONGEST

How we are financing the future.

The RAG-Stiftung, which was founded in 2007, is ensuring that the RAG Aktiengesellschaft can discontinue subsidised coal mining in a socially acceptable manner by the end of 2018. Beginning in 2019, the RAG-Stiftung will finance RAG's perpetual coal mining obligations. The foundation will finance these obligations with the proceeds from the sale of shares in Evonik Industries AG, through investment income and through the revenue generated from its diverse financial assets.

KEY FIGURES

BALANCE SHEET					
In EUR million	31/12/2010	31/12/2011	31/12/2012	31/12/2013	31/12/2014
Non-current assets	1,610.7	1,685.2	1,779.3	3,062.9	3,571.4
Current assets	767.4	899.6	1,019.9	821.0	1,243.1
Total assets	2,378.1	2,584.9	2,799.2	3,883.9	4,814.5
Equity	2.0	2.0	2.0	2.0	2.0
Provisions	2,219.4	2,397.2	2,595.5	3,793.6	4,148.4
Obligations	156.7	185.7	201.7	88.3	664.1
Total liabilities	2,378.1	2,584.9	2,799.2	3,883.9	4,814.5

INCOME STATEMENT					
In EUR million	2010	2011	2012	2013	2014
Annual profit (= allocated to the provision for perpetual obligations)	119.2	177.1	194.7	1,190.6	351.1

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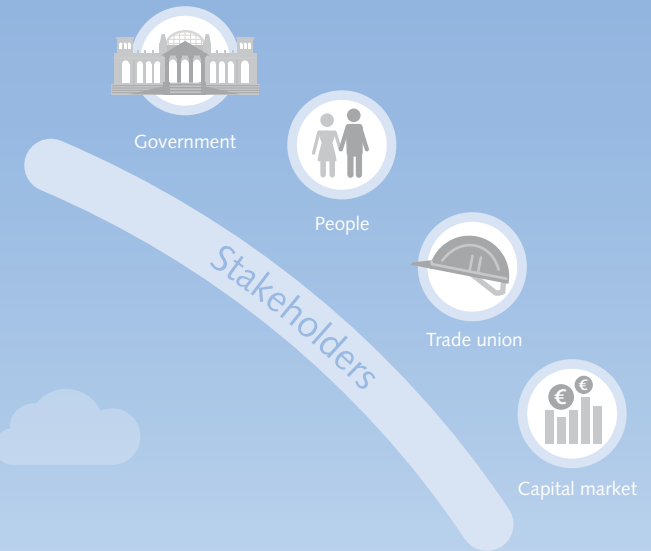
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THE RAG-STIFTUNG AT A GLANCE

FOUNDED 2007



Board of Trustees

Ex-officio members (5)
 Additional members (8)
 (9 additional members since 1 Jan. 2015)

Dr. Jürgen Großmann (Chairman)
Michael Vassiliadis (Deputy Chairman)

→ Pages 26 and 63

BODIES

appoints the Board of Executives and supervises its business activities

informs the Board of Trustees of essential decisions

Board of Executives

Dr. Werner Müller (Chairman)
Dr. Helmut Linssen (Finance)
Bärbel Bergerhoff-Wodopia (HR, Support)

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FINANCING

Shareholdings

- RAG (100%)**
to transfer around €1.6 billion to the RAG-Stiftung once coal mining is discontinued
- Evonik (68%)**
→ Dividends
- VIVAWEST (30%)**
→ Distribution of profits

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Investments

- 58% Government and corporate bonds
- 18% Liquidity and other
- 9% Priv. equity/equity investments
- 8% Shares
- 7% Real estate

Amount (as of 31 Dec. 2014):
€3.2 billion

Support in 2014:
€4.5 million
 Support in 2015:
€7.5 million

Support for education, science and culture

Project funding is for mining-related activities in the Ruhr and Saar regions. Funding is provided for two key tasks:

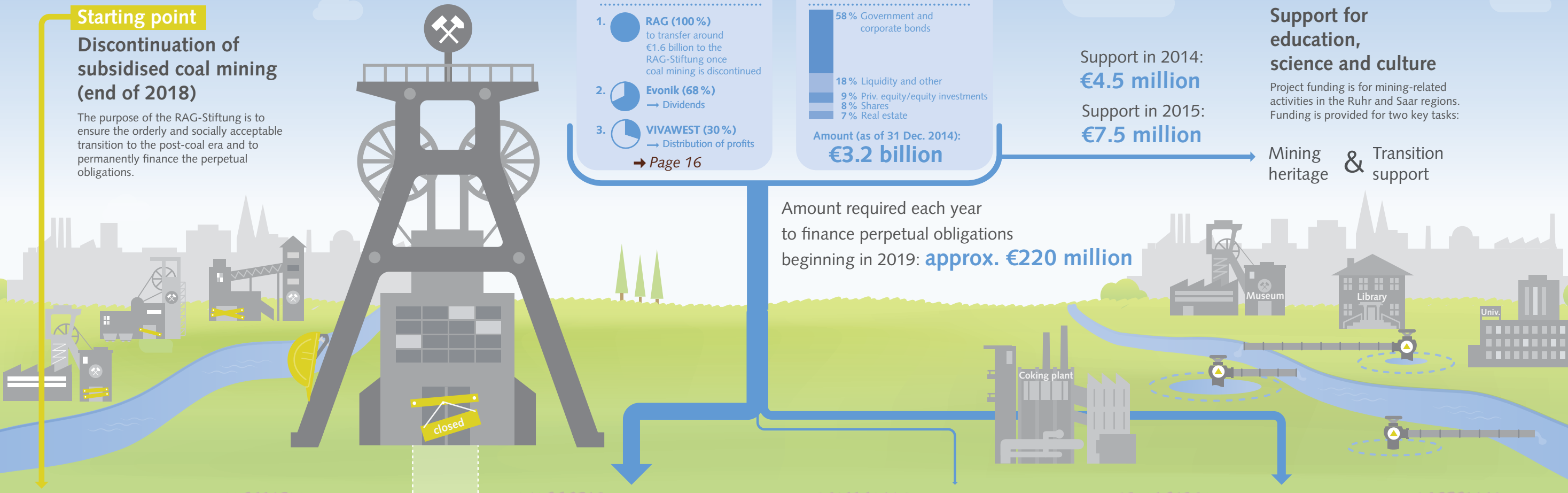
Mining heritage & Transition support

Amount required each year to finance perpetual obligations beginning in 2019: **approx. €220 million**

Starting point

Discontinuation of subsidised coal mining (end of 2018)

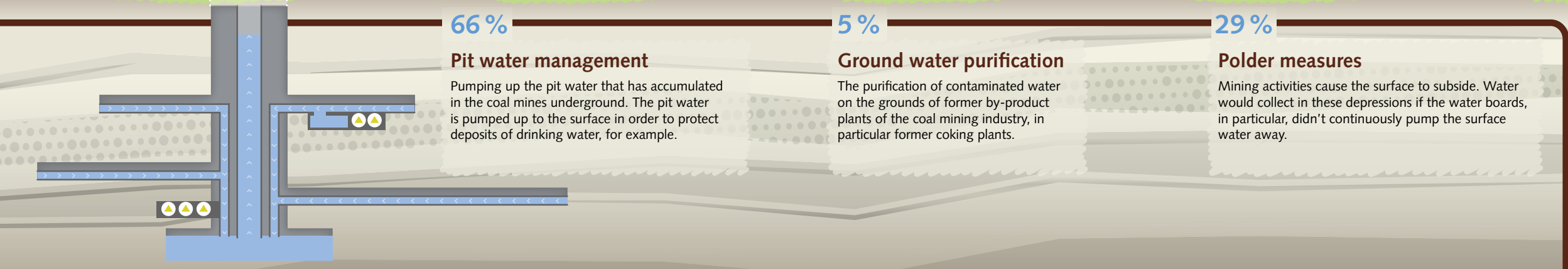
The purpose of the RAG-Stiftung is to ensure the orderly and socially acceptable transition to the post-coal era and to permanently finance the perpetual obligations.



Perpetual obligations

Beginning in 2019, the RAG-Stiftung will finance the perpetual obligations resulting from the coal mining activities of RAG Aktiengesellschaft. These obligations (also referred to as "inherited liabilities with unlimited duration") encompass measures that will exist in perpetuity even after coal mining is discontinued.

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FOREVER LASTS LONGEST

There's a German proverb that says "money doesn't lie around in the street." And mothers warn, "Don't throw your money out of the window." These wise words sum up two sides of the same coin, economically speaking. On the one side there are the revenues that can only be earned through hard work and innovative ideas and on the other side there are the expenditures that must be made as prudently as possible. In this Annual Report we, the RAG-Stiftung, are once again publishing an account of our revenues and expenditures. The report documents the fact that we are keeping a close watch on both sides of the coin. We are using innovative methods to ensure reliable revenues and increase our assets during a time of historically low interest rates. That way we will have the necessary resources when they are needed. Starting in 2019, we will need to fulfil our "perpetual obligations", which will devolve upon the RAG-Stiftung when coal mining is discontinued in Germany. We will also need to finance our support activities. This report outlines how we're going to do just that and which role "forever" will play in our activities.

"Our success is the result of solid financial management and future-oriented investment decisions. We intend to continue along this path."

Dr. Werner Müller

FOREWORD: DR. WERNER MÜLLER

TREADING NEW PATHS—

REACHING THE GOAL SAFELY

Dear readers,

In order to reach a goal, you have to carefully define your path toward it. But if new conditions arise along the way, you may have to change your route slightly in order to get to your destination safe and sound. That requires flexibility and creativity. These are exactly the qualities the RAG-Stiftung demonstrated in 2014.

An automation specialist, a leading global provider of products for explosion protection, an online retailer of pet supplies and an infrastructure specialist—these are only a few of the companies in which we invested in 2014, in varying amounts ranging from a few percentage points to a majority of the shares.

Shareholdings in expanding medium-sized companies from a variety of sectors are part of the strategy adjustment we decided on at the end of 2013. In view of interest rates that are continually hovering near zero, we have thus added a timely and profitable component to our established financing model. This was an important step within the context of our primary responsibility—financing the perpetual obligations resulting from the German mining operations of RAG, starting in 2019—and with an eye on the continuing growth of our assets. We firmly intend to be a reliable long-term partner of the medium-sized companies in which we are new shareholders. At the same time, we will continue to rely on our tried and tested investments: our strategic shareholdings in Evonik and VIVAWEST, which brought us stable revenues once again in 2014.

We can look back on the past financial year with great satisfaction. The provision for our inherited liabilities with unlimited duration was increased by more than €350 million to a total of over €4 billion. This success is the result of solid financial management and future-oriented investment decisions. We intend to continue along this path, because we have no intention of burdening taxpayers with the financing of perpetual obligations.

The highlights of 2014 also include the successful negotiation of an exchangeable bond on Evonik shares. Investors were so interested in this bond that the transaction volume was raised by a third during the bookbuilding, at a zero interest rate.

A major objective of the RAG-Stiftung, in addition to financing the perpetual obligations, is the targeted support of projects in the areas of education, science and culture in the Ruhr and Saar regions that have been impacted by the withdrawal from mining. That's because the rich culture of the mining legacy must be preserved and its vitality must be retained in the future. At the same time, we are generating crucial momentum for change in the mining regions through our support activities. In line with the continually increasing challenges facing our support work, we increased the amount of our support expenditures to €4.5 million in 2014. Our Board of Trustees approved of this decision, as well as the decision to further increase our support activities budget to €7.5 million in 2015.

In this Annual Report we wish to give you a transparent account of how we are increasing our capital assets in order to fulfil our obligations from 2019 on. We would also like to inform you about the ways our support activities are benefiting people in the mining regions financially. The title of this year's Annual Report, "Forever lasts longest", stands for the duration of the tasks facing us, to which we are committed today and forever.

I hope you find this informative and interesting!
Best regards,

Werner Müller

Dr. Werner Müller
Chairman of the Board of Executives of the RAG-Stiftung

INTERVIEW: DR. HELMUT LINSSSEN

“THE IMPORTANT THING IS LIQUIDITY”

He's known as the “Lord of the Numbers” at the RAG-Stiftung: As the Chief Financial Officer, Dr. Helmut Linssen has to invest the RAG-Stiftung's assets so that from 2019 it can finance the perpetual obligations from coal mining. What's more, he has to do this in a time of very low interest rates. Returns, security and dynamism are the targets that Dr. Linssen has to coordinate with one another.

Dr. Linssen, beginning in 2019, the RAG-Stiftung will have to finance the German coal mining industry's perpetual obligations. Will you be able to amass the necessary assets by then?

First, I'd like to say that we are already earning more than we will need to spend each year from 2019. In 2014 we made €350 million. Against this income, we will have expenditures of around €220 million starting in 2019. So we are extremely confident that we can meet our obligations. We had assets of just over €13 billion at the end of 2014. This amount is growing by about €350 million per year—and its rate of growth is increasing. What's more, RAG will give us €1.6 billion at the end of 2018, as stipulated by the agreement governing the inherited liabilities with unlimited duration. Added to that are anticipated increases in the value of our equity investments.

We expect to have amassed assets of about €18 billion by the end of 2018. But let me repeat that the important thing is liquidity. It's a question of whether we can meet our perpetual obligations each year, and we will be able to do so.

You still have a 68 per cent share of Evonik.

The company generates stable earnings for the

foundation. So why are you still planning to divest yourself of additional Evonik shares?

Let me first state that we will sell additional Evonik shares only if this doesn't negatively affect the share price and depending on the current market situation. We are doing it very calmly and carefully. However, we need to spread the risks more broadly, and we don't want to be so strongly focused on a single company from the chemicals sector. We are certain that we can also make smart investments outside of the chemicals sector and still achieve annual returns that are as high as those at Evonik—where the returns are very gratifying, by the way.

In view of the interest crisis, how did you manage to achieve a yield of more than six per cent from your investments in 2014?

Declining interest rates lead to rising prices for our bonds—for those from the public sector as well as for corporate bonds. However, global share investments and the asset categories of private equity, infrastructure and real estate were very successful as well in 2014. We benefited from this development. This wouldn't have been possible without the new capital investment guidelines that the foundation's Board of Trustees passed at the end of 2013. This step enabled us to invest more strongly in the asset categories I have just mentioned.

It takes daring to achieve high returns. How much risk are you willing to take with your investments?

Our articles of incorporation require us to make profitable and safe investments. We are doing that by broadly spreading our investments, and thus our risks, into many different asset categories and regions. Developments in recent years in particular have shown us that there is no such thing as a zero-risk investment. The important thing is to control the risks. We always use a risk budget for our investments. The amount of this budget is determined by the expected annual yields and the hidden assets that we have accumulated since 2008. The budget is now a nine-digit figure. We continuously monitor the degree to which the risk budget is being utilized. If this figure rises too high, we reduce the risks of our investment. To manage these activities, we also work together with external risk managers.

What role does your investment of about one billion euros in the real estate firm VIVAWEST play in your investment mix?

Like Evonik, VIVAWEST is a strategic equity investment for us. It provides us with a stable dividend of

four per cent. What's more, the company is increasing in value. We invested in real estate at the right time. If you translate the evaluation of competitors that are listed on the stock exchange to VIVAWEST, our investment has almost doubled in value.

How far along are you with the implementation of your strategy to also generate returns from investments in medium-sized enterprises?

We're making good progress. The first vehicle for the investment in medium-sized companies is Maxburg KG. This is a fund with only a single investor: the RAG-Stiftung. Maxburg has a broad investment focus. However, we have the right to veto the fund's investment decisions. The second vehicle is RAG-Stiftung Beteiligungsgesellschaft mbH, which we are managing in cooperation with a minority shareholder. This company invests in successful medium-sized enterprises in the areas of machine production, automation, engineering services and industrial services. RAG-Stiftung Beteiligungsgesellschaft and Maxburg KG have already bought us a nice array of rapidly growing shareholdings that are developing very well. We will continue to increase our investments in this area, and see what else we can find on the market.

How are you as an investor different from private-equity funds that are often feared by medium-sized companies?

We differ in the duration of our investments and the way we finance them. Unlike private-equity funds, we are not already thinking of ways we can sell a company at the time we buy it. We are a long-term investor who wants to receive stable returns over a long period. This is because we have to use these returns to finance “perpetual” obligations. Another

“We are a long-term investor who wants to have sustainably stable returns.”

Dr. Helmut Linssen



Openness as a basic principle: CFO Dr. Helmut Linssen explains the foundation's strategy

thing that makes us different from private-equity funds is that we only use our own capital, and don't rely on any leverage. Because of our reliability, the response to Maxburg and RAG-Stiftung Beteiligungsgesellschaft has been extremely positive.

Röder Zeltsysteme is the first company in which you have purchased all of the shares. Are you now managing the company as well?

No, the management of Röder continues to be responsible for business operations, a task they already performed successfully in the past. Although we don't usually purchase all of the shares in a company, we keep this option open whenever it makes strategic sense to do so. We don't want to interfere in the daily operations of our equity investments. That's why we only invest in companies in whose management we have a lot of faith. We want to work together with these managements in order to promote the various companies' strategic development. That's the role we have chosen. We therefore make sure that we are represented on advisory committees or supervisory boards even if we are only a minority shareholder. Having members on these committees always ensures that we have a good overview of the companies' situation. As majority shareholders, we also focus on the monthly controlling reports and the joint budget and strategy meetings.

Before you got involved in politics, you spent many years managing a medium-sized agricultural wholesaler that your father founded. How much does this experience help you now?

It's certainly an advantage if you can speak the same “language”, as it were, when you're trying to do business with one another. <

REPORT: THE HEAD OF HUMAN RESOURCES VISITS JOBLINGE

EMPOWERING YOUNG PEOPLE

Bärbel Bergerhoff-Wodopia is the Head of Human Resources at the RAG-Stiftung and is also responsible for the foundation's support of activities in the areas of education, science and culture. Ms Bergerhoff-Wodopia understands her tasks to include taking a first-hand look at the projects the foundation supports. That's why she also recently visited the JOBLINGE project that the RAG-Stiftung supports in Essen.

CAREER HELP

"You sometimes need courage to make a decision and go along the path you've chosen", says Bärbel Bergerhoff-Wodopia, a member of the Board of Executives of the RAG-Stiftung, as she talks about her experiences and decisions in life to a young audience that has assembled at the JOBLINGE facility in Essen on a wintry Friday morning. "Although change can sometimes be scary, you have to embrace it", she says. Her attentive listeners are ten young people, aged 16 to 23, who are currently taking part in a professional orientation process. Over a period of six months, the

non-profit organisation JOBLINGE gAG Ruhr in Essen provides the programme's participants with individual assistance so that they can enter the working world.

Although most of the participants have already finished school, they have either failed sometime in their lives or lost their way after completing school and before beginning an apprenticeship. It's quite common, because not everybody knows what his or her dream job might be right after finishing school. Even people who know exactly what they want to do don't always get the right apprenticeship. That's why people sometimes have to start over again once or twice. "Not everybody has to go to university", says Ms Bergerhoff-Wodopia as she replies to a question from a young woman who doesn't know whether she should go to college or begin an apprenticeship. Looking back on her own career, Ms Bergerhoff-Wodopia advises the young woman to "take your aptitude and strengths as a guide, and be diligent and dedicated. If you do that, you'll be successful." Among other things, the Joblinge participants are coached

in how to apply for jobs, take part in internships, are given new ideas and, last, but not least, find the time to recognise their own abilities and wishes.

As Head of Human Resources at the RAG-Stiftung, Ms Bergerhoff-Wodopia is, among other things, responsible for supporting the socially responsible adjustment process of the foundation's wholly owned subsidiary RAG Aktiengesellschaft. In the area of education, science and culture, she also helps to preserve the coal-mining heritage and to open up new prospects for the Ruhr and Saar regions, which are affected by the discontinuation of coal mining.

In 2014 the RAG-Stiftung invested €4.5 million in its support activities. This money was distributed to projects in the Ruhr and Saar regions in order to assist such diverse measures as an exhibition about the coal-mining heritage in the Saarland, the promotion of talented young people at school, in training and in college, the creation of an endowed professorship for geoengineering and post-mining activities at the University of Applied Sciences in Bochum and the development of the digital art guide *kunstgebiet.ruhr* (see pages 22 to 25). In all of these activities, Ms Bergerhoff-Wodopia is always eager to meet the people involved personally, as is the case today with the participants of the Joblinge project.

LISTENING AND GIVING ADVICE

The concept for the JOBLINGE initiative was drawn-up by The Boston Consulting Group and BMW's Eberhard von Kuenheim Stiftung in 2007. The establishment of gAG Ruhr in Essen in 2012 was particularly promoted by the Initiativkreis Ruhr and by the RAG-Stiftung and other companies. The initiative now also has a second facility, which is located in Gelsenkirchen. Many people have volunteered to act as mentors, especially from member companies of the Initiativkreis. The mentors meet with the young people, listen to their concerns and try to make suggestions. The RAG-Stiftung is a shareholder in the non-profit company. Ms Bergerhoff-Wodopia is a member of the company's supervisory board, where she represents the RAG-Stiftung's interests. The RAG-Stiftung has also supported JOBLINGE gAG Ruhr financially ever since the initiative was founded.

"Take your aptitude and strengths as a guide, and be diligent and dedicated. If you do that, you'll be successful."

Bärbel Bergerhoff-Wodopia

JOBLINGE's well-conceived training programme has proven very effective over the years, and the initiative has helped more than 70 per cent of participants find a job. This means that most of the programme's participants successfully enter the regular job market. One of these people is Simon Scheibner. After his time as a "jobling", Scheibner began to train to become a cook in August 2014 at the retirement and nursing facility Marienhaus gGmbH in Essen. "Without the JOBLINGE programme, it would have been difficult for me to get such a regular apprenticeship", says Scheibner.

"Everybody whom we have helped to obtain a secure apprenticeship in this way, has been empowered to shape his or her own future", says Bergerhoff-Wodopia. From her perspective as the Head of Human Resources at the RAG-Stiftung, she thinks it's unacceptable that young people who didn't finish school often have very poor career prospects, even though many apprenticeship positions remain vacant. "You are needed", she tells the young people before going on to emphasize the importance of earning one's living and the associated social recognition. "The more effort you invest and the harder you work at something, the more you will get back. You just have to keep your eyes open and take on responsibility." <

Project: JOBLINGE

- **Mission:** Provide traineeship support to young people
- **Time period:** since 2013
- **Partners:** Boston Consulting Group, Initiativkreis Ruhr



A success story: Ex-jobling Simon Scheibner is now an apprentice cook at Marienhaus gGmbH

Bergerhoff-Wodopia talks to a group of "joblings": Nesrin Atalay, Rafayel Iordanyan, Kira Weiß (background, left); front: Natalie Jacoby and Marian Weidenheimer



2014—THE YEAR'S

HIGHLIGHTS

APRIL

NEW INVESTMENT STRATEGY LAUNCHED

The RAG-Stiftung begins implementing a new investment strategy that allows up to 20 per cent of the foundation's assets to be invested in shareholdings. To this end, RAG-Stiftung Beteiligungsgesellschaft mbH is established at the beginning of April. This holding company will purchase stakes in small and medium-sized businesses on behalf of the foundation. In addition, the RAG-Stiftung decides to participate in an exclusive investment fund established by Maxburg Capital Partners. The Maxburg Beteiligungen GmbH & Co. KG investment fund is led by external managers whose investment decisions are also based on the RAG-Stiftung's new investment strategy.

JUNE

EXCHANGEABLE BONDS FOR EVONIK SHARES

Successful issue of an exchangeable bond for Evonik shares: Due to strong demand that represents a market vote of confidence in Evonik shares, the originally planned transaction volume of €400 million is increased to €600 million. The RAG-Stiftung will utilize the proceeds from the bond issue to diversify its investments in line with the foundation's new investment strategy.

JUNE

"THE POST-COAL ERA" FORUM

On 10 June, more than 300 guests from the worlds of business, politics, science, media and culture attend a "Future Forum" titled "The Post-Coal Era: Challenges. New Ideas. Perspectives." The forum, which was organised by the RAG-Stiftung and RAG, is held at Zollverein, a UNESCO World Heritage Site in Essen. Renowned experts discuss the experiences and challenges associated with the transformation process in mining regions. The speakers and panel members include the Premier of the state of Saarland, Annegret Kramp-Karrenbauer, the Chairman of the IG-BCE trade union, Michael Vassiliadis, and sustainability expert Prof. Björn Stigson (see page 12).


 SEPTEMBER

FINANCIAL INTEREST IN ZOOPLUS AG

The RAG-Stiftung acquires a financial interest in zooplus AG, a leading European-wide online supplier of pet foods and products. Zooplus was founded in 1999 and is active in 24 countries. The investment is made through the Maxburg Beteiligungen GmbH & Co. KG public & private equity fund, which now has a 13.6 per cent interest in the online retailer. Zooplus, which has 260 employees, generated sales of €571 million in 2014.

OCTOBER


 HAHN
AUTOMATION

MAJORITY SHAREHOLDER IN HAHN AUTOMATION

The RAG-Stiftung acquires 51 per cent of HAHN Automation GmbH via RAG-Stiftung Beteiligungsgesellschaft mbH. Over the last two decades, HAHN Automation has developed into one of the leading manufacturers of special machines for automated production. The company employs approximately 500 people at locations in Germany, the Czech Republic, Turkey, the USA, Switzerland, Croatia and China, where a new manufacturing facility is also currently being built. HAHN Group products are used in the automotive and consumer goods industries, as well as in the production of medical care products. HAHN recorded sales of approximately €62 million in 2014.


 RÖDER

NOVEMBER

ACQUISITION OF RÖDER ZELTSYSTEME

The RAG-Stiftung acquires 100 per cent of the infrastructure specialist RÖDER Zeltsysteme und Service AG. This acquisition, which is also made via the holding company, is part of the continuing effort to diversify the foundation's investment portfolio. RÖDER is a leading global supplier of transportable structures. It posted sales of about €90 million with around 500 employees in 2014. The group's segment for events and trade shows continues to grow. RÖDER also has major growth opportunities in the industry infrastructure and environmental protection sectors.

DECEMBER

DIGITAL ART GUIDE THROUGH THE RUHR REGION

The new *kunstgebiet.ruhr* art guide goes online. The Web project, which is funded by the RAG-Stiftung, provides a unique and complete online overview of the art scene in the Ruhr region. The works of art, artist biographies, exhibition dates, and art "routes" presented on the website invite users to take a tour of discovery in both the virtual and real worlds. *kunstgebiet.ruhr* also examines the art history of the Ruhr region since 1840, offers a special section for children and teenagers, and even has a virtual billboard with postings on studio space, calls for tender and scholarships (see page 25).

DECEMBER

R. STAHL AG SELLS SHARE PACKAGE TO THE RAG-STIFTUNG

R. STAHL AG sells 644,000 of its own shares (ten per cent of all issued voting rights) to RAG-Stiftung Beteiligungsgesellschaft mbH. R. STAHL is a globally leading supplier of electrical and electronic products and systems for explosion protection. Such products are typically used in growth sectors such as the oil and gas industry, the chemical and pharmaceutical industries, and the food and beverage industry. The company, which has around 1,900 employees, generated sales of approximately €308 million worldwide in 2014.

An interested discussion participant: Ruhrfestspiele Director Dr. Frank Hoffmann (right)



HIGHLIGHTS SPECIAL

2014 FUTURE FORUM: LIFE GOES ON IN THE POST-COAL ERA

What comes next after the last coal mine closes in 2018? Experts from the worlds of politics, business and science drew some very optimistic conclusions regarding the post-coal era during a Future Forum organised by RAG and the RAG-Stiftung in Essen.

A FULL HOUSE, DESPITE THE STORM

The miners' saying "it's always dark in front of the pick" originated back when working in coal seams was very hard and dangerous. Still, from the perspective of its overall historical development, coal mining brought more light than darkness to miners and mine operators. As the originators and refiners of a social partnership, and drivers of Germany's "economic miracle" after World War II, miners made a greater contribution to social cohesion than virtually any other professional group. What will happen now that the coal-mining era is coming to an end? Will things get darker for the people and communities in the Ruhr and Saar regions? What will remain of the best mining technology ever developed? Does the mining industry's historical legacy offer room for a new phase of technological, economic and social progress?

On 10 June 2014, politicians, economic experts, scholars and scientists discussed the challenges and opportunities of the post-coal era at the Zollverein, a UNESCO World Heritage Site that was formerly the world's biggest coal mine. The night before the event, a severe storm uprooted trees and made

many roads impassable in the Ruhr region. Nevertheless, most of the invited participants managed to make their way to the "Future Forum" organised by RAG and the RAG-Stiftung in Essen.

The presentations, discussions and films yielded a "big picture" of the post-coal era for the first time. RAG believes it faces some challenging tasks in this era, as its Chairman, Bernd Tönjes, explained. "The mining is over, but the mining sites remain, along with our responsibility to develop them in a sustainable manner", said Tönjes when he was asked whether, and how, RAG, which has had a major impact on the Ruhr region for such a long time, would react to the end of mining activities in 2018. Dr. Werner Müller, Chairman the Board of Executives of the RAG-Stiftung, also expressed his commitment to the mining regions: "In view of our tradition and the fact that our responsibility will continue beyond 2018, we plan to develop new ideas and perspectives for the Ruhr and Saar regions."

During the forum, RAG and the RAG-Stiftung also outlined an extensive package of measures for the future. The basic principles are as follows:

- To promote dialogue and cooperation—to act together in a sustainable manner.
- To further develop unique skills—to set global standards for science and practical applications.
- To take on social responsibility—to offer people solid prospects for the future.
- To enhance the appeal of the sites—to promote jobs and quality of life.



1 RAG-Stiftung Board member Bärbel Bergerhoff-Wodopia 2 A full house, despite the storm: The auditorium



3 RAG-Stiftung Chairman Dr. Werner Müller emphasized heritage and responsibility 4 Lively discussions continued during the breaks



5 Annegret Kramp-Karrenbauer, Premier of the state of Saarland 6 Michael Vassiliadis, Chairman of the IG BCE trade union

- To preserve the historical legacy—to strengthen regional identity.

NEW PERSPECTIVES FOR THE REGIONS

Germany's Minister of Economic Affairs Sigmar Gabriel, and the state of North Rhine-Westphalia's Minister of Construction, Housing, Urban Development and Transport, Michael Groschek, were unable to make it to Essen because of the storm. Both, however, sent extensive political statements on the issue at hand, and both emphasized the exemplary character of the transformation process. "The unique expertise that has been gained through the post-coal experience can also make a contribution to the sustainable design of other former industrial sites and structures around the world," Gabriel explained. "The end of coal mining in the Ruhr region has attracted a lot of international attention," said Groschek. "Delegations from around the world come here to see how we are revitalizing land, for example, or how we plan to use mining infrastructure for the generation of energy from renewable sources."

The Future Forum also featured two discussion rounds in which participants talked about the regional and global prospects associated with the post-coal era. Annegret Kramp-Karrenbauer, Premier of the state of Saarland, which is already fully in the post-coal era, talked about her state's experience with structural transformation. "Sustainable solutions only succeed if all the affected parties are incorporated into the decision-making process from

"In particular, the social partnership model can be viewed as an example of the successful implementation of constructive forms of dialogue and cooperation."

Prof. Richard Sennett, American sociologist

the beginning," was her conclusion. Michael Vassiliadis, Chairman of the IG-BCE trade union, also stressed how important cooperation is for dealing with challenges: "Only those regions that allow workers and their unions to speak out and have a say in decisions can remain socially stable and economically strong in the long run."

Prof. Björn Stigson, head of the peer review group for evaluating the German government's sustainability strategy, took a similar view: "Globalization and the fixation on growth have pushed solidarity and cooperation into the background over the last few years. If sustainable change is to be achieved, we need to focus once again on cooperation as a critical factor for successful transformation."

In a written presentation for the Future Forum, the renowned US sociologist Prof. Richard Sennett praised the positive impact of social partnership on today's increasingly fast-moving economic system, whose dynamism and pressure to conform can only be countered by greater dialogue and cooperation >

between various social forces. "In particular, the social partnership model can be viewed as an example of the successful implementation of constructive forms of dialogue and cooperation," he wrote.

UNIQUE EXPERTISE

The consensus of the forum was that the future can only be shaped through cooperation. The participants also agreed that science, education and culture will play a major role in the lives of the people of the Ruhr and Saar regions in the future. "The coal of the 21st century is the knowledge in people's minds," said Bärbel Bergerhoff-Wodopia, a member of the Board of Executives of the RAG-Stiftung. "The mining regions are far from having fully exploited their potential. The important thing now is not only to preserve the legacy of the mining era and ensure its remembrance but also to invest in the future." This is why the RAG-Stiftung supports training and scientific projects that are helping to shape the post-coal era (see page 8 and pages 22–24).

The extensive technological expertise in the mining regions offers huge potential. Attractive forward-looking projects that make creative use of mining structures and knowledge are already being carried out in these regions. Such projects include the use of spoil heaps for photovoltaic and wind power plants. Scientists are also now assisting with a

7 Bernd Tischler,
Mayor of Bottrop
8 RAG Chairman
Bernd Tönjes
9 Sustainability expert
Prof. Björn Stigson



10 IASS
Director
Prof. Klaus
Töpfer,
speaking
with
Melinda
Crane

"I'm particularly grateful to the RAG-Stiftung for the fact that we've been able to discuss the issue of cultural legacy not only with regard to landmarks but also in terms of education and ways of thinking."

Annegret Kramp-Karrenbauer, Premier of Saarland

study to determine whether abandoned shafts could be used as underground pumped-storage hydro-electric power stations and so support the energy transition in Germany. RAG Chairman Bernd Tönjes described how the transfer of mining knowledge to other countries, such as China, also plays a key role in his company's vision for the future. "This is about social sustainability as well. We want to pass on our knowledge of occupational safety," Tönjes explained.

Prof. Klaus Töpfer, Executive Director of the Institute for Advanced Sustainability Studies (IASS), encouraged the forum participants to enable a creative transfer of knowledge. "If RAG's adaptation and transformation measures succeed, it will have accomplished something that has never been achieved before," said Töpfer. Stigson also pointed out another way in which mining knowledge might be transformed. He suggested that the engineering expertise from mining operations be used to develop creative solutions for reducing greenhouse gases—indeed, he said, this would offer important future prospects for mining technology.

By the time the forum came to its end, it had become clear that it's not dark at all "in front of the pick"—instead, a whole range of tasks and opportunities can be seen on the horizon. <



PERPETUAL OBLIGATIONS

"800 MILLION CUBIC
METRES OF
WATER PER YEAR"

Dr. Christian Melchers is a Professor of Geoengineering and Post-Mining Studies at the TFH Georg Agricola University of Applied Sciences in Bochum. He is currently involved in several research projects related to the perpetual obligations resulting from coal mining activities.

Professor Melchers, what are perpetual obligations?

The perpetual obligations resulting from coal mining operations are pit water management, polder measures and groundwater purification at former mining sites. They are considered "perpetual" because the mining operations resulted in permanent changes above and below ground. That's why the water balance must be constantly monitored and regulated. Perpetual obligations do not include damage caused to buildings by mining, for example. These are finite, and RAG is managing them as well.

Is it true that the Ruhr region would eventually end up under water if the perpetual obligations were not met?

Mining has led to subsidence of the earth in some areas—by as much as 25 metres in certain locations. Many areas therefore no longer have any natural drainage of surface water and have to pump out overflow from streams and rivers, as well as rainwater. This adds up to more than 800 million cubic metres of water per year, which is around one hundred times the volume of Lake Baldeney. If the pumps

Innovative solutions for
the post-coal era:
Prof. Christian Melchers

were turned off, then parts of Essen or Duisburg would be under water in a relatively short time, for example.

The sum of these active water level regulation measures is referred to as polder measures?

Yes, exactly. We're talking about surface water management here, which is different to pit water management. Pit water refers to the deep groundwater in the deposits. This water has to be pumped up out of the pits and to the surface in order to make mining operations possible in the first place. After coal mining is discontinued in the Ruhr region in 2019, the underground pit chambers can be filled by the rising pit water.

That would happen by itself anyway. Where's the "perpetual" obligation in this process?

Pit water has a very high salt content in some cases, and mining operations have loosened underground rock, so we need to prevent the salt water from rising up into higher groundwater strata—for example, those that supply drinking water. That's why plans call for pit water to be kept a safe distance from drinking water. Completely new technical infrastructure will be set up for this. The current pumps in the pits will be removed and a modern well water management system with giant submersible pumps will be installed.

Has this ever been done anywhere else?

Yes, it has. There are several coal regions in Germany and around the world that have carried out such a process. Extensive research on this topic has already yielded valuable knowledge and information that will help optimize the planned process.

That leaves us with the third perpetual obligation—groundwater purification at the former mining sites. Why is this task also permanent?

Many sites, especially those where coking plants once stood, are contaminated over large areas and to significant depths, which means it is nearly impossible or completely impractical to try to restore them. Instead, water is purified at the polluted site using state-of-the-art technology. After that, it's fed back into the water system in uncontaminated areas.

Which of the perpetual obligations is the hardest?

Each of them presents its own very different technical challenges. In terms of costs, pit water management is the most expensive. One reason for this involves the extensive technical systems and energy needed to pump large amounts of water up from great depths. Pit water management alone will account for more than 60 per cent of the anticipated annual cost of €220 million for meeting the perpetual obligations. A little less than 30 per cent will be applied to the polder measures, and the rest will be used for groundwater purification. <

RAG, EVONIK, VIVAWEST

THE STRATEGIC EQUITY INVESTMENTS

The RAG-Stiftung is the majority shareholder of Evonik Industries AG and the largest shareholder of Vivawest GmbH. The existing equity investments remain the main elements making up the RAG-Stiftung's assets. Beginning in 2019, the yields from these assets will be used to finance the foundation's perpetual obligations. As the sole owner of RAG, the RAG-Stiftung also helps make the discontinuation of coal mining in Germany socially acceptable.

COAL: A FUTURE-ORIENTED CONCLUSION

RAG Aktiengesellschaft, a wholly-owned subsidiary of the RAG-Stiftung, continues to be an important player in Germany's energy supply sector. At the end of 2014 it still had around 10,000 employees, including almost 700 trainees. At the end of 2014, almost 5,300 RAG employees still worked underground in the currently active mines of Auguste Victoria in Marl, Prosper-Haniel in Bottrop, as well as in the Ibbenbüren mine. In 2014 RAG mined a total of around 7.6 million metric tons of coal at these three locations. The sales for the year totalled around €1.9 billion. RAG's most important

customers include power companies and the steel industry.

RAG is responsible for bringing coal mining in Germany to a socially acceptable conclusion. This task has already been fulfilled in the Saar region and in the eastern Ruhr region. Mining will be discontinued at the Auguste Victoria mine at the end of 2015, and the mines in Ibbenbüren and Bottrop will be closed on 31 December 2018. Beginning in 2019, RAG will primarily focus on handling the German coal mining industry's inherited liabilities with limited duration and its inherited liabilities with unlimited duration. Specifically, this involves securing the shafts, regulating mining damage and employing technology to manage the mine water. However, RAG has already begun to turn former mining areas into sought-after locations. The results include, for example, new residential and commercial areas as well as sites suitable for photovoltaic and wind power systems.

SPECIALTY CHEMICALS: PROFITABLE GROWTH

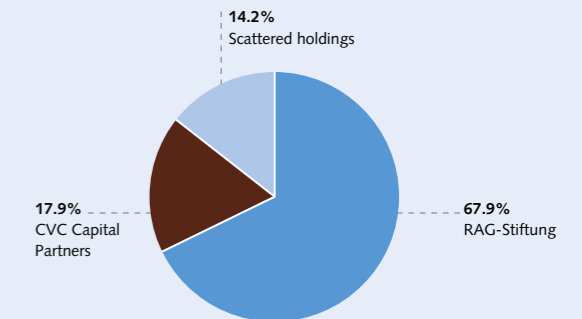
Evonik further strengthened its position as a globally leading specialty chemicals company in the 2014 financial year, when it had 33,400 employees, €12.9 billion in annual sales and an operating result (adjusted EBITDA) of around €1.9 billion. The company's strategy concentrates on profitable growth and the sustained increase of its valuation. To achieve these goals, Evonik focuses on the promising trends of health, nutrition, resource efficiency and globalization. The company operates in more than 100 countries; it generates 78 per cent of its sales outside Germany.

Evonik develops and produces specialty chemical products that have a high level of utility for customers and for society as a whole. Examples include special structural foams, additives for plastics and adhesives for cleaner and more lightweight automobiles. By supplying the four most important amino acids for innovative animal feed, Evonik also makes a major contribution to feeding the world's population in a sustainable manner. Other examples from its product range include superabsorb-



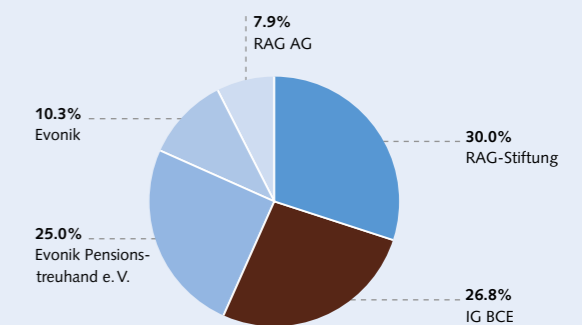
Evonik Industries AG

Headquarters: Essen—33,400 employees—€12.9 billion in sales—€1.9 billion in earnings (EBITDA) in 2014



VIVAWEST

Administrative centre: Gelsenkirchen—2,000 employees—€806 million in sales—€348 million in earnings (EBITDA) in 2014



RAG Aktiengesellschaft

Headquarters: Herne—10,000 employees—around €1.9 billion in sales (2014)

100%

RAG-Stiftung

ers for nappies and materials for the production of coatings. The Group holds or has applied for more than 25,000 patents. Evonik generates around 80 per cent of its sales in markets where it has a leading position.

Evonik further sharpened its profile as a purely specialty chemicals company and sold its remaining 49-per cent share of the energy supplier STEAG to a municipal utility consortium in 2014. The RAG-Stiftung is the majority shareholder of Evonik Industries AG. Following the sale of a 25.01 per cent share of Evonik in the summer of 2008 and the Initial Public Offering of Evonik Industries AG in April 2013, the foundation now owns around 68 per cent of the company. Over the long term, the RAG-Stiftung plans to further diversify its investment portfolio. Among other things, it will further reduce its share of the chemicals company with due consideration of its effect on the markets and depending on the development of the valuation of the company and the situation on the capital markets.

REAL ESTATE: SUSTAINABLE EARNINGS

Another major component of the RAG-Stiftung's investment portfolio is Vivawest GmbH, which was

created in 2012 as the result of the operational merger of the predecessor companies Evonik Real Estate and THS. As the market leader in North Rhine-Westphalia and one of the largest real estate companies in Germany, VIVAWEST manages over 120,000 flats for about 300,000 people in 76 communities in the Rhineland and the Ruhr region. The tenants include many current and former RAG employees.

The RAG-Stiftung is VIVAWEST's biggest shareholder, and directly owns 30 per cent of the company. The other shareholders are the trade union IG BCE (26.8 per cent), Evonik Pensionstreuhand e.V. (25.0 per cent), Evonik (10.3 per cent) and RAG (7.9 per cent). VIVAWEST is a profitable and sustainable financial investment for the RAG-Stiftung.

One of the main reasons for this was the targeted further development of the company's residential properties, including the construction of new flats that are suitable for the needs of different generations of tenants, maintenance work for increasing the flats' value and modernization measures for making existing properties more energy efficient. <



The Maxburg management team: Dr. Felix Treptow, Florian Seubert, Moritz Greve and Dr. Hans Liebler (from left to right)



A strong team: Jürgen Wild (left) and Eberhard Vetter, the Managing Directors of RAG-Stiftung Beteiligungsgesellschaft mbH

FINANCING: MEDIUM-SIZED ENTERPRISES

TWO STRONG "MAGNETS" ARE ATTRACTING MEDIUM-SIZED ENTERPRISES

The RAG-Stiftung is participating in rapidly growing medium-sized enterprises through two companies. The participations are based on an investment strategy that aims to greatly diversify the investment portfolio while also sustainably increasing value.

TWIN-TRACK STRATEGY

Besides its strategic equity investments in RAG, Evonik and VIVAWEST, the RAG-Stiftung created two new vehicles in 2014 for making direct investments in medium-sized enterprises: RAG-Stiftung Beteiligungsgesellschaft mbH and Maxburg Beteiligungen GmbH & Co. KG (Maxburg KG). This step was preceded in December 2013 by a decision of the Board of Trustees, which allowed the RAG-Stiftung to invest up to 20 per cent of its investment funds in shareholdings and private equity.

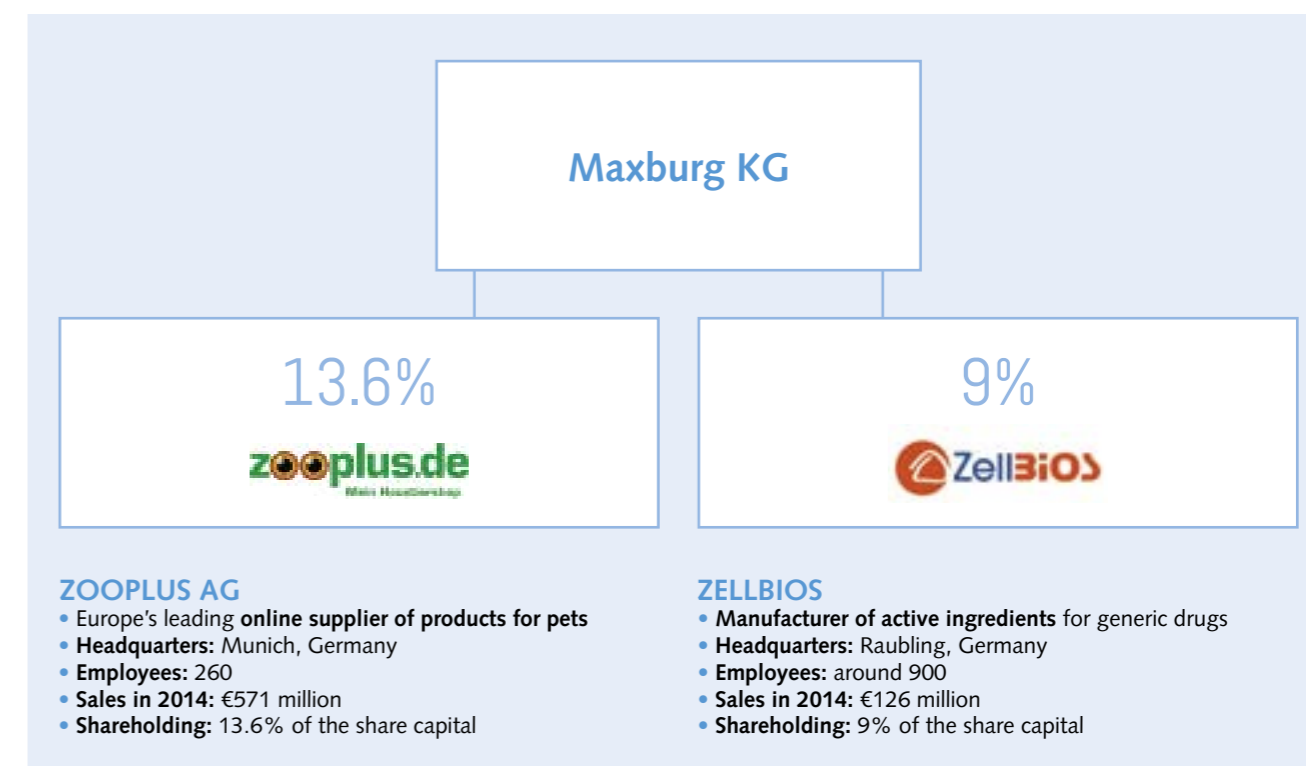
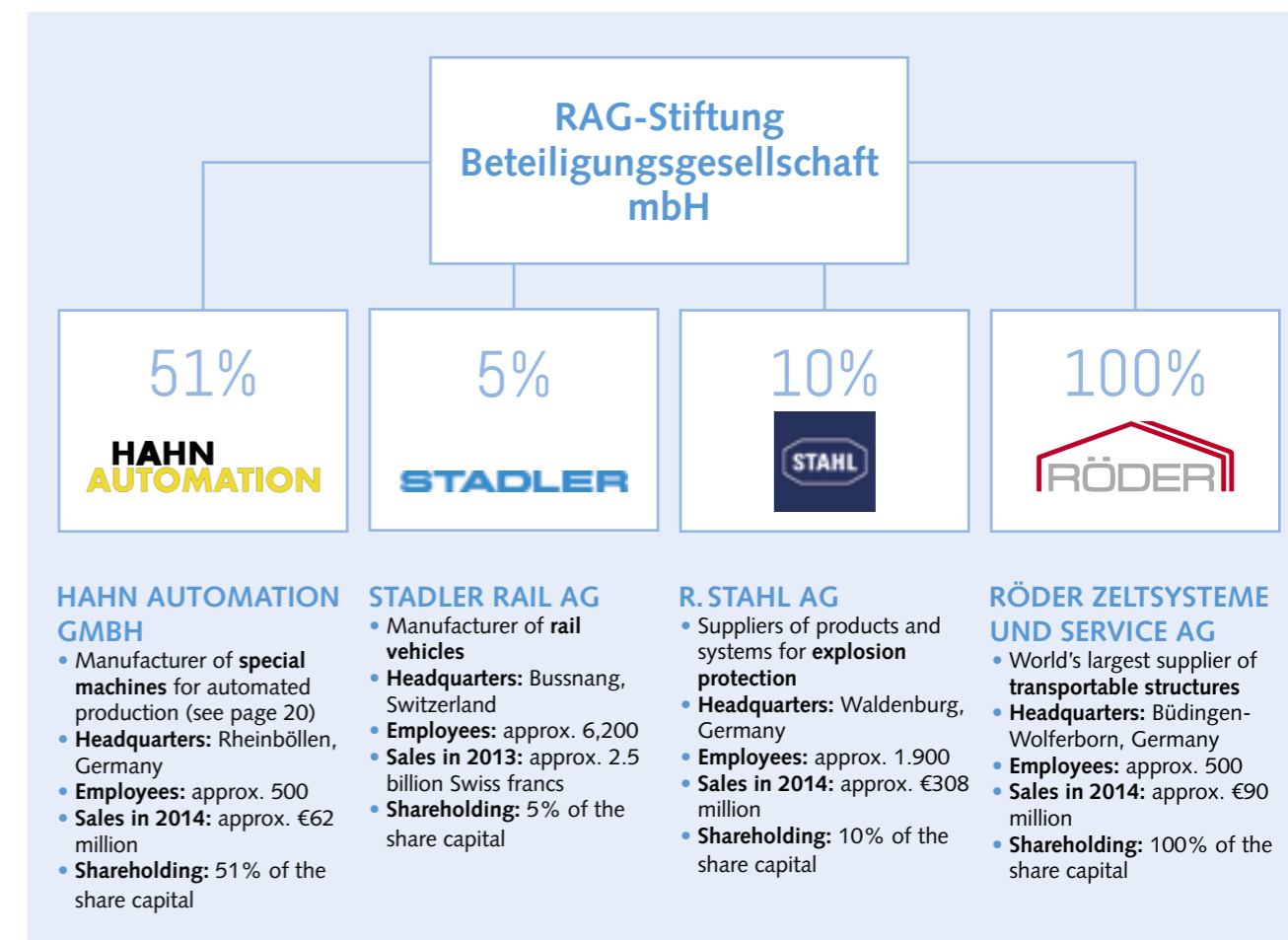
The establishment of the investment companies provides the RAG-Stiftung with two different means of accessing potential investments. The foundation's two "magnets" are targeted at leading medium-sized enterprises that generate around €100 million in sales annually, are well-positioned internationally and are active in rapidly growing niche markets (see graphic). RAG-Stiftung Beteiligungsgesellschaft focuses on high-quality minority and majority interests in machine production, automation and industrial services companies. Maxburg KG, on the other hand, is more flexible with regard to its target sectors and financing instruments. The RAG-Stiftung's two-track investment strategy aims to highly diversify the foundation's investment portfolio in order to spread risks as much as possible. RAG-Stiftung Beteiligungsgesellschaft mbH was established in April 2014. The Chairman of the Board

of Management, Jürgen Wild, is an experienced industrial manager. The other board member is Eberhard Vetter, who has headed the RAG-Stiftung's financial investment department since 2008 and, like Wild, has many years of management experience. The investments of RAG-Stiftung Beteiligungsgesellschaft are geared towards the long term. The company wants to help the medium-sized enterprises further strengthen their position in the respective markets. The investment decisions of RAG-Stiftung Beteiligungsgesellschaft are subject to the RAG-Stiftung's approval.

Maxburg Beteiligungen GmbH & Co. KG is a public and private equity fund for shareholdings in medium-sized enterprises. The fund was set up exclusively for the RAG-Stiftung by the Munich-based investment management company Maxburg Capital Partners GmbH (Maxburg Capital). The fund and its investments are managed by Maxburg Capital's four partners: Moritz Greve, Hans Liebler, Florian Seubert and Felix Treptow. Like the equity investment company, Maxburg KG generally concentrates on long-term investments in profitable medium-sized enterprises with the goal of permanently increasing their value on a sustainable basis. The RAG-Stiftung appoints three members of Maxburg KG's six-member investment advisory committee and has the right to veto all investments. <

Multi-faceted: The RAG-Stiftung's holdings in medium-sized enterprises

A great fit: The medium-sized enterprises that RAG-Stiftung Beteiligungsgesellschaft mbH and Maxburg KG have acquired to date are successful and create a coherent overall picture on the basis of the foundation's strategy.





FINANCING: REPORT

TOGETHER WE ARE STRONGER

In September 2014 RAG-Stiftung Beteiligungsgesellschaft became the majority shareholder of HAHN Automation GmbH, which is based in Rheinböllen, Germany. It invested in a company that is successful worldwide with its innovative automation solutions and that has big plans for the future.

STARTING OFF IN A GARAGE

Sometimes a success story is started purely by chance. This was the case for Thomas Hähn, the founder of HAHN Automation GmbH, where he is also a Board of Management member. Back in 1992, Hähn was a mechanical engineering student who had already been promised a job by an automotive supplier. However, the deal collapsed at the last moment, when the supplier imposed a hiring freeze. "The company instead suggested that I work for them as a freelancer", says Hähn. "That was my chance." Hähn seized it immediately. Together with a partner, Hähn founded a small design studio in a garage extension, where the firm developed, and later also produced, automation solutions. Although his partner eventually left the firm, Hähn kept on until his company literally took off.

Today, Hähn manages a medium-sized enterprise that has made a name for itself worldwide as a full-range supplier of automation solutions. HAHN Automation GmbH employs around 500 men and women at four locations in Germany and six abroad. Approximately 300 of the employees work at the company's headquarters in Rheinböllen. The main customers are international automotive suppliers.

For these and other companies, HAHN Automation develops and produces customized assembly lines and testing facilities. The customers use these automated special machines to produce a wide variety of complex automotive assemblies such as turbochargers, vibration isolators and speedometers. Another field of business is the production and integration of advanced robotic technologies for the fully automatic supply of parts to assembly lines. In 2014 the company had annual sales of about €62 million.

To enable it to build on this impressive success story in internationally demanding markets, HAHN has now taken a partner on board: the RAG-Stiftung. In September 2014 the RAG-Stiftung acquired 51 per cent of the shares in HAHN Automation through its equity investment company. "We want to continue to grow on a solid foundation—internationally as well. To do this, a strong and reliable partner is indispensable", says Hähn, who continues to manage HAHN Automation together with his fellow shareholders, Marco Unverzagt and Frank Konrad. The chairman of RAG-Stiftung Beteiligungsgesellschaft, Jürgen Wild, says that his company will actively help HAHN Automation to strategically evolve. It will do this by making beneficial add-on acquisitions, for example, as well as by

"We want to continue to grow on a solid foundation. To do this, a strong and reliable partner is indispensable."

Thomas Hähn, HAHN Automation

expanding HAHN's international presence. "HAHN Automation successfully operates in an area with very good growth prospects, which makes it an ideal example of our strategy of investing in medium-sized market leaders", adds Wild.

EXPANSION OVERSEAS

The management team has almost completed its next growth measure. In mid-2015 the company will add a facility in Mexico to its existing foreign locations in the USA, China, the Czech Republic, Turkey, Croatia and Switzerland. The new facility will produce automation systems for the automotive industry. However, the expansion of activities in the core business is only part of the company's growth strategy, as HAHN Automation also wants to increasingly gain customers from other sectors, such as the medical technology, pharmaceutical and consumer goods industries. "The market for automation technology has great potential in many areas. This is mainly because the increasing prosperity in Asia and South America has a positive impact on the business development of our target sectors. We want to benefit from this development", says Hähn.

An automated assembly line from HAHN Automation consists of up to 30,000 individual parts, of which 4,000 to 5,000 are produced by the company itself. In many projects, the company also draws on the expertise from its second business unit, Material Handling. Moreover, the firm integrates high-tech robots that it has manufactured itself into the assembly lines. To ensure that all of these activities run smoothly, the company creates specialized project

"HAHN Automation successfully operates in an area with very good growth prospects, which makes it an ideal example of our investment strategy."

Jürgen Wild, RAG-Stiftung Beteiligungsgesellschaft

teams for each order. In these teams, ten employees are responsible for developing the mechanical and electrical engineering concept, while another ten install the systems into the plants and conduct the functional tests. "Our special machines are designed to increase the customer's productivity and competitiveness. The best way to achieve this goal is through teamwork and short lines of communication", says Hähn in explaining the advantages of the project teams.

When you step into the entrance hall of the headquarters in Rheinböllen you immediately see that HAHN Automation doesn't merely pay lip service to good teamwork and employee appreciation. That's because every one of the company's employees has his or her picture displayed in the hall. The pictures show many noticeably young faces, because HAHN Automation's workforce is around 30 years old on average. There are also pictures of 38 apprentices who are being trained in Rheinböllen to become industrial management assistants or mechatronic experts, for example. "We have a great training rate", says Hähn with pride. Hähn is especially concerned about recruiting young talent. "Highly qualified skilled employees are HAHN Automation's biggest asset and the basis of our success—today and in the future." <



Teamwork ensures the success of HAHN Automation's sophisticated automation solutions

SPONSORSHIP PROJECTS: EDUCATION

IMPROVING EDUCATIONAL OPPORTUNITIES

Teach First Deutschland recruits socially committed college graduates to work as fellows for two years at schools for children with limited educational opportunities. The RAG Stiftung supports this initiative as part of its effort to ensure fair access to education in the Ruhr region.

BENEFITING SOCIETY

College graduates typically look for regular jobs. But Florian Heisterkamp wasn't typical. After completing his master's degree in history and German language and literature at the end of 2013, he applied for a position at Teach First Deutschland, a non-profit initiative that aims to improve educational opportunities for disadvantaged schoolchildren. "After completing my studies, I wanted to further my personal development and actively work for social change. I have an opportunity to do that at Teach First," he says.

Since 2009, this educational initiative has been matching up college graduates from every field of study with schools in neighbourhoods that have a high percentage of families with a migration background and few educational opportunities. As Fellows, the college graduates spend two years supporting local teachers in the classroom, organizing after-school projects, and helping children do well at school, whatever their place of origin might be. The RAG-Stiftung has supported Teach First Deutschland in the Ruhr region from the very start. During the



A different kind of teaching experience: Teach First Fellow Florian Heisterkamp

2014/15 school year, the foundation is paying the costs of training and supporting five Fellows who work at schools in city neighbourhoods linked with mining.

Florian Heisterkamp is one of these Fellows. Since the summer of 2014 he has worked full time at the Bockmühle comprehensive school in Essen-Alten-dorf. Many of the 1,500 students come from families that are struggling with a whole range of problems. "As a result, most of the kids don't get any help with their school work at home. The teachers alone can't close this gap, and that's why I'm here," says Heisterkamp, who mostly works with children in the fifth and sixth grades. His tasks are many. Among other things, he heads a sports group and offers a language enrichment course for "lateral entrants". "I teach children from migrant families who have big linguistic deficits and aren't learning any German at home," he says. "The students are extremely motivated, and they very quickly experience initial success in the language enrichment course."

In addition, Heisterkamp heads a student newspaper project. Here he can fully apply his talents, which he honed while working as a TV journalist at WDR during his years at college. "Thanks to my journalistic expertise, I can give the students lots of input. But the Teach First Fellows' life experience is very valuable for the children in other projects as well," he says.

Heisterkamp's mother is a school headmistress, so it would not have been surprising if he had chosen teaching as a career. However, he was put off by the traditional lecture format that was common during his schooldays. His work at the Bockmühle comprehensive school has changed his perspective. "As a Fellow, I have very close personal contact with the children, and thus I have a very different kind of connection to them. This experience is showing me that it's possible to structure schools in a completely different way. Who knows? I may become a teacher after all," he says. <

Project: Teach First Deutschland

- **Target:** Improving educational opportunities for disadvantaged children
- **Duration:** Since 2009
- **Partner:** Teach First Deutschland gemeinnützige GmbH



A dream job as an industrial mechanic: participant Adrian Poß

SPONSORSHIP PROJECTS: TRAINING

A FUTURE BEYOND COAL

The termination of coal mining in the Saarland has left a training gap in the region. The state government and the Federal Employment Agency are successfully working to close this gap. The RAG-Stiftung is helping by participating in external training programmes run by TÜV NORD Bildung Saar GmbH.

EXTERNAL TRAINING

Adrian Poß from Saarbrücken has reached his goal. Although he dropped out of a college course in mechanical engineering, at the beginning of 2015 he was finally able to do what he always wanted: start a technical career. "I've found a job as an industrial technician," he says with pride.

Poß is one of 30 participants who started a training course at TÜV NORD Bildung Saar GmbH in September 2011 as part of the programme "Cooperative Training at Coal Mining Locations". The programme was established by the state government with support from the Federal Employment Agency and is being implemented by TÜV NORD Bildung Saar GmbH. It aims to provide an external training programme for young people who have not been able to find trainee positions on their own. "At our workshops in Völklingen, we train these young people to work in challenging commercial and technical professions," says Henning Romund, the local manager of the programme. "Through this state-wide programme we're helping to close the training gap that was left by the termination of coal mining in our region. We're also addressing the strong demand for technically oriented traineeships."

For decades, RAG AG was able to offer traineeships to numerous young people in the Saarland. However, since the end of coal mining in the region in 2012 and the subsequent termination of RAG training programmes, there have been fewer training possibilities in the region, especially in technical professions. In order to address the problem early on, the Saar-

land state government contacted the RAG-Stiftung in 2008 to plan a training programme at former mining locations with the help of the foundation and TÜV NORD Bildung Saar GmbH. "The foundation was immediately interested in creating additional external training opportunities at our agency and helping to finance them," Romund says. The first programme was implemented between 2009 and 2012. The second, which ran from 2011 to early 2015, was conducted by the Saarland state government and the Jobcenter Saarbrücken.

In the first programme alone, 22 of the 24 participants passed the proficiency examination. What's more, during the programme they found good positions for later on, either as trainees in a company or as skilled workers. The second programme ended in early 2015. Romund is optimistic about the future. "Skilled workers are in demand, so the successful participants of the training programme have a rosy professional future," he says. <

Project: Cooperative training at coal mining locations

- **Target:** Creating external training capacity
- **Duration:** Programme 1: 2009-12, Programme 2: 2011-15, Programme 3: 2015-19
- **Training partner:** TÜV NORD Bildung Saar GmbH
- **Other sponsors:** Saarland state government, Jobcenter Saarbrücken

Many mining artefacts have still not been systematically documented

SPONSORSHIP PROJECTS: SCIENCE

PRESERVING THE MINING LEGACY

What remains for us from the German coal mining industry? Many museums and collections are devoted to the legacy of the mines and the miners. A scientific project of the German Mining Museum, one of eight Leibniz research museums in Germany, is now reviewing these holdings and creating an overview.

COLLECTING AND PRESERVING

Machines, tools, miners' lamps, vehicles, work clothes, written and pictorial documents—the remnants left behind by the coal mining industry include an almost endless number of large and small objects. Numerous museums, associations, and private individuals in Germany devote their collections wholly or partly to items that vividly characterize this industry. When the last German mine closes at the end of 2018, it will no longer be possible to add any new objects to these collections. That's why now is the time to take stock of the existing collections.

"We want to be able to communicate over the long term exactly what mining used to be," says Dr. Michael Farrenkopf, who heads the Collection & Documentation department of the German Mining Museum in Bochum. One of the aims of the research project he heads, "Separate Preservation—Shared Responsibility", is to find out whether the objects secured so far are sufficient to enable the tasks of documentation and archiving to be done in the future. In particular, the project must clarify which objects

must be secured by 2018—for example, objects that are still being used today in mining operations. In this project, which is supported by the RAG-Stiftung, three scientific researchers have been working since November 2014 to make an inventory of all the known and relevant German collections related to mining. The project will lay the foundation for an information centre where the physical artefacts testifying to the German mining industry are registered and made available to the public in a database.

The research project is collecting everything that is part of the "mobile material legacy" of mining. "That includes everything that can still somehow be transported," says Farrenkopf in order to define the task. "In other words, no mine buildings or shaft towers, but instead things like machines, miners' lamps, picks and written or pictorial documentation." The researchers do not intend to break up existing collections or to devalue these holdings. After all, each of the exhibitions aims to present the lives and work of the mining community in its respective location as comprehensively as possible. The planned documentation aims to identify museums, traditional associations, initiatives, and individual collectors and to network them with one another. This will make it easier to decide which kinds of objects are still being looked for and which ones are abundantly available. Last but not least, Farrenkopf wants to ensure that important objects are not lost someday, for example because a private initiative or an association is dissolved.

One of the biggest challenges faced by the researchers in Bochum is inside their own building, the German Mining Museum. The museum was founded in 1930, and since then it has accumulated a vast inventory of objects. "We have to work our way through this collection as well and use modern IT processes to document it even more systematically," says Farrenkopf. <

Project: "Separate Preservation—Shared Responsibility"

- **Aim:** Documenting the holdings of mining collections
- **Duration:** 2014-16
- **Partner:** German Mining Museum, Bochum

SPONSORSHIP PROJECTS: CULTURE

ON THE DIGITAL PATH TO ART

Since the end of 2014, the Ruhr region has had an online guide to art: the website kunstgebiet.ruhr. This Internet platform, which is supported by the RAG-Stiftung, offers artists and people who are interested in art up-to-date insights into the region's lively arts scene.

DIGITIZATION CREATES ORIENTATION

The art scene in the Ruhr region is vibrant and multi-faceted—that's clearly shown by the digital art guide kunstgebiet.ruhr, a project of the Essen-based company at digital gmbh. The website makes this abundance transparent and offers its users orientation through digitization. Here, people who are interested in art will find information about current exhibitions, artists' biographies, artworks and their locations, and suggestions for art tours throughout the Ruhr region. One thematic focus is the relationship between art and coal. A bulletin board informs artists about free studio space, calls for tenders and fellowships.

The makers of kunstgebiet.ruhr didn't realise how many works of art the Ruhr region has to offer until they were actually creating the internet platform. At the beginning they assumed that there were about 300 works of art in public spaces in the region, but they now know of at least 2,000 such artworks and are working to put them online step by step. "The website will continue to grow in the future," promises Olaf Fuldner, the Managing Director of at digital gmbh. "That's because the digital art guide has to be as vital as the art scene of the Ruhr region itself." <



A traveller between worlds of art: Stuart Nicol promoting the kunstgebiet.ruhr project

Project: kunstgebiet.ruhr

- **Object:** A digital guide to art for the Ruhr region
- **Duration:** Since 2014
- **Partners:** at digital gmbh

"The Art Scene Is Being Networked More Effectively"

In order to make kunstgebiet.ruhr known in advance of its launch, Stuart Nicol hiked through the region for 53 days. The artist, whose roots are Irish, Scottish, and German, grew up in the Ruhr region. On every day of his hike, he investigated the art of a different city and reported his impressions daily via social media.

During your tour of the Ruhr region, which encounter surprised you the most?

My meeting with people who had made a huge effort to save a twin steam engine from the scrap heap. And people like the architect Werner Ruhnau, who unfortunately died in early 2015. He designed the music theatre in Gelsenkirchen and worked

together with Yves Klein and other major artists. My meeting with Ruhnau was a wonderful experience. **How did you get into conversations with the people throughout the region?** The makers of the website kunstgebiet.ruhr organised meetings with artists or initiatives in each of the cities. In addition, I had my own

contacts and tips that I received during my hike. I then wrote about them in my blog and gave interviews. And the better known the "Tour 53" became, the faster I made new contacts and saw doors opening. **In your opinion, what kind of practical benefit is the project kunstgebiet.ruhr bringing to the region?**

I think this platform will make people more aware of the variety of art in this region. Besides, the platform kunstgebiet.ruhr has a very practical use: for example, if I'm looking for an exciting exhibition to visit next weekend, I can now visit a single website where I can choose one of the many exhibitions listed.

REPORT BY THE CHAIRMAN OF THE BOARD OF TRUSTEES



Dr. Jürgen Großmann
Chairman of the Board of Trustees

Dear Readers,

“Forever is a lot of future – that’s why we’re here” was and remains the slogan of the RAG-Stiftung. The RAG-Stiftung’s Board of Trustees is also fully committed to this important task. This is why it shapes its work in line with this slogan as it helps the foundation perform its main mission: to finance the coal mining industry’s perpetual obligations.

In accordance with the foundation’s articles, the Board of Trustees has to supervise the Board of Executives as it manages the foundation’s business activities and to make decisions regarding the principles underlying the foundation’s work. In 2014 the Board of Trustees of the RAG-Stiftung once again performed these tasks dutifully and correctly.

The Board of Trustees informed itself about the RAG-Stiftung’s activities and acquired in-depth knowledge of the foundation’s situation during a conference call on 19 February 2014 and at two meetings (7 April and 1 December 2014). Among other things, the Board of Trustees made decisions regarding the consolidated financial statements and the Annual Report for 2013. Another specific topic that the Board of Trustees addressed was the approval of the RAG-Stiftung’s business plan for 2015.

During the meetings, the Board of Executives provided the Board of Trustees with in-depth information about all of the RAG-Stiftung’s activities. The Board of Executives’ management reports highlighted the situation of the RAG-Stiftung’s strategic equity investments – in particular those in Evonik Industries AG, RAG Aktiengesellschaft and Vivawest GmbH – and that of its other investments. In investigating these measures, the Board of Trustees especially focused on the implementation of the investment strategy. Following the amendment of the general investment guidelines at the end of 2013, the Board of Trustees received reports concerning the organisation of the private-equity structures of the RAG-Stiftung. The focus here was especially on the (risk) management and the controlling of the new holding companies.

The Board of Executives also reported on the foundation’s support of projects in the areas of education, science and culture in the Ruhr and Saar mining regions. In this way, the Board of Trustees was able to gain a picture of how this additional purpose of the foundation was being fulfilled and to supervise the management of the business activities.

The Board of Trustees also received quarterly reports regarding the foundation’s business development. In individual cases, it was also provided with information concerning the acquisition of shareholdings by the newly established private-equity companies of the RAG-Stiftung. Moreover, as the Chairman of the Board of Trustees I regularly made phone calls or had face-to-face discussions with members of the Board of Executives.

Looking back, I am therefore happy to report that 2014 was a very successful year. The RAG-Stiftung attained or surpassed all of its targets and can be proud that it has once again increased its provisions for the inherited liabilities with unlimited duration to an even higher level than originally planned. In a slight twist on the slogan I mentioned at the beginning, one could therefore also talk about a “perpetual future” that has once again become a bit more secure.

On behalf of the entire Board of Trustees, I would like to thank the Board of Executives and the RAG-Stiftung employees for their excellent and constructive cooperation. We look forward to continuing our joint efforts to ensure the foundation’s success.

Kind regards,

Dr. Jürgen Großmann
Chairman of the Board of Trustees of the RAG-Stiftung

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Basic principles of the Company

ESTABLISHMENT, PURPOSE AND BUSINESS MODEL OF THE RAG-STIFTUNG

On the basis of the agreements on coal policy, the RAG-Stiftung was established on 26 June 2007 with an endowment capital of EUR 2.0 million as a legally capable foundation under civil law with its headquarters in Essen. Using the principles of corporate responsibility, its mandate is to manage the transition process in German coal mining until the end of 2018 and ensure the further development of the Evonik Group (Evonik).

The RAG-Stiftung's objective is the transition, management and support of the German coal mining industry bundled within the RAG Group (RAG), subject to the legal and other conditions for the socially responsible discontinuation of subsidised coal mining in Germany. This also involves support in eliminating and avoiding subsequent costs of coal mining within RAG to the environment within the framework of the legal obligations. A further purpose of the RAG-Stiftung is the promotion of education, science and culture in connection with German coal mining in the mining regions of North Rhine-Westphalia and Saarland.

The RAG-Stiftung's business model aims to ensure the financing of perpetual obligations of RAG's coal mining activities with the proceeds from the sale of shares in Evonik Industries AG and their reinvestment, with dividends from Evonik Industries AG and other investment income, as well as with revenue generated from its diverse financial assets. In accordance with this business model, our primary objective is to finance the cash outflow, which will increase with inflation from 2019, for the sustainable financing of perpetual obligations from investment income and financial assets.

RESPONSIBILITIES OF THE RAG-STIFTUNG'S MANAGEMENT BODIES

The Board of Trustees monitors the Foundation's Board of Executives in its management of the RAG-Stiftung's operations.

The Foundation's Board of Executives manages the RAG-Stiftung's business operations and is its legal and extrajudicial representative. The Foundation's Board of Executives manages the RAG-Stiftung according to the Foundation's purpose and articles of association on its own responsibility.

CHANGES TO THE RAG-STIFTUNG'S MANAGEMENT BODIES

The members of the RAG-Stiftung's Board of Trustees remain the following:

- ▲ Hannelore Kraft, MdL, Premier of the State of North Rhine-Westphalia
- ▲ Annegret Kramp-Karrenbauer, MdL, Premier of the State of Saarland
- ▲ Dr Wolfgang Schäuble, MdB, Federal Minister of Finance
- ▲ Sigmar Gabriel, MdB, Federal Minister of Economic Affairs and Energy
- ▲ Michael Vassiliadis, Chairman of the mining, chemical and energy industries trade union

There was only one change to the RAG-Stiftung's Board of Trustees in 2014: Of the other members, Prof. Andreas Pinkwart, Rector of the HHL Leipzig Graduate School of Management left the Board of Trustees on 30 June 2014.

Since 1 January 2015, Monika Schulz-Strelow has been an additional member nominated by the State of North Rhine-Westphalia. Saarland has nominated Federal Minister Heiko Maas as another member from 20 February 2015. The group of other members of the Board of Trustees therefore comprises:

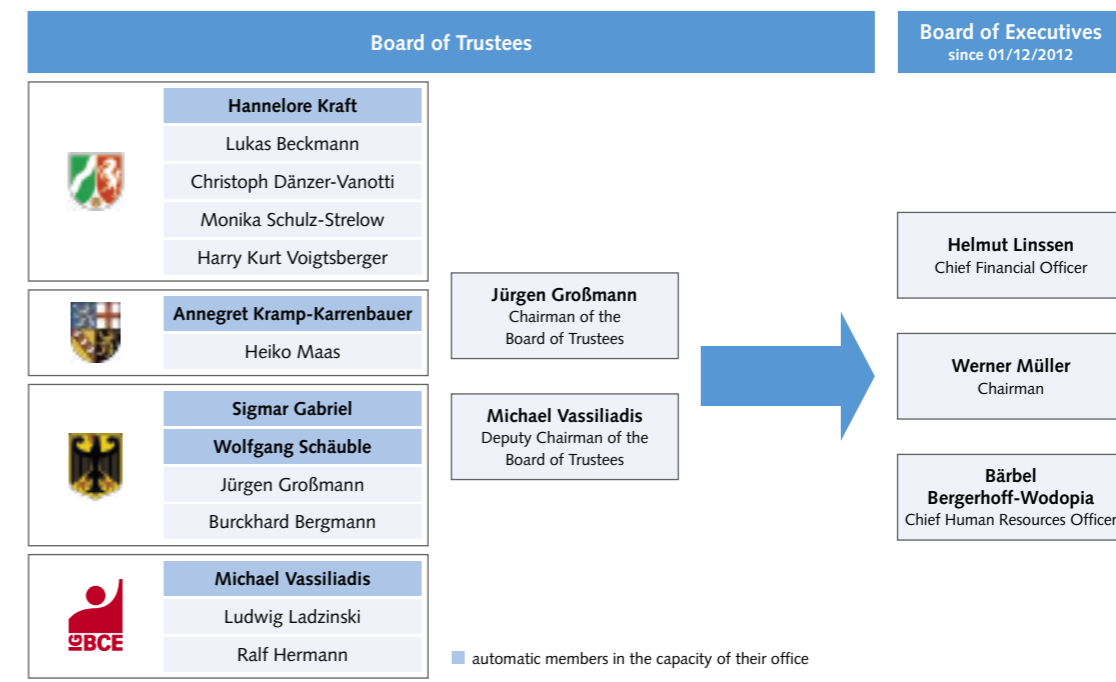
- ▲ Lukas Beckmann, Managing Director of GLS Treuhand e.V.
- ▲ Dr Burckhard Bergmann, former CEO of E.ON-Ruhr gas AG
- ▲ Christoph Dänzer-Vanotti, freelance lawyer
- ▲ Dr Jürgen Großmann, former CEO of RWE AG
- ▲ Ralf Hermann, Chairman of the Group Works Council of Evonik Industries AG
- ▲ Ludwig Ladzinski, member of the Executive Board of the mining, chemical and energy industries trade union (IG BCE)
- ▲ Heiko Maas, Federal Minister of Justice and Consumer Protection (from 20 February 2015)
- ▲ Prof. Andreas Pinkwart, Rector of the HHL Leipzig Graduate School of Management (until 30 June 2014)
- ▲ Monika Schulz-Strelow, management consultant (from 1 Jan 2015)
- ▲ Harry Kurt Voigtsberger, Former Minister of State

The Board of Trustees is chaired by Dr Jürgen Großmann; Michael Vassiliadis is Deputy Chairman.

There were no changes to the Board of Executives of the RAG-Stiftung. Its members are:

- ▲ Dr Werner Müller, Chairman of the Board of Executives
- ▲ Dr Helmut Linssen, Chief Financial Officer
- ▲ Bärbel Bergerhoff-Wodopia, Chief Human Resources Officer

RAG-STIFTUNG BOARD OF TRUSTEES AND BOARD OF EXECUTIVES



The RAG-Stiftung is working to manage the adjustment process in German coal mining ...

... and to finance the perpetual obligations from 2019

INVESTMENT PORTFOLIO

The RAG-Stiftung's strategic holdings are RAG Aktiengesellschaft (RAG AG), Herne, Evonik Industries AG, Essen, and Vivawest GmbH, Essen.

The RAG-Stiftung holds all direct and indirect shares in RAG AG. Coal mining is RAG's primary business activity.

The RAG-Stiftung indirectly holds just under 68% of the shares in Evonik Industries AG. Evonik Industries AG is the holding company of the globally active Evonik Group, focusing on speciality chemicals.

The RAG-Stiftung has an indirect stake of 30% in Vivawest GmbH (Vivawest). With around 120,000 apartments in its portfolio, Vivawest is one of Germany's largest housing providers.

RAG-STIFTUNG AND ITS STRATEGIC INVESTMENTS



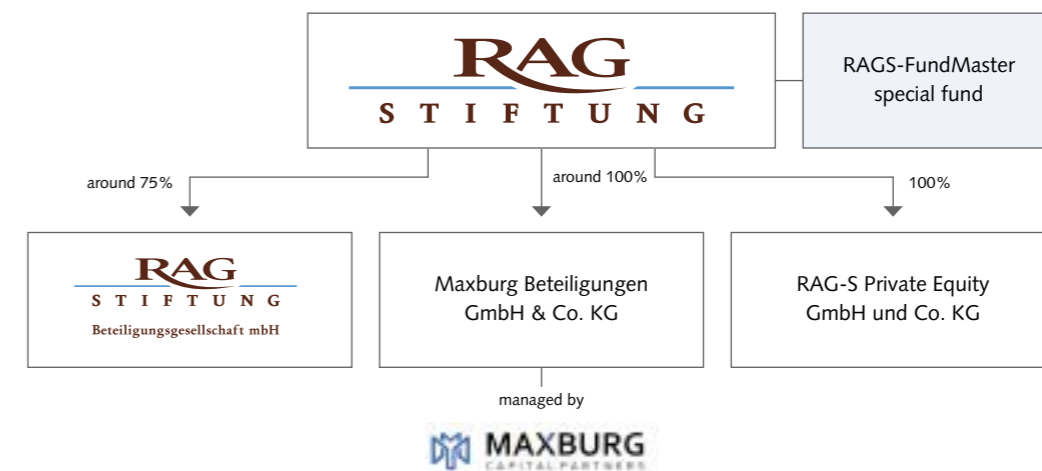
We founded three investment vehicles in 2014 as part of our investment programme:

The RAG-Stiftung's international private equity and infrastructure activities are pooled in RAG-S Private Equity GmbH & Co. KG, through which the RAG-Stiftung makes decisions on investment in funds managed by external managers. Critical factors for success in this case include the selection of the managers and sufficient diversification across different managers, various investment styles, and, above all, across various fund ages (vintage years). Decisions on investment in companies or other funds are made exclusively by the manager.

Maxburg Beteiligungen GmbH & Co. KG (Maxburg KG) is also a private equity fund. However, this was set up exclusively for the RAG-Stiftung. Maxburg Capital Partners GmbH manages Maxburg KG. It assumes responsibility for identifying and assessing potential investment projects, preparing the decisions on acquisition and possible disposal and – following a positive decision by Maxburg KG's investment committee – also for implementing the acquisition and for the possible disposal of investments. Maxburg Capital Partners GmbH also carries out the risk management. The RAG-Stiftung has the right of veto in the investment committee in the case of all investment decisions.

The RAG-Stiftung Beteiligungsgesellschaft mbH is a traditional holding company. The RAG-Stiftung holds 75% of the shares, and the remaining 25% are held by the investment company of an experienced industrial manager. At the same time, this manager is one of the company's two managing directors. The RAG-Stiftung Beteiligungsgesellschaft mbH's investment strategy provides for the set-up of the company as the holding company that undertakes majority and minority investments in successful SMEs primarily in Germany, Austria, Switzerland, the Benelux countries and the United Kingdom. The companies are to be allocated to the areas of mechanical engineering, plant construction, industrial technology, automation and industrial services. The investment objective is to generate ongoing income and increase the value of the invested capital over the medium and long term.

THE RAG-STIFTUNG'S INVESTMENT VEHICLES



Economic report

OVERALL STATEMENT ON THE COURSE OF BUSINESS

2014 was a successful year for the RAG-Stiftung. We fulfilled our primary task, which was to secure and increase the capital stock to finance the perpetual obligations. In addition to the establishing of structures for private equity and investments, a key event was the successful issue of an exchangeable bond on Evonik shares in July 2014. This is a non-subordinated and unsecured exchangeable bond with a coupon of 0.0% and a term running to the end of 2018. The bond can be exchanged for existing registered shares of Evonik Industries AG. The initial exchange premium was 37.5% on the reference price of EUR 28.2988 per Evonik share; there was therefore an initial exchange price of EUR 38.91 per share. The originally planned basic transaction volume of EUR 400 million was increased to the final transaction volume of EUR 600 million due to the high level of demand from investors during the book-building process. The bonds were offered for sale exclusively to institutional investors outside of the US by way of an accelerated book-building process.

The underlying Evonik shares remain recognised at the RAG-Stiftung. The dividends remain attributable to the RAG-Stiftung. As is usual in the case of convertible and exchangeable bonds, however, full dividend protection was agreed to protect the bearer of the exchangeable bonds against a clear out of the Company's assets. This means that the future dividends are deducted from the initial exchange price.

The RAG-Stiftung has used the cash available resulting from the issue of bonds to further extend its financial assets and to invest in the implementation of its investment strategy.

As in previous years, the RAG-Stiftung worked very efficiently, undercutting the budget in administrative expenditure.

KEY PERFORMANCE INDICATORS: FORECAST AND ACTUAL VALUES

in EUR million	2014	Forecast for 2014	2013
Financial performance indicators			
Net profit or loss for the year	0.0	constant	0.0
Addition to provision for perpetual obligations	351.1	falling considerably	1,190.6

We were able to increase the provision for perpetual obligations by EUR 351.1 million to a current total of EUR 4,114.7 million. The previous year's value for the provision allocation for perpetual obligations of EUR 1,190.6 was significantly determined by the gain on disposal from the sale of Evonik shares as part of the premarket private placement.

With regard to our financial assets in the RAGS-FundMaster special fund, the various asset classes saw consistent positive developments in 2014: The global bond mandates yielded between almost 4% and 7%. Mandates for corporate bonds are showing good yields of 6% and 9%. The European equity mandate generated an increase in value of 8%, the global equity mandate generated almost 19%. The real estate mandates yielded an average of 8%. Overall, a return of 6.1% was generated in the special fund.

ECONOMIC CONDITIONS

Overall, the global economic conditions have developed slightly more slowly than expected in 2014. In its update in January 2015, the International Monetary Fund (IMF) forecast global economic growth of only 3.3% for 2014, equivalent to the previous year's growth rate. Contrary to the original forecasts of many economists, the geopolitical and regional challenges increased overall, hampering a more dynamic development in the world's economy in 2014.

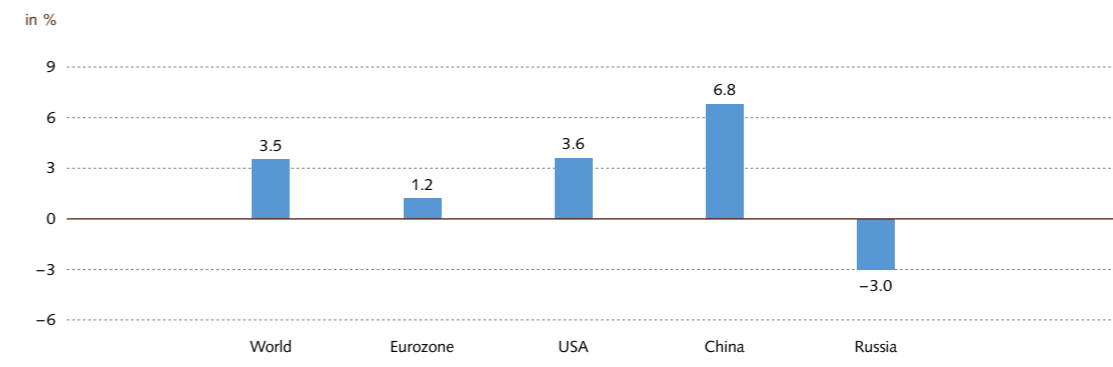
In particular, a tangible recovery in the developed economies should contribute to the originally expected global upturn. In Europe, however, some of the economic recovery felt in the first half of the year ground to a halt. While, according to the IMF forecast, the economic output in Germany increased at a greater rate (+1.5%) than in 2013 as a result of a good start to 2014, this was not the case everywhere in Europe. While the economy has grown overall by 0.8% in the eurozone, important countries such as Italy (-0.4%) and France (+0.4%) hardly contributed at all to this growth.

As expected, the economy in North America recovered after an extremely hard winter at the beginning of the year and showed a positive general trend. A stable employment market and low inflation due to a significant drop in energy prices coupled with continued very low interest rates, supported private consumption as important drivers of the US economy in 2014.

For 2014, the IMF expects growth of only 7.4% in China, the lowest growth for over 20 years. Other emerging economies – such as Brazil and India – struggled in 2014 with structural problems that restricted economic growth in particular as a result of increasing inflation and high interest rates. In 2014, Russia's economy suffered as a result of the political sanctions imposed on it by the West and in particular as a result of the fall in oil and gas prices in the second half of 2014. The fall in the price of crude oil also dampened the growth of all oil-exporting emerging economies.

The IMF expects slight recovery of the global economy for 2015 to +3.5%, while at 1.2% the economy in the eurozone is also growing. Robust growth of 3.6% is expected in the US. At a rate of 6.8%, China's growth continues to slightly weaken, while a recession is expected in Russia with -3.0%.

GDP GROWTH RATES 2015



Private equity structures created and Evonik exchangeable bonds placed

Global economy strained by geopolitical tensions

Provisions for perpetual obligations further increased

Industry situation of the strategic holdings

Coal

The restrained global economy dampened the demand for coal and led to a concomitant global surplus at declining prices on the international coal markets. The spot prices for steam coal in the ports of Amsterdam, Rotterdam and Antwerp give an indication of the development of the BAFA price relevant to RAG, but appear earlier. The probable expected average BAFA price of around EUR 73.00/tonne coal equivalent for 2014 was below the value for 2013 (EUR 79.12/tonne coal equivalent). The price development also had an effect on the measurement of RAG's coal stocks.

According to the German Coal Importer Association's calculations, the global maritime trade in boiler coal in 2014 remained just below the previous year's level. China was primarily responsible for the stagnation, reducing imports to support its own coal mining industry and levying an import duty on boiler coal. The average capesize freight rates towards north-western European ports remained at a relatively low level in 2014 and reduced even further at the end of the year.

According to initial calculations from "Energy Balance for Germany", primary energy consumption in Germany in 2014 was below the level of the previous year. This was therefore the lowest recorded level of primary energy consumption since German reunification. The mild weather, as well as an increasing number of better insulated buildings, had a strong effect on the development. The use of coal decreased significantly. In particular, there was a reduction in the use of power stations for electricity and heat generation, while the use of coal in the steel industry rose slightly as result of increased iron production. Overall, the share of coal in the entire energy consumption of 2014 decreased to less than 13%. The use of all other fossil fuels and power stations also decreased. By contrast, the use of renewable energies increased.

Of a total volume of coal of around 56.2 million tonne coal equivalent in 2014, only around 13% was attributable to domestic production of 7.9 million tonne coal equivalent which was generated exclusively by the RAG Group. The most important customers remain the power industry at 88% and, by a long way, the iron producing industry at 7%. In addition, smaller volumes of coal are supplied on the heating markets with no subsidies.

Speciality chemicals

Overall, Evonik's end customer industries proved robust in 2014 and for the most part grew more strongly than in the previous year. Following greater momentum in the first half-year, growth slowed in some industries during the second half of the year.

The automotive and tyre industry showed significantly stronger growth than in the previous year, as did the entire vehicle manufacturing and mechanical engineering industry. This also positively affected industries for paints and varnishes as well as rubber and plastics, which grew at an above-average rate globally. The construction industry showed slightly stronger global growth than in the previous year. However, development varied from region to region: above all, in Europe and in some parts of Asia momentum slowed, while development in North America remained positive.

As expected, the demand for consumer and care products continued to be stable in 2014; however, it should be noted that there was increasing competitive pressure. The food and animal feed industry continued its positive development over the course of the year, and particularly the amino acids division benefited from strong demand in 2014.

Prevailing pressure on industry prices at the beginning of 2014, however, reduced slightly over the course of the year. The continued low macroeconomic inflationary rise and significantly decreasing cost of crude oil and other raw materials meant that many sales prices remained at the low level of the second half-year of 2013.

Evonik's average raw material prices did not rise further above the average price for 2013 and their average for the year trended slightly downwards. This was due to the significant drop in the price for crude oil and many other raw materials in the second half-year.

Residential real estate in Germany

The German residential market continued to pick up in 2014: rent prices have already been rising since 2010, and the number of real estate transactions and purchase prices, as well as the number of building permits and of completed buildings, have also increased. However, this development has varied from region to region. In particular, clear differences can be seen in purchase prices and rents from north to south and from west to east.

The demand for residential space is directly connected to the number of private households and their available income. Due to the persistent trend in households with fewer people i.e. more residential space per person, it is expected that by 2030 there will be an annual increase of 2.1% in households in Germany. Net basic rents for residential space have been rising moderately for several years. Average current rents across Germany also rose by 1.5% in 2014. Rent increases can be seen above all where a moderate price level is associated with very positive conditions. In addition to the automotive locations and university cities, this is primarily the case in Berlin. This is in contrast to large cities where the rent price rise does not even cover the inflation relief, for example in the Ruhr area and surrounding regions. It remains to be seen how the planned rent ceilings will affect the development of rents.

According to the Federal Statistical Office, from January to December 2014 approval was given for the construction of around 280,000 apartments in Germany. This was approximately 5% more than in the same period of the previous year. Around 240,000 new residential units are expected to have been built during the whole of 2014, approximately 12% more than in the previous year. One reason for the persistent positive trend in the construction industry is likely to be the extremely low interest rates that make construction, and investment in real estate, particularly attractive financially.

North Rhine-Westphalia increased land tax to 6.5% from 1 January 2015. The land tax assessment rates set in North Rhine-Westphalia by local government have increased significantly in recent years, especially in cities with a high financial burden.

Volume and price reduction in 2014

Continuation of growth course – easing in raw material costs

Continuation of the positive market trend in 2014

Capital market situation

As a major investor, the situation on the capital markets is extremely relevant to the RAG-Stiftung.

From a macroeconomic point of view, 2014 was characterised in the key markets by disappointing growth almost everywhere except the US, by the decrease in raw material prices and by unrestrained monetary expansion of central banks. Their liquidity stimulus caused an uninterrupted rally on global bond markets throughout the entire year, especially in the eurozone. By contrast, the European stock markets suffered as a result of the relatively weak economic data and the geopolitical crises, performing only comparatively weakly.

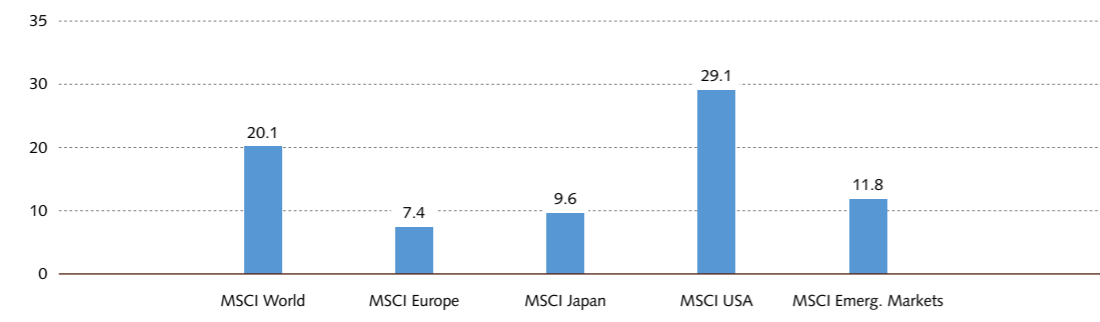
Interest rates in the countries of the eurozone reached historical lows; the ten-year federal bond hit a new historical low of 0.54% at the end of 2014, and the credit spreads narrowed further, with the exception of the high yield segments closely correlated with the stock market. Finally, interest rates are now negative even in parts of the European periphery countries. Corporate bonds, covered bonds and European bank bonds remained popular despite, or even because of, the low interest rate and new issues were usually widely oversubscribed.

Development of the stock markets in detail:

The development of international stock markets in 2014 was differentiated and the MSCI¹ World index gained a good 10% in local currency, and 20% in euros. In Europe, the stock market (MSCI Europe) improved by 5% in local currency, and in the eurozone by 7%. The eurozone gained 5%. At just under 3%, Germany was at the lower end of the spectrum. In Asia, the MSCI Japan gained almost 10% in local currency, and was also at almost 10% in euros. In keeping with the underlying economic development of the US economy as a whole, the stock markets in the US developed very positively: the MSCI USA rose by 13% in US dollars, and in euros by 29%. Shares in emerging markets (EM) developed positively on average with almost 12% in euros, yet individual markets varied considerably: Asian EM shares gained 8% in local currency, even almost 20% in euros. There was no change in the value of Latin American EM shares (0% in euros). Eastern European EM shares lost around 8% locally, and even 28% in euros; this was negatively affected by the crisis surrounding Russia and the Ukraine as well as the collapsing rouble price.

DEVELOPMENT OF THE STOCK MARKETS IN 2014 IN EUROS

in %



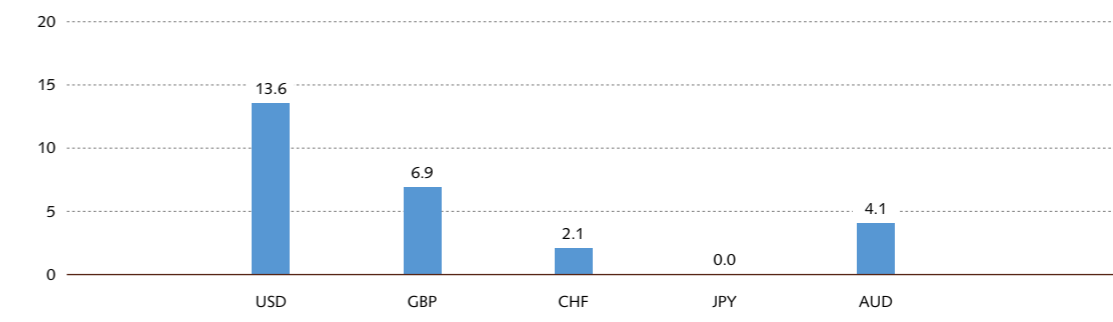
¹ Morgan Stanley Capital International (MSCI) is a US financial services provider that calculates and publishes numerous international stock market indexes.

One of the aims of the ECB's aggressive easing policy was to stop the persistent appreciation of the euro in 2012 and 2013. This was impressively achieved in the second half of 2014. In 2014, the euro lost almost 14% against the US dollar and almost 7% against the British pound. Since the Japanese central bank also weakened the JPY, its ratio to the euro remained unchanged. While this weakening in the euro may have been frequently received in France and Italy as an important stimulus for a renaissance of the eurozone economy, it is however seen sceptically from the point of view of the RAG-Stiftung, because a weak currency cannot solve the eurozone's structural problems.

Rapid depreciation of the euro in the second half of 2014

CHANGE IN IMPORTANT EXCHANGE RATES AGAINST THE EURO IN 2014

End of 2014 against end of 2013 in %



Most of the world's bond markets generated a very good performance in 2014, and the bonds of the European periphery stood out positively. Performance on the global bond markets outside of the eurozone and the bond markets of the emerging economies (emerging market debt) was strongly dependent on the opportunity benefiting from generating currency gains from the weak euro. Of course this was then only possible if the portfolios were not – as is often the case – currency hedged in euros.

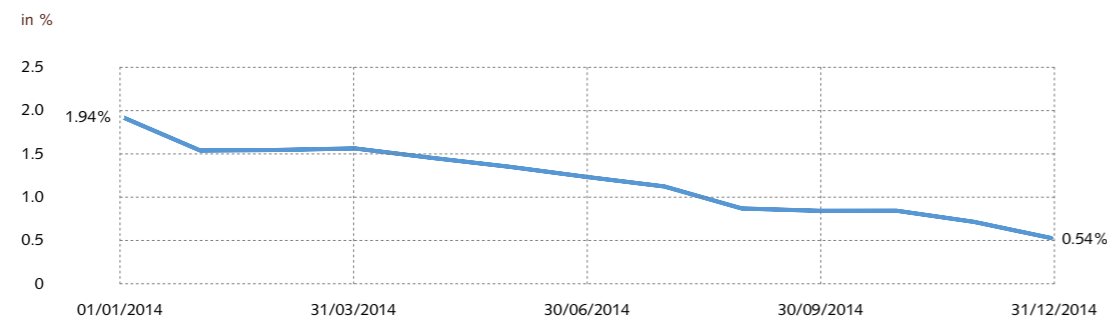
Some two-digit performance on the bond markets is achievable

Development of the bond markets in detail:

- ▲ Those who invested exclusively in federal bonds saw performance of a good 10% in 2014.
- ▲ An all-time low level was seen in the yield on the German ten-year benchmark bond. While they still yielded 1.94% at the end of 2013, the return at the end of 2014 was only 0.54%.
- ▲ The spreads of the peripheral countries on the ten-year federal bonds decreased significantly over the course of the year: Italy from 215 bp to 134 bp, Spain from 220 bp to 107 bp, Ireland from 153 bp to 70 bp. Greece alone saw an expansion from 663 bp to 906 bp, as a result of the negative effect of the looming election victory of the left-wing populists. Eurozone bonds widely generated income of almost 14% in 2014.
- ▲ US Treasuries generated performance of 6%, in euros almost 21%. Canada (+13%) and Australia (+16%) closed comparatively positively, while Japan developed at a below average rate at 5% (respectively in euros).

- ▲ The European real interest rates in AAA countries over the ten-year period were minus 0.19% and therefore significantly below the year-end value of plus 0.71%. A 30-year maturity term generated a real interest rate of 0.35% at the end of 2014.
- ▲ Inflation swaps, i.e. the course of inflation expected by the market, were at 1.14% at the end of December 2014 in the euro area for ten years i.e. significantly below the previous year's value of 1.90%.

YIELD DEVELOPMENT OF THE TEN-YEAR FEDERAL BOND 2014



DEVELOPMENT IN THE HOLDING COMPANIES

RAG

The 2014 financial year for RAG met with expectations and was satisfactory given the regulations stipulated by the agreements on coal policy. A balanced balance sheet result was achieved during the year. Withdrawals of EUR 74.8 million from the special items for loss cover were however necessary as a result of the persistent low interest rates phase with the associated compounding of provisions and lower interest income from the investment of financial capital. The expected year-on-year decrease in sales is mainly the result of the agreed fall in subsidies. The comparatively low global market prices for coal also exacerbated the drop in sales. However, despite the expansion of regenerative energies in Germany driven by policy and the resulting pressure on fossil fuels, both production and sales targets were achieved.

The programme of socially responsible workforce reduction has in turn continued as planned during this year, as a result of the use of both proven and advanced instruments.

The company's focus remains on the socially responsible discontinuation of German coal mining, whilst complying with all results, costs and production targets. The main challenge remains the socially responsible personnel adjustments. The personnel bottlenecks and loss of expertise resulting from the continued shrinking of the workforce is dealt with by central personnel management, targeted succession management and development of further suitable measures.

The continuous optimisation of eliminating residual pollution and the processing of perpetual obligations is a long-term responsibility. Organisationally, the restructuring of the Company into a perpetual obligations company will take place after 2018: the necessary structures and processes for the handling of residual pollution and perpetual obligations have been further planned.

Evonik

In 2014, the Evonik Group further sharpened its profile as a purely speciality chemical company, mainly by selling its remaining holdings in the energy company STEAG GmbH. Important growth projects were launched as part of the 2012–2016 investment programme. A new Group structure also laid the foundation for future profitable growth, which should allow differentiated management of the business from 2015.

Overall, Evonik has developed its operations well in a difficult environment; this is thanks to brisk demand and expanded production capacities, Evonik has further increased sales volumes. The noticeable fall in the price trend for some products weakened over the course of the year and a very positive price development was even recognisable in some businesses towards the end of the year. Overall, sales rose slightly by 2% to EUR 12.9 billion, while at EUR 1.9 billion, adjusted EBITDA was 6% below the previous year's value.

Despite the slightly decreasing trend in profit development, overall, Evonik maintained a pleasing level of operating earnings: the adjusted EBITDA margin reached 14.5% (previous year 15.6%) and at 12.3% (previous year 14.5%), ROCE was above Evonik's rate of capital cost. The Company has therefore created value. The Group's result, determined in accordance with International Financial Reporting Standards (IFRS), fell significantly from EUR 2.1 billion in the previous year to EUR 0.6 billion as a consequence of the gain on disposal included in the previous year of the majority sale of the real estate activities.

The positive financial profile was also maintained. At the end of 2014, Evonik had net financial assets of EUR 0.4 billion. The investments of EUR 1.2 billion, which had slightly increased again as part of the growth course, were almost fully financed with cash flow from operating activities of EUR 1.1 billion. Evonik retains a robust investment grade rating.

The Evonik Group's economic development in 2014 was successful overall.

Vivawest

The Vivawest Group's positive business development in the previous year was continued into 2014. The 2014 financial year was successfully concluded. All key performance indicators were above the corresponding previous year's values.

During the previous financial year, the Group generated sales revenue in accordance with IFRS of EUR 806 million and a net profit for the year of EUR 97 million. At EUR 348 million, the Group's EBITDA was significantly above that of the previous year. The portfolio management reorganisation carried out at the beginning of the year had a positive effect in the real estate segment, so that despite the higher vacancy rates at the start of the year, the previous year's figures were slightly exceeded. The previous year's EBITDA was significantly exceeded in the services segment. This was mainly the result of the sale of the 49.5% limited partner's share in Bosch Marienfeld Breitbandnetze GmbH & Co KG to previous majority partner Tele Columbus Multimedia GmbH.

Group profile sharpened, good operating development

Successful course continuing

Balanced net result despite difficult environment

At EUR 214 million, the Funds From Operations (FFO = performance data from existing business after net interest income and tax expense, not taking into account the book profit from the disposal of investment properties) performance indicator usual in the industry was, at around EUR 10 million, noticeably above that of the previous year. In addition to the positive development of the operating business, reduced tax expenses contributed to this.

Gross Asset Value (GAV) rose at the end of the year to EUR 6,419 million (EUR +266 million on the previous year). This was because investment targets had been exceeded and also because management performance in the portfolio had been improved. At around EUR 3,122 million, Net Asset Value (NAV) was at the end of the year EUR 62 million moderately above the previous year's level. The rise in debt was mainly caused by the significant increase in pension provisions as a result of the reduction in the discounting interest rates by 150 basis points from 3.5% to 2.0%. The resulting non-cash rise in pension liabilities amounted to around EUR 89 million and therefore had a negative impact on the NAV and the key performance indicator Loan to Value (LTV = ratio of debt to assets). At 51.4%, LTV was slightly above the previous year's level of 50.3%.

EARNINGS POSITION

Income statement

RAG-STIFTUNG: INCOME STATEMENT

in EUR million	2014	2013	Change
Sales revenue	0.2	0.2	0.0
Other operating income	1.8	921.9	-920.1
Personnel expenses	-5.0	-6.0	+1.0
Amortisation of intangible assets and depreciation of real estate, plant and equipment	-0.1	0.0	-0.1
Other operating expenses	-368.2	-1,222.4	+854.2
Investment income	352.8	295.6	+57.2
Revenue from other securities and loans as fixed assets, including interest income and amortisation of financial assets and securities held as current assets	19.2	16.9	+2.3
Result from ordinary activities	+0.7	+6.2	-5.5
Taxes	-0.7	-6.2	+5.5
Net profit (+) or loss (-) for the year	0.0	0.0	0.0

Other operating income of EUR 1.8 million resulted from transfer of expenses of around EUR 0.7 million – of which EUR 0.5 million is cost transfer of tax expenses to RAG AG – the appreciation of currency receivables of around EUR 0.6 million, and the writing back of provisions of around EUR 0.3 million. The previous year's value of EUR 921.9 million comprised almost entirely the gain on disposal of EUR 921.2 million from the sale of almost 33 million Evonik shares (7.08%) as part of the premarket private placements.

Personnel expenses reported at EUR 5.0 million were EUR 1.0 million down on the previous year.

The other operating expenses primarily concerned the addition to the provision for perpetual obligations of EUR 351.1 million. A contribution of EUR 1,190.6 million was made to this provision in the previous year due to the sale of Evonik shares.

The investment income of EUR 352.8 million includes the dividend distribution of Evonik Industries AG of EUR 316.4 million and the profit distribution of Vivawest GmbH of EUR 36.4 million, each for the 2013 financial year. The previous year's value of EUR 295.6 million was entirely the result of the dividend distribution of Evonik Industries AG.

Around EUR 353 million in dividends received

The interest result¹ was reported at EUR +19.2 million. This is the result both of earnings from securities and special real estate funds in the direct ownership of the RAG-Stiftung and at EUR 10.3 million from a tax-induced dividend of the RAGS-FundMaster special fund. With a book value of EUR 1.8 billion, the majority of the financial assets are outsourced in this via a Master-KVG managed special fund. Investment income from the securities of the RAGS-FundMaster is only recognised as income for the RAG-Stiftung when it is distributed as a dividend.

Positive interest income again increased

The tax expense of EUR 0.7 million concerned VAT, which was for the most part subject to a caused-based cost transfer to RAG AG. The previous year's value of EUR 6.2 million concerned income taxes of EUR 5.6 million and VAT of almost EUR 0.6 million.

As in the previous year, the RAG-Stiftung ended the 2014 financial year with a balanced result.

FINANCIAL POSITION

Principles and objectives of the RAG-Stiftung's financial management

The RAG-Stiftung's principle task is to finance the perpetual obligations following the discontinuation of subsidised coal mining in Germany. The funds required for this should primarily be generated through dividends and gains from the disposal of shares in Evonik Industries AG and their reinvestment.

Financial management geared towards financing the perpetual obligations

Pursuant to Section 3, Paragraph 6 of the articles of association, the RAG-Stiftung's assets must be invested in such a way as to ensure the greatest possible security and return with sufficient liquidity, whilst preserving an appropriate mix and diversification. The primary aim of the investment is the sustainable financing of the perpetual obligations. The risks and opportunities within the investment portfolio are optimised with the proviso that these obligations will remain covered. The cornerstones of the investment are therefore the assets and the expected inflow of funds, and the cash outflows covered by the perpetual obligations from 2019. The RAG-Stiftung's strategic capital investment is therefore based on an asset-liability study, which describes the payment obligations and the incoming payments expected in the future.

¹ More precisely, revenue from other securities and loans as fixed assets, including interest income and amortisation of financial assets and securities held as current assets.

Investment strategy provides for wide diversification and earnings stabilisation

The RAG-Stiftung's investment strategy also provides for a wide diversification of the investments across the various asset classes and investment markets and to systematically further develop the diversification strategy, in order to stabilise earnings and to be able to react to the current uncertainties on the financial markets. In response to the current low rates of interest in general and to future inflation risks, the investments are to be further expanded into higher yielding tangible assets (including private equity, direct holdings and real estate).

64% of financial assets invested in the RAGS-FundMaster special fund

The standards for capital investment i.e. the principles of investment policy and risk controlling are laid out in a set of "General Investment Guidelines for the RAG-Stiftung" (KARL). KARL was adapted most recently by resolution of the Board of Trustees on 9 December 2013. According to market values at the end of 2014, 36% of the financial assets are invested in own holdings and 64% in the RAGS-FundMaster, a special fund managed by a capital investment company pursuant to the German capital investment act (KVG).

Using just a single global custodian bank and a single master capital investment company creates the basis for a uniform risk controlling system and the transparent presentation of the total holdings of the RAG-Stiftung's financial assets.

As part of a regularly updated asset liability study, the structures of the liabilities from the perpetual obligations are analysed and the profile of the payment streams to be paid by the RAG-Stiftung is determined. Against this background, the capital investment strategy of the RAG-Stiftung – or Strategic Asset Allocation (SAA) – is reviewed and adjusted on an annual basis.

In own holdings, investments are made according to a buy-and-hold strategy. It includes on the bond side both nominal securities predominantly of very good or good credit-worthiness and bonds coupled with the development of inflation, and thus interest income-generating bonds predominantly of sovereign borrowers (no southern European debtors, apart from France). A real estate special fund and RAG-S Private Equity GmbH & Co. KG, in which the international private equity and infrastructure activities of the RAG-Stiftung are bundled, are also in own holdings.

The RAG-Stiftung's SME investments are made both via RAG-Stiftung Beteiligungsgesellschaft mbH and via Maxburg Beteiligungen GmbH & Co. KG (Maxburg KG).

Special fund further increased – carrying value reached EUR 1.8 billion

Another EUR 250 million was added to the Master-KVG administered RAGS-FundMaster special fund in March 2014, ensuring the carrying amount totals EUR 1,800 million as of 31 December 2014. The market value at the same time was EUR 2,057 million.

The objective of risk controlling is to manage the results of investments and to avoid value adjustments. Regular risk reporting is made in a weekly and monthly risk report. The risk budget forms the basis for the management of the return portfolio, which is oriented to the risk-bearing capability. The capacity of the risk budget is regularly calculated and documented, while the current risk of the investment is measured using the value-at-risk (VAR) approach. In addition to the analysis of the current risk budget, the RAG-Stiftung's financial assets are analysed in relation to a number of key risk indicators such as rating, duration, modified duration and credit risk.

A coordinated capital investment takes place with the affiliated subsidiary RAG AG to optimise the available resources via the controlling and profit transfer agreement. The same bank limits therefore apply to the term deposit investments of the RAG-Stiftung and RAG AG, and are regularly reviewed. The RAG-Stiftung's reporting system was also extended to the financial assets of RAG AG.

Capital structure

As of the end of 2014, the RAG-Stiftung recognised financial liabilities from the exchangeable bond of EUR 600 million. The liabilities side of the balance sheet, however, remains dominated by the provision for perpetual obligations. The term of this provision is infinite, and the duration amounts to more than 60 years.

Investments

In 2014, the RAG-Stiftung invested EUR 588 million: EUR 250 million was allocated to the RAGS-FundMaster special fund; bonds were purchased for EUR 122; EUR 19 million was attributable to the drawing on a real estate special fund, and EUR 197 million on capital injections into our companies in which we hold private equity, infrastructure and SME investments.

Investments in 2014 at EUR 588 million

Liquidity

RAG-STIFTUNG: CASH FLOW STATEMENT (SUMMARY)

in EUR million	2014	2013	Change
Cash and cash equivalents at the start of the year	190.2	300.0	-109.8
Cash flow from operating activities	190.7	1,174.4	-983.7
Cash flow from investing activities	-508.8	-1,284.2	+775.4
Cash flow from financing activities	600.0	-	+600.0
Liquid assets as of 31 December	472.1	190.2	+281.9

Starting from a balanced result for the year, which was corrected for non-cash transactions, cash flow in 2014 from current operating activities amounted to EUR 190.7 million.

The negative cash flow from investment activities of EUR 508.8 million is primarily the result of the investments described. By contrast, bonds and borrower's note loans in the value of around EUR 71 million matured in 2014 and the directly held private equity funds were invested in RAGS Private Equity GmbH. Fixed asset investments amounted to EUR 0.1 million.

As of 31 December 2014, cash amounted to EUR 472.1 million, of which EUR 42.0 million (previous year EUR 39.6 million) is in the financial account at RAG AG.

Liquid funds increased in 2014 by around EUR 282 million

NET ASSETS

As of 31 December 2014, the total assets of the RAG-Stiftung amounted to EUR 4,814.5 million. This represents an increase in total assets over the previous year of EUR 930.6 million.

Non-current and current assets**RAG-STIFTUNG: BALANCE SHEET**

in EUR million	31/12/2014	31/12/2013	Change
Fixed assets	3,571.4	3,062.9	+508.5
Real estate, plant and equipment	0.2	0.2	0.0
Financial assets	3,571.2	3,062.7	+508.5
Current assets	1,243.1	821.0	+422.1
Receivables and other assets	292.1	149.4	+142.7
Securities	521.0	521.0	+0.0
Liquid assets	430.0	150.6	+279.4
Prepaid expenses	0.0	0.0	0.0
Total assets	4,814.5	3,883.9	+930.6

At EUR 1,800.0 million, financial assets include primarily the Master-KVG administered special asset fund and long-term held securities of EUR 359.5 million. EUR 197.2 million is attributable to companies held via the private equity, infrastructure and SME investments of the RAG-Stiftung. The 30% stake in Vivawest GmbH, with acquisition costs of EUR 909.0 million, was also reported in fixed assets. Because the shares are to be retained over the long term, we list the 25.1% stake in Evonik Industries AG at EUR 305.5 million under financial assets. The remaining 42.81% of the shares are recognised under securities held as current assets, since these shares are being held for sale.

Receivables and other assets primarily include receivables due from revenue authorities for imputable tax of EUR 142.3 million and a total of EUR 147.8 million in receivables due from affiliated companies, of which EUR 42.0 million concerns the financial account of RAG AG.

Liabilities – equity, provisions and obligations**RAG-STIFTUNG: BALANCE SHEET**

in EUR million	31/12/2014	31/12/2013	Change
Equity	2.0	2.0	0.0
Endowment capital	2.0	2.0	0.0
Provisions	4,148.4	3,793.6	+354.8
Pension provisions	4.2	3.6	+0.6
Tax provisions	25.5	24.0	+1.5
Provisions for perpetual obligations	4,114.7	3,763.6	+351.1
Other provisions	4.0	2.4	+1.6
Liabilities	664.1	88.3	+575.8
Total liabilities	4,814.5	3,883.9	+930.6

When the RAG-Stiftung was established it was endowed with an endowment capital (basic assets) of EUR 2.0 million, which has been retained in full.

For its obligations to RAG AG for the financing of perpetual obligations, the RAG-Stiftung reports as of 31 December 2014 a provision of EUR 4,114.7 million, an increase of EUR 351.1 million over the previous year's figure of EUR 3,763.6 million.

The total amount of the discounted payments for perpetual obligations is primarily dependent on the future development of price and interest rates, as well as the development of the assessment base. Changes to these parameters have a crucial influence on the amount of the corresponding obligation. The exact accounting methods can be derived from the notes to the financial statements.

The provision for taxes was increased in 2014 by EUR 1.5 million, over half of which is due to interest rates. Other provisions mainly include provisions for services received but not yet billed.

The liabilities of EUR 664.1 million include the 0% exchangeable bond on Evonik shares issued in June 2014 of EUR 600 million with a term until 31 December 2018, obligations due to Group companies of EUR 44.2 million, primarily affiliated for tax purposes, and tax liabilities of EUR 19.5 million. The latter concerns VAT of EUR 10.4 million and EUR 9.1 million of capital gains tax and solidarity surcharge.

PROMOTING EDUCATION, SCIENCE AND CULTURE

Almost EUR 4.5 million (previous year: EUR 1.5 million) was made available – in line with the articles of association – to sponsor projects in the areas of education, science and culture (BWK). The sponsorship focuses on two target areas: "Discontinuation and legacy of mining" and "Post-mining and change".

The strategic orientation of the sponsorship provides for a balance between both target areas.

A total of 120 project applications were made to the RAG-Stiftung in 2014. Of the 44 approved projects, 18 were related to the promotion of mining legacy and 26 projects to the promotion of post-mining and change.

The following overview shows the approved projects in the "Discontinuation and legacy of mining" target area in the Ruhr and Saar regions:

PROJECTS IN THE TARGET FIELD "DECLINE AND LEGACY OF MINING" ON THE RUHR AND THE SAAR

Focus 2014	
Number of projects	18
Subsidy of	EUR 2.6 million
Focus	
▲ German Mining Museum Bochum	EUR 1.0 million
▲ Ensuring the legacy of mining on the Saar	EUR 1.0 million
– "The Legacy" exhibition	
– Halde Duhamel spoil tip landmark	
– "Mining Street" preservation of historic monuments	
▲ Safeguarding the duties of mining-related institutions	
– Subsidy of running costs for the Industrial Monument Preservation Foundation	EUR 0.5 million
– Miscellaneous: Barabarafeier, miners' associations, etc.	EUR 0.1 million

Non-current and current assets significantly increased in 2014

Provisions for perpetual obligations increased

Liabilities characterised by exchangeable bonds on Evonik shares

Educational, scientific and cultural projects supported with additional subsidies

The preservation and maintenance of the mining legacy against the backdrop of the imminent discontinuation of German coal mining is a responsibility stipulated in the RAG-Stiftung's articles of association, which it carries out by supporting mining-related educational and cultural institutions.

This primarily includes the further organisation of the German Mining Museum to ensure the memory of mining. A project partially financed by the RAG-Stiftung will work there on a science-based exhibition design entitled "A House of Mining". The design will be implemented as part of the reorganisation of the mining museum by the end of 2018. In another project "Divided Preservation – Common Responsibility" a comprehensive database on the legacy of mining will be developed by the research centre of the mining museum.

Several projects have been approved in Saarland that had already been the focus of sponsorship in previous years. Both the planned creation of the landmark at the Halde Duhamel site and "The Legacy" exhibition were again used to promote the history of mining in Saarland. The monument preservation of mining buildings worth protecting in Saarland focuses on four locations on the recommendation of an expert report made on behalf of the state government and RAG AG. The RAG-Stiftung's participation in the maintenance of the mining buildings involves a grant for building measures in the area surrounding the Itzenplitz monument in the Schiffweiler borough. The development of the virtual "Saarland Mining Street", which brings together the former mining spots using a themed network into a digital route, is also connected with preservation of the monument. The RAG-Stiftung has made funds available to develop the concept.

In the case of "Foundation for Industrial Monument Preservation and Heritage" founded by the state government of North Rhine-Westphalia and RAG AG, the ongoing expenses clearly exceeded the income from the investment of the foundation's assets due to the low interest rate phase. Because of the foundation's significance to the preservation of the mining legacy, the state government of North Rhine-Westphalia, RAG AG, and the RAG-Stiftung have eliminated this deficient cover.

The following overview shows the approved projects in the "Post-mining and Change" target area in the Ruhr and Saar regions:

PROJECTS IN THE TARGET FIELD "POST-MINING AND CHANGE" ON THE RUHR AND THE SAAR

Focus 2014	
Number of projects	26
Subsidy of	EUR 1.9 million
Focus	
▲ Georg Agricola University of Applied Sciences in Bochum, post-mining centre of excellence	EUR 0.1 million
▲ Education and scholarship projects to promote talented students in schools, in job training and at universities	EUR 0.8 million
▲ Continuation of the "Zollverein – Mittendrin" project	EUR 0.3 million
▲ Ruhr area digital art guide, ChorForum Essen, digital picture gallery Saar, etc.	EUR 0.7 million

With the support of the RAG-Stiftung, the Technische Fachhochschule Georg Agricola (TFH) has established the geological engineering and post-mining endowed professorship. Both elements are part of the Post-Mining Centre of Excellence, which has been under construction at TFH since 2012. The RAG-Stiftung also approved sponsorship for TFH in 2014 for the continued construction of the centre of excellence.

The RAG-Stiftung has for several years pursued its aim of compensating for the loss of training opportunities – e.g. of apprenticeships – in mining by sponsoring educational projects in the former mining regions. Sponsoring children and young people, especially those from educationally deprived backgrounds, in schools and through vocational training is particularly important for the mining regions. In connection with this, the RAG-Stiftung sponsored Initiativkreis Ruhr's "TalentMetropole" Ruhr initiative in 2014. This involved the cooperation of the RAG-Stiftung in the "buddy" projects at secondary schools and the "JOBBLINGE" projects for young people as a bridge to a commercial apprenticeship. The RAG-Stiftung has also participated in awarding the TalentAward prize for committed promoters of talent. It sponsors the prize awarded to the secondary school that has been able to get an above-average number of students into commercial apprenticeships thanks to the special commitment of the school management and teachers.

Last year, the German Scholarship's sponsorship of secondary school students in the Ruhr and Saar areas was increased from 30 to 52 places. The RAG-Stiftung's participation in this focuses on the support of students from non-academic families in the mining regions. The Roland Berger Foundation's German school student scholarship – the RAG-Stiftung was involved in its establishment in Saarland and will continue to be involved in it – was expanded at the start of the 2014/15 school year to a total of 30 pupils. The pupils come from low-income families who are unable to adequately nurture their children's talent.

The Zollverein foundation's "Welterbe Zollverein – Mittendrin" world heritage project recently completed at the end of 2014, has been extended to the end of 2018 with new sponsorship from the RAG-Stiftung. The Zollverein foundation is involved in the project with the aim of intensifying the network between world heritage and Stadtbezirk VI – Zollverein district. The project involves developing various attractions associated with world heritage with and for the inhabitants of the district.

The "Kunstgebiet.Ruhr" digital art guide concept developed at the beginning of the year was implemented until the end of the year because of the positive reception of its ideas and design, and was publicised at a press conference on 4 December 2014. The RAG-Stiftung sponsored the creation of the digital art guide because the project makes a contribution to the presentation of the Ruhr area as a region for art that has been defined by its industrial development. The digital art guide focuses on artists and works of art that deal with the development of mining and the steel and coal industry in the Ruhr area.

The ChorForum Essen sponsorship, first approved in 2013 to maintain and furnish the former St Engelbert church, was updated in 2014 for the next five years. The facility will in future be available to mining choirs and orchestras as a cost-free venue for practice and events. A first concert was presented by the Saar Mining Orchestra in October.

The creation of a digital picture gallery in the Saarland that the RAG-Stiftung has sponsored as a project, aims to put together and present outstanding images of the Saar region associated in particular with industrial culture.

The outlined focus of sponsorship in 2014 showed that sponsorship activities from previous years were updated to a considerable degree in both target areas. Examples include the construction of a post-mining centre of excellence, the Saar heritage exhibition, training programmes in the Ruhr and Saar regions and individual cultural activities. This is certain to also be the case in the coming years – and with a definitive effect on the budget if projects from both target areas are to be continuously developed.

Significant non-financial issues

EMPLOYEES

The number of employees at the end of 2014 was 14; in the previous year, it was also 14.

OCCUPATIONAL, HEALTH AND ENVIRONMENTAL PROTECTION

We make use of a modern corporate health management programme which goes beyond traditional occupational health promotion. In addition to the medical check-ups available to employees, the care also provides both individual consultations and innovative prevention schemes. Qualified cooperation partners – in particular Evonik's medical services – offer a comprehensive range of preventative measures and health promotion.

No occupational accidents occurred during the reporting period.

RESEARCH AND DEVELOPMENT

Research and development does not take place at the RAG-Stiftung.

Risks and opportunities report

Risk and opportunities management (or simply: risk management) at the RAG-Stiftung is a continuous and dynamic process that begins with planning, and systematically impacts all areas. The risk management system integrates all systematic measures into an overall approach for the purposes of identification, analysis, assessment, management and control of risks that could hinder the achievement of the RAG-Stiftung's objectives.

The standards for risk management are set out in the Risk Management Guidelines. In addition to organisational security measures and internal control systems, the RAG-Stiftung's risk management also includes RAG Konzernrevision GmbH as a process-independent supervisory authority.

The division head nominated by the Board of Executives assumes the role of risk manager. This person monitors the risk management system and coordinates reporting to the Board of Executives at the RAG-Stiftung about the opportunities and risks of the strategic holdings (RAG, Vivawest and Evonik) and of the RAG-Stiftung itself. The respective division heads of the RAG-Stiftung are responsible for the identification and assessment of risks, as well as the formulation and implementation of measures for risk management. The divisions of the RAG-Stiftung are charged with the following tasks and responsibilities with regard to risk management: monthly reporting on opportunities and risks as part of the month report, presentation of opportunities and risks as part of medium-term planning and immediate reporting to the Board of Executives where necessary.

In order to determine what risks most likely represent a threat to the objectives or the existence of the RAG-Stiftung, the risks are classified according to their probability of occurrence and their effects, in relation to net assets, financial and results position. The scales for assessing both of these indicators are presented in the table below.

The RAG-Stiftung classifies the assessment of the probability of a risk occurring according to the criteria "rather unlikely", "possible" or "likely".

PROBABILITY OF OCCURRENCE	DESCRIPTION
0% to 32%	Rather unlikely
33% to 65%	Possible
66% to 100%	Likely

The possible effects are assessed according to qualitative criteria of increasing value: "low", "moderate", and "significant".

DEGREE OF IMPACT	DEFINITION OF IMPACT
Low	Low negative impact on the net assets, financial and results position
Moderate	Moderate negative impact on the net assets, financial and results position
Significant	Significant negative impact on the net assets, financial and results position

Risks and opportunities are systematically monitored and managed

According to their estimated probability of occurrence and their effects on the financial, asset and earnings position of the RAG-Stiftung, risks are classified as “high”, “medium” or “low”.

RISK CLASSIFICATION MATRIX

Probability of occurrence	66% bis 100%	Low	Medium	High
	33% bis 65%	Low	Medium	Medium
	0% bis 32%	Low	Low	Medium
		Low	Moderate	Significant
		Degree of impact		

The following major risk categories arise from the RAG-Stiftung's main risk areas:

RAG investment risk

The RAG-Stiftung and RAG AG concluded a controlling and profit transfer agreement on 24 September 2007. RAG's business risks therefore impact directly on the RAG-Stiftung.

The RAG Group has an independent risk management system, as this is where the original risk responsibility for the business risks and their management lies. As a public limited company, RAG AG is subject to the new monitoring requirements of the German balance sheet modernisation act (BilMoG). This means that according to Section 107, Paragraph 3 AktG, the Supervisory Board is responsible not only for monitoring the accounting process, but is also obliged to address the effectiveness of the internal controlling system, the risk management system and the internal audit system. These requirements are met by representatives of the RAG-Stiftung on the RAG AG's Supervisory Board. The RAG-Stiftung is kept informed with regular reports and checks the effectiveness of the risk management system using analyses of the risks and measures.

Risks for the RAG-Stiftung include the operating result risks from RAG's business activities and the cash outflows for perpetual obligations from 2019. These are dependent on the development of costs. The development in interest rates and costs are decisive factors determining the amount of provision required. Unfavourable economic developments may lead to a situation where the funds approved in the 2019 notification of approval to RAG AG for financing residual pollution and perpetual obligations is not sufficient. These can therefore – just like a depreciation of stocks for solid fuels due to a sharp price drop or losses in value of RAG AG's financial assets – affect the RAG-Stiftung's annual result via the controlling and profit transfer agreement. We currently assume that the financial framework of the German hard coal financing act is flexible enough to prevent risks arising from RAG's business activities from affecting the RAG-Stiftung in the coming years.

Overall, the risks arising from the participation in RAG AG have a significant effect. Due to the German hard coal financing act, the set of agreements on coal policy, it is based on and the agreements made and approvals received, the risk should be manageable. However, with the approaching discontinuation of mining, RAG's available operating and accounting countermeasures are declining. We therefore assess the probability of the risks occurring as “possible”. Overall, we continue to classify this risk as a medium risk.

Evonik investment risk:

The RAG-Stiftung is the majority stakeholder in Evonik Industries AG. The Evonik Group's business risks therefore also impact indirectly on the RAG-Stiftung. As a listed company, Evonik AG has an elaborate, independent and Group-wide risk management system. Pursuant to Section 107, Paragraph 3 AktG, Evonik Industries AG's Supervisory Board is responsible not only for monitoring the accounting process, but is also obliged to address the effectiveness of the internal controlling system and the internal audit system. These requirements are met by Evonik Industries AG's Supervisory Board. It is kept informed with regular reports and checks the effectiveness of the risk management system using analyses of the risks and measures. The RAG-Stiftung's staff supports the members of the Supervisory Board in its analyses.

The RAG-Stiftung's 67.91% stake in Evonik Industries AG is its principle asset. For every change of one euro in the Evonik share price, there is a change in the assets of the RAG-Stiftung of EUR 316 million. There is therefore a significant concentration risk associated with the Evonik holding. RAG-Stiftung intends to meet this concentration risk by further reducing its investment in Evonik. This will be done, however, with due regard to the market. For example, the issue of exchangeable bonds on Evonik shares is an instrument with which this is possible.

Due to its areas of activity, Evonik Group is constantly confronted both nationally and internationally with changing political, societal, demographic, legal and economic conditions. Market risks occurring as a result of volatility and cyclicity in the markets can generally arise in all segments. They can have a significant impact on the earnings situation. The occasional regional changes in economic demand can influence price and sales opportunities with a corresponding impact on results. Evonik confronts these risks by anticipating market developments and consistently developing its portfolio in accordance with its Group strategy. A reorganisation of the management and portfolio structure of the Evonik Group planned for 2015 is intended to create better preconditions with the aim of enabling Evonik's various businesses to be managed close to the markets in a more differentiated way; the three operating chemical segments will receive greater freedom to conduct their business and will enter the market as independent companies. Evonik intends to use the new management model to significantly improve the structural preconditions for profitable growth in the respective businesses.

The dividends the RAG-Stiftung receives from Evonik are a substantial component of the RAG-Stiftung's income. A worsening in Evonik's economic situation limiting Evonik Industries AG's ability to pay dividends is a risk with significant ramifications for the RAG-Stiftung. Due to Evonik's diversified orientation as a speciality chemical company, we see the probability of this risk in the mid-range as “possible”. Overall, we therefore classify the Evonik investment risk as a medium risk.

Vivawest investment risk:

The RAG-Stiftung has a 30% stake in Vivawest. Vivawest's business risks therefore also impact indirectly on the RAG-Stiftung.

Vivawest has an independent risk management system, as this is where the original risk responsibility for the business risks and their management lies. Vivawest GmbH's Supervisory Board not only monitors the accounting process, but also addresses the effectiveness of the internal control, risk management and internal auditing systems. These tasks are carried out by the representatives of the RAG-Stiftung in Vivawest GmbH's Supervisory Board. The RAG-Stiftung is kept informed with regular reports and checks the effectiveness of the risk management system using analyses of the risks and measures.

Medium Evonik investment risk

Medium RAG investment risk

Low Vivawest investment risk

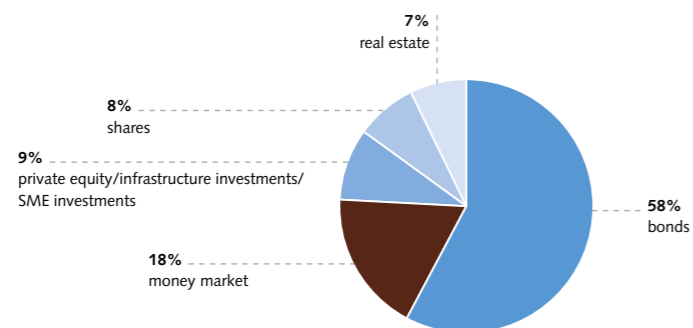
Due to its area of activities, Vivawest is highly dependent on the housing market in North Rhine-Westphalia. Risks arise in the medium term from demographic changes, and in the long term from changes in interest rates.

The distribution of profits the RAG-Stiftung receives from Vivawest are a component of the RAG-Stiftung's income. A worsening in Vivawest's economic situation is a risk with moderate repercussions for the RAG-Stiftung. Due to the non-volatile nature of Vivawest's business, we see the probability of occurrence as "rather unlikely". Overall, we therefore classify the Vivawest investment risk as low.

Investment risks:

By resolution of 9 December 2013 the Board of Trustees of the RAG-Stiftung approved and agreed to an adaptation of general capital investment guidelines for the RAG-Stiftung (KARL) in 2008. The KARL guidelines set the standards for investment, and define the principles of the investment policy and investment risk controlling. The rules and limits of these general investment guidelines apply to all of the RAG-Stiftung's financial assets.

STRUCTURE OF CAPITAL INVESTMENTS AT THE END OF 2014



As of the end of 2014, 58% of the RAG-Stiftung's financial assets was invested (without the investments in Evonik and Vivawest) in bonds, almost another 7% in real estate and some 8% in shares. Altogether, just over 9% was attributable to international private equity and infrastructure investments and to SME investments. The rest was invested on the money market. This asset allocation results in a particular interest sensitivity: rising market interest rates lead to negative market value changes, falling rates by contrast to price gains.

Financial risks at the RAG-Stiftung generally concern borrowing and market price risks arising from the investment of financial resources to cover the provision for perpetual obligations. The aim of the Company's policy is to limit these risks with systematic risk management. This cannot mean the total exclusion of financial risks, but they are managed within defined limits. Monitoring its financial assets is an integral component of the RAG-Stiftung's daily business activities. The basis for managing financial assets is the relevant risk budget, which is oriented to the risk-bearing capacity and which in turn is determined by the RAG-Stiftung's investment committee. The capacity of the risk budget is regularly calculated and documented, while the current risk of the capital investment is measured using the value-at-risk (VAR) approach. In order to reduce financial risks, to carry out currency hedging and to flexibly adjust the asset classes in a risk-oriented way when the risk budget is being used up, derivative financial instruments can also be used at the RAG-Stiftung.

KARL allows the RAG-Stiftung to hold up to 20% of its financial assets in unsecured foreign currencies. As of 31 December 2014, the share of unsecured foreign currencies was 11%. Of this 11%, 6 percentage points were attributable to investments in US dollars.

As of the end of 2014, some two thirds of the financial assets were invested in the RAGS-FundMaster, a special fund managed by a capital investment company pursuant to the German capital investment act (KAGB). Various asset managers in this special fund have received specific investment mandates from the RAG-Stiftung. Each of these investment mandates is subject to investment guidelines that are in accordance with the RAG-Stiftung's KARL guidelines. The capital investment company is also obliged to ensure that these investment guidelines are adhered to at all times. All securities of the RAG-Stiftung are held in safe custody by a single, global custodian bank, which creates the basis for uniform risk controlling and transparent presentation of the RAG-Stiftung's total holdings.

Of the remaining third of the financial assets, almost 70% is directly held in liquid securities and on the money market; the rest is attributable to non-liquid investments of the RAG-Stiftung in real estate, private equity and infrastructure funds.

Private equity and infrastructure funds are characterised by a very low level of liquidity. This liquidity risk, which we are well able to manage due to our obligation structure, is compensated for by a corresponding illiquidity premium. In addition, the principle of greater diversification applies to these investments as it does to all our financial assets: we invest in different managers, different segments of the private equity market, different size categories, different regions and, in particular, we invest consistently, so that we achieve a wide diversification across the individual fund ages, or "vintage years".

The statements on limited liquidity also apply to the investments in SMEs by our investment companies Maxburg KG and RAG-Stiftung Beteiligungsgesellschaft mbH. We attempt to compensate for the higher risk resulting from significantly less granularity with intensive due diligence before the purchase of a holding, by further expanding investment controlling and by exercising greater influence on the Supervisory Board or Trustee Board in the case of minority holdings and by exercising direct influence on the management in the case of majority holdings.

When assessing investment risks overall, we classify the probability of occurrence as "possible" in view of the measures taken, and the degree of impact as "moderate" given the wide diversification. Overall, we therefore classify the investment risk as a medium risk.

Perpetual obligations risk:

On 14 August 2007, a legacy agreement relating to the socially responsible discontinuation of subsidised coal mining in Germany (Legacy Agreement) was concluded between the states of North Rhine-Westphalia, Saarland and the RAG-Stiftung. This agreement regulates the guarantees made by the states (and a third of the Federal Government) for the case that the assets of the RAG-Stiftung are not sufficient to finance the perpetual obligations, and defines the perpetual obligations of the mining operations of RAG. Perpetual obligations in this sense mean measures for the implementation of pit water management, groundwater purification at contaminated sites and measures for the management, processing or elimination of permanent damage in the form of subsidence of the ground surface caused by mining.

Medium
investment risks

Medium perpetual
obligations risk

On 13 November 2007, an agreement was signed between RAG AG and the RAG-Stiftung for the financing of the perpetual obligations arising from the mining operations of RAG (agreement on perpetual obligations). With this agreement, the RAG-Stiftung pledges to RAG AG it will finance its perpetual obligations from 2019. The future development of the perpetual obligations and the resulting risks and opportunities are therefore especially important. This development is primarily determined by the premises on which the authoritative report is based that may develop a significant leverage effect, such as price index, interest rate and technical level.

The amount of the perpetual obligations as of the end of 2018 is, simplified, the cash value of a perpetual series of payments, which will increase in line with the respective rate of price inflation from 2019. The cash value of a perpetual annuity is calculated by dividing the initial regular payment by the interest rate while taking the price increases resulting from the real interest rate, i.e. the difference between interest rate and price inflation, into account. The amount of the perpetual obligations is therefore particularly dependent on the future development of price and interest rates, in addition to the development of the assessment bases. As of 31 December 2014, there was a risk-free seven-year average interest rate of 3.14% (previous year 3.51%) and a price development of 2.15% p.a. (previous year 2.21%), i.e. a real interest rate of 0.99% (previous year 1.30%). When calculating the perpetual annuity, this corresponds to a factor of approximately 101 (previous year 77) of the assessment basis. The changes in the obligations compared with the previous year primarily result from the change in the interest rate parameter and from assessment bases for the perpetual obligations altered where necessary. If the real interest rate falls further, which is to be assumed given the application of a seven-year average interest rate pursuant to Section 253, Paragraph 2(1) HGB, the perpetual obligations will increase further in the next two years at least.

In the overall assessment of the risks arising from perpetual obligations, we classify the probability of occurrence as "likely", but the degree of impact as only "moderate". The provision requirement for perpetual obligations is likely to increase again over the coming years depending on interest rates, then move at a constant or even a slightly falling level. However, our ability to finance the cash outflow, which will increase with inflation from 2019, for the sustainable financing of perpetual obligations from investment income and financial assets is independent of this. Overall, we therefore classify the risk arising from the perpetual obligations as a medium risk.

Overall assessment of the risk and opportunities position

The RAG-Stiftung must finance the perpetual obligations of subsidised coal mining of RAG in Germany following its discontinuation. From a current perspective, the cash inflows from the disposal of other shares in Evonik Industries AG, from Evonik dividends and the dividends of the Vivawest holding, as well as from the income from financial assets, are all sufficient to cover the expected cash outflows. Opportunities arise from a good development of the Evonik's share price and from a successful investment.

The overall assessment of the RAG-Stiftung's risk situation shows that the existing risks pose no threat to the existence of the RAG-Stiftung, either individually or combined given the measures taken and planned.

Outlook

Based on the IMF's forecast and due to our own assessment, we expect a moderate recovery in global growth for 2015 compared with 2014. Global gross domestic product is likely to increase by 3.5%. The gradual recovery of the global economy remains exposed to strong headwinds and is likely to look increasingly different from region to region; while in North America significantly stronger growth is expected, we anticipate only sluggish recovery in Europe, despite the European Central Bank (ECB)'s monetary policy measures and the depreciation of the euro. Economic development stabilised in the Asia-Pacific region, especially in China, at the end of 2014. Against the backdrop of reforms in China and the Chinese government's lower growth targets, we expect economic growth at the level of 2014, or slightly above, for most of the countries in the region. In the emerging economies of South America by contrast, we are seeing increased risks that are being further fuelled by internal structural reform deadlock and that are likely to lead to lower growth over the short and medium term.

This projection is characterised by a great deal of uncertainty. It is possible, however, that the global economy will develop differently than we expect as a result of the actions of the central banks, and also as a result of increasing geopolitical risks. Both the effects of the ECB's bond purchase programme, as well as the possible withdrawal from the economically supportive measures of the US FED, could lead to developments that have a negative effect on growth. Further upheavals on the raw materials and foreign exchange markets can also not be ruled out.

In consideration of all aspects, in 2015 we expect a dividend per share of Evonik Industries AG for 2014 at the same level as the previous year. The same applies to the Vivawest GmbH distribution. We also expect RAG AG to be able to achieve a balanced net result for 2015 due to the financial aid given in the notification of approval, the sales revenue expected in coal, and through the use of accounting options; there is no impact on earnings for the RAG-Stiftung arising from the controlling and profit transfer agreement with RAG AG.

The forecast for the development of the capital markets is difficult; the different conditions of the macroeconomies indicate conflicting monetary policies in the different economic areas over the coming quarters. While in 2015 the central banks of the US (and of Great Britain) are likely to prepare initial interest rate increases, the ECB is pursuing a policy of quantitative easing. This divided monetary policy usually causes problems on the financial markets. We therefore believe the capital markets could experience turbulent times in the coming year, especially given that the list of (geo)political risks is unusually long at the moment.

In spite of the uncertainties, we anticipate a moderate rise in interest rates in the eurozone and moderately increasing share prices for 2015. An interest rate increase could negatively impact the performance of our bond investments.

For 2015 we expect to achieve good capital income of at least the level of the previous year. We expect continued robust value increases for our liquid assets. The investment market values significantly exceeded the carrying amounts at the end of 2014. We also expect this to be the case at the end of 2015.

Slight recovery in the global economy expected for 2015

Economic forecasts subject to high levels of uncertainty

Steady Evonik and Vivawest dividends expected

Capital income for 2015 expected to be at least the level of the previous year

OUTLOOK PERFORMANCE INDICATORS FOR 2015

in EUR million	Forecast for 2015	2014
Financial performance indicators		
Net profit or loss for the year	constant	0.0
Addition to provision for perpetual obligations	slightly lower	351.1

Overall we expect a balanced result for the RAG-Stiftung in 2015. We are likely to be able to increase the provision for perpetual obligations by around EUR 340 million. The overall obligation for perpetual obligations will very likely increase further due to the expected further decrease in the seven-year average interest rate at the end of 2015.

Report on events after the reporting period

The RAG-Stiftung issued more exchangeable bonds on Evonik shares on 11 February 2015. This is again a non-subordinated and unsecured exchangeable bond with a coupon of 0.0%. The bond due on 18 February 2021 was issued at a rate of 101% i.e. a negative effective interest rate was realised.

The bond can be exchanged for existing registered shares of Evonik Industries AG. The initial exchange premium was 35%; there was an initial exchange price of EUR 37.98 per share. The originally planned basic transaction volume of EUR 400 million was increased to the final transaction volume of EUR 500 million due to the high level of demand from investors during the book-building process.

On 19 February 2015, the RAG-Stiftung acquired 4,549,332 new no-par-value bearer shares in HAMBORNER REIT AG against cash deposits with full dividend claim from 1 January 2014 for around EUR 40 million. On the evening before, the Board of Executives of HAMBORNER REIT AG resolved, with the Supervisory Board's approval, to increase capital by 10% from authorised capital to the exclusion of shareholders' subscription rights. Subscribers of the new shares were Deka Investment GmbH for account of RAGS-FundMaster, the RAG-Stiftung's special separate trust assets.

No other significant events affecting the RAG-Stiftung's net assets, financial position and results occurred after 31 December 2014.

This report contains forward-looking statements relating to the current expectations, assumptions and forecasts of the Board of Executives, as well as any information currently available to it. These forward-looking statements are not to be understood as guarantees of future developments or the events they describe. On the contrary, these future developments and events are dependent on a number of factors; they contain risks and uncertainties and are based on assumptions that may prove inaccurate.

ANNUAL FINANCIAL STATEMENTS

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The consolidated financial statements of the RAG-Stiftung can be found online at www.rag-stiftung.de/geschaeftsbericht2014

Balance sheet of the RAG-Stiftung

as of 31 December 2014

ASSETS

in EUR million	Notes	31/12/2014	31/12/2013
A. Fixed assets	(1)		
I. Intangible assets		0.0	0.0
II. Property, plant and equipment		0.2	0.2
III. Financial assets			
1. Shares in affiliated companies		1,411.7	1,214.7
2. Holdings		0.0	0.0
3. Securities held as fixed assets		2,159.5	1,848.0
		3,571.4	3,062.9
B. Current assets			
I. Receivables and other assets	(2)		
1. Receivables due from affiliated companies		147.8	74.4
2. Other assets		144.2	75.0
II. Securities	(3)	521.0	521.0
III. Cash in hand, credit balances at banks and cheques	(4)	430.1	150.6
		1,243.1	821.0
C. Prepaid expenses		0.0	0.0
Total assets		4,814.5	3,883.9

LIABILITIES

in EUR million	Notes	31/12/2014	31/12/2013
A. Equity	(5)		
I. Endowment capital		2.0	2.0
		2.0	2.0
B. Provisions	(6)		
1. Provisions for pensions and similar obligations		4.2	3.6
2. Tax provisions		25.5	24.0
3. Provisions for perpetual obligations		4,114.7	3,763.6
4. Other provisions		4.0	2.4
		4,148.4	3,793.6
C. Liabilities	(7)		
1. Bonds		600.0	
2. Trade payables		0.2	0.1
3. Payables due to affiliated companies		44.2	45.5
4. Other liabilities		19.7	42.7
		664.1	88.3
Total liabilities		4,814.5	3,883.9

Development of fixed assets of the RAG-Stiftung

Notes to the balance sheet as of 31 December 2014

in EUR million	Acquisition and production costs				Depreciation				Book values		
	As of 01/01/2014	Additions	Disposals	As of 31/12/2014	As of 01/01/2014	Additions	Disposals	Write-ups	As of 31/12/2014	As of 31/12/2014	As of 31/12/2013
A. Fixed assets											
I. Intangible assets											
Acquired concessions, industrial property rights and similar rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0		0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
II. Property, plant and equipment											
Other equipment, office and plant equipment	0.4	0.1	0.1	0.4	0.2	0.1	0.1	0.0	0.2	0.2	0.2
	0.4	0.1	0.1	0.4	0.2	0.1	0.1		0.2	0.2	0.2
III. Financial assets											
1. Shares in affiliated companies	1,214.8	197.0	0.0	1,411.8	0.1	0.0	0.0	0.0	0.1	1,411.7	1,214.7
2. Holdings in other companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Securities held as fixed assets	1,848.4	391.5	80.4	2,159.5	0.4	0.0	0.4	0.0	0.0	2,159.5	1,848.0
	3,063.2	588.5	80.4	3,571.3	0.5	0.0	0.4	0.0	0.1	3,571.2	3,062.7
	3,063.6	588.6	80.5	3,571.7	0.7	0.1	0.5	0.0	0.3	3,571.4	3,062.9

Income statement of the RAG-Stiftung

from 1 January to 31 December 2014

in EUR million	Notes	2014	2013
1. Sales revenue	(8)	0.2	0.2
2. Other operating income	(9)	1.8	921.9
3. Personnel expenses	(10)	5.0	6.0
4. Amortisation of intangible assets and depreciation of real estate, plant and equipment		0.1	0.0
5. Other operating expenses	(11)	368.2	1,222.4
6. Investment income	(12)	+352.8	+295.6
7. Income from other securities and from loans held as financial assets	(13)	18.4	18.1
8. Interest income	(14)	+0.8	-0.7
9. Write-downs of financial assets and of securities held as current assets	(15)	-	-0.5
Result from ordinary activities		+0.7	+6.2
10. Taxes	(16)	-0.7	-6.2
Net profit (+) or loss (-) for the year		0.0	0.0

RAG-Stiftung management bodies

BOARD OF TRUSTEES

Hannelore Kraft, MdL
Premier of the State of North Rhine-Westphalia

Annegret Kramp-Karrenbauer, MdL
Premier of the State of Saarland

Sigmar Gabriel, MdB
Federal Minister of Economic Affairs and Energy

Dr Wolfgang Schäuble, MdB
Federal Minister of Finance

Michael Vassiliadis
Deputy Chairman of the Board of Trustees of the RAG-Stiftung
CEO of IG BCE
Deputy Chairman of the Supervisory Board of Evonik Industries AG

Dr Jürgen Großmann
Chairman of the Board of Trustees of the RAG-Stiftung

Lukas Beckmann
Managing Director of GLS Treuhand e. V.

Dr Burckhard Bergmann
Member of various supervisory boards

Christoph Dänzer-Vanotti
Freelance lawyer

Ralf Hermann
Chairman of the Group Works Council of Evonik Industries AG

Ludwig Ladzinski
Member of the Executive Board of the mining, chemical and energy industries trade union (IG BCE)

Heiko Maas (from 20/02/2015)
Federal Minister of Justice and Consumer Protection

Prof. Andreas Pinkwart (until 30/06/2014)
Rector of the HHL Leipzig Graduate School of Management

Monika Schulz-Strelow (from 01/01/2015)
Management consultant

Harry Kurt Voigtsberger
Former Minister of State

THE BOARD OF EXECUTIVES

Dr Werner Müller
Chairman of the Board of Executives of the RAG-Stiftung
Chairman of the Supervisory Board of RAG AG
Chairman of the Supervisory Board of Evonik Industries AG

Bärbel Bergerhoff-Wodopia
Member of the Board of Executives of the RAG-Stiftung
Member of the Supervisory Board of RAG AG
Member of the Supervisory Board of Vivawest GmbH

Dr Helmut Linsen
Member of the Board of Executives of the RAG-Stiftung
Member of the Supervisory Board of RAG AG
Chairman of the Supervisory Board of Vivawest GmbH

RAG-Stiftung list of shareholdings

as of 31 December 2014

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct %	Indirect %	Total %			
Consolidated affiliated companies							
1 HAHN Automation GmbH	Rheinböllen		51.00	51.00	2014	6	0
2 Maxburg Beteiligungen GmbH & Co. KG	Grünwald ^b	97.40		97.40	2014	82	-1
3 MGG-Beteiligung Verwaltungs GmbH & Co. KG	Bochum ^b		100.00	100.00	2014	0	0
4 RAG AKTIENGESELLSCHAFT	Herne	94.90	5.10	100.00	2014	285	PTA
5 RAG Anthrazit Ibbenbüren GmbH	Ibbenbüren		100.00	100.00	2014	27	PTA
6 RAG Beteiligungs-GmbH	Herne ^{b, c}		100.00	100.00	2014	17	PTA
7 RAG-Beteiligung Verwaltungs GmbH & Co. KG	Düsseldorf	100.00		100.00	2014	0	0
8 RAG Deutsche Steinkohle AG	Herne ^b		100.00	100.00	2014	15	PTA
9 RAG Industrial Services GmbH	Herne ^b		100.00	100.00	2014	0	PTA
10 RAG Konzernrevision GmbH	Herne ^b		100.00	100.00	2014	1	PTA
11 RAG Mining Solutions GmbH	Herne ^{b, c}		100.00	100.00	2014	2	PTA
12 RAG Montan Immobilien GmbH	Essen		100.00	100.00	2014	20	0
13 RAG Ruhranalytik GmbH	Herne ^b		100.00	100.00	2014	0	PTA
14 RAG-S Private Equity GmbH & Co. KG	Essen	100.00		100.00	2014	109	-1
15 RAG-Stiftung Beteiligungsgesellschaft mbH	Essen	74.99		74.99	2014	0	-1
16 RAG Verkauf GmbH	Herne ^{b, c}		100.00	100.00	2014	1	PTA
17 WSA GmbH	Essen ^b		100.00	100.00	2014	0	PTA
Non-consolidated affiliated companies (at equity)							
18 Evonik Industries AG	Essen	67.91		67.91	2014	5,287	467
19 Vivawest GmbH	Essen	30.00	43.20	73.20	2014	1,064	122
Associated companies (at equity)							
20 logport ruhr GmbH	Duisburg		50.00	50.00	2014	0	0
Non-consolidated affiliated companies							
21 Deutsche Montan Technologie für Rohstoff, Energie, Umwelt e. V.	Essen				2013	14	0
22 Deutsche Montan Technologie Verwaltungs GmbH	Essen		100.00	100.00	2013	31	0
23 DMT-Gesellschaft für Lehre und Bildung mbH	Bochum		100.00	100.00	2013	8	0
24 Entwicklungsgesellschaft Gladbeck-Brauck mbH	Gladbeck		66.67	66.67	2014	0	0
25 Gesamtverband Steinkohle e. V.	Herne				2013	0	0
26 Gründerzentrumgesellschaft Prosper III mbH	Bottrop		94.00	94.00	2014	0	0
27 HAHN AUTOMATION AG	Schwarzenburg		100.00	100.00	2014	0	0
28 HAHN AUTOMATION Co. Ltd.	Kunshan		100.00	100.00	2014	0	0
29 HAHN Automation Components GmbH	Reinheim		100.00	100.00	2014	2	0
30 HAHN AUTOMATION d.o.o.	Zagreb		100.00	100.00	2014	0	0
31 HAHN AUTOMATION Inc.	Hebron		60.00	60.00	2014	2	1

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct %	Indirect %	Total %			
32 HAHN Beteiligungs-GmbH	Rheinböllen		100.00	100.00	2014	0	0
33 HAHN ENERSAVE GmbH	Reinheim		80.00	80.00	2014	0	0
34 HAHN OTOMASYON Ltd.	Istanbul		100.00	100.00	2013	0	0
35 Landschaftsagentur Plus GmbH	Essen		100.00	100.00	2013	0	0
36 montanSOLAR Erste Projektgesellschaft mbH	Sulzbach/Saar		100.00	100.00	2013	0	0
37 montanSOLAR GmbH	Sulzbach/Saar		54.00	54.00	2013	0	1
38 montanWIND Planungs GmbH & Co. KG	Sulzbach/Saar		100.00	100.00	2013	0	0
39 montanWIND Planungs Verwaltungs GmbH	Sulzbach/Saar		100.00	100.00	2013	0	0
40 montanWIND Projekt 1 GmbH & Co. KG	Sulzbach/Saar		100.00	100.00	2013	0	0
41 montanWIND Projekt 1 Verwaltungs GmbH	Sulzbach/Saar		100.00	100.00	2013	0	0
42 PG Projektentwicklungsgesellschaft Grimberg mbH & Co. KG	Essen		100.00	100.00	2013	5	0
43 PG Projektentwicklungsgesellschaft Grimberg Verwaltungs-GmbH	Essen		100.00	100.00	2013	0	0
44 RAG Mining Technology (Beijing) Co., Ltd.	Peking		100.00	100.00	2013	0	0
45 RAG-S PE Verwaltungs-GmbH	Essen	100.00		100.00	2014	0	0
46 REMAK of North America Inc.	Hebron		100.00	100.00	2013	0	0
47 Solarpark Brönnchestal GmbH & Co. KG	Schiffweiler		100.00	100.00	2013	0	0
48 Solarpark KL Dechen GmbH & Co. KG	Neunkirchen		100.00	100.00	2013	0	0
49 Solarpark Schacht Eugen GmbH & Co. KG	Neunkirchen		100.00	100.00	2013	0	0
50 Solarpark Schweizer Berg GmbH & Co. KG	Völklingen		100.00	100.00	2013	0	0
51 Windkraft Brinkfortsheide GmbH	Marl	80.00	20.00	100.00	2013	1	0
52 Windpark Bitschberg Entwicklungs UG (haftungsbeschränkt)	Schmelz		100.00	100.00	2013	0	0
53 Windpark Sengert Entwicklungs UG (haftungsbeschränkt)	Schmelz		100.00	100.00	2013	0	0
Associated companies							
54 BAV Aufbereitung Herne GmbH	Herne		49.00	49.00	2013	1	0
55 ELE-RAG Montan Immobilien Erneuerbare Energien GmbH	Bottrop		50.00	50.00	2013	0	0
56 ENNI RMI Windpark Kohlenhuck Projektgesellschaft mbH	Moers		33.33	33.33	2013	0	0
57 Entwicklungsgesellschaft Mittelstandspark West Castrop-Rauxel mbH	Castrop-Rauxel		48.00	48.00	2013	0	0
58 Entwicklungsgesellschaft Schlägel & Eisen mbH	Herten		48.00	48.00	2013	0	0
59 Entwicklungsgesellschaft Westfalia GmbH	Lünen		48.00	48.00	2013	0	0
60 HAHN AUTOMATION ASIA PTE.LTD.	Singapore		50.00	50.00	2013	0	0
61 HAHN Automation R&D GmbH	Wiehl		50.00	50.00	2014	0	0
62 HAHN AUTOMATION S.A.	San José		50.00	50.00	2014	0	0
63 HAHN Automation s.r.o.	Uvaly		50.00	50.00	2013	0	0

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct %	Indirect %	Total %			
64	Projekt Ewald GmbH & Co. KG		50.00	50.00	2014	n/a	n/s
65	Projekt Ewald Verwaltung GmbH		50.00	50.00	2014	n/a	n/s
66	Projektgesellschaft Gneisenau mbH		49.00	49.00	2013	0	0
67	Projektgesellschaft Haus Aden mbH i.L.		49.00	49.00	2013	0	0
68	Projektgesellschaft „Minister Stein“ mbH.		50.00	50.00	2013	0	0
69	Projektgesellschaft „Radbod“ mbH		33.33	33.33	2013	0	0
70	Welterbe Entwicklungsgesellschaft mbH & Co. KG		20.00	20.00	2014	n/a	n/s
71	Windkraft Lohberg Projektgesellschaft mbH		33.33	33.33	2013	0	0
Evonik							
Non-consolidated affiliated companies							
72	AQura GmbH		100.00	100.00	2014	2	PTA
73	BK-Wolfgang-Wärme GmbH		100.00	100.00	2014	1	0
74	CyPlus GmbH		100.00	100.00	2014	53	PTA
75	Degussa International Inc.		100.00	100.00	2014	523	7
76	DSL Japan Co., Ltd.		51.00	51.00	2014	8	1
77	Egesil Kimya Sanayi ve Ticaret A.S.		51.00	51.00	2014	16	11
78	EGL Ltd.		100.00	100.00	2014	0	0
79	Evonik (SEA) Pte. Ltd.		100.00	100.00	2014	229	6
80	Evonik (Shanghai) Investment Management Co., Ltd.		100.00	100.00	2014	2	0
81	Evonik (Thailand) Ltd.		100.00	100.00	2014	8	1
82	Evonik Acrylics Africa (Pty) Ltd.		51.00	51.00	2014	8	1
83	Evonik Aerosil France S.A.R.L.		100.00	100.00	2014	3	0
84	Evonik Africa (Pty) Ltd.		100.00	100.00	2014	12	0
85	Evonik Agroferm Zrt.		100.00	100.00	2014	17	2
86	Evonik Amalgamation Ltd.		100.00	100.00	2014	3	0
87	Evonik Australia Pty Ltd.		100.00	100.00	2014	5	1
88	Evonik Beteiligungs-GmbH		100.00	100.00	2014	1	PTA
89	Evonik Canada Inc.		100.00	100.00	2014	16	9
90	Evonik CB LLC		100.00	100.00	2014	0	0
91	Evonik Colombia S.A.S.		100.00	100.00	2014	0	0
92	Evonik Corporation		100.00	100.00	2014	1,819	90
93	Evonik Creavis GmbH		100.00	100.00	2014	1	PTA
94	Evonik Cyro Canada Inc.		100.00	100.00	2014	8	2
95	Evonik Cyro LLC		100.00	100.00	2014	82	2
96	Evonik Dahlenburg GmbH		100.00	100.00	2014	2	PTA
97	Evonik Degussa (China) Co., Ltd.		100.00	100.00	2013	-2	-28
98	Evonik Degussa Africa (Pty) Ltd.		100.00	100.00	2014	8	0
99	Evonik Degussa Antwerpen N.V.		100.00	100.00	2014	339	28
100	Evonik Degussa Argentina S.A.		100.00	100.00	2014	12	1

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct %	Indirect %	Total %			
101	Evonik Degussa Brasil Ltda.		100.00	100.00	2014	80	-3
102	Evonik Degussa Carbons, Inc.		100.00	100.00	2014	0	0
103	Evonik Degussa Chile S.A.		99.90	99.90	2014	0	0
104	Evonik Degussa GmbH		100.00	100.00	2014	4,907	PTA
105	Evonik Degussa Ibérica S.A.		100.00	100.00	2014	13	2
106	Evonik Degussa International AG		100.00	100.00	2014	-2	-6
107	Evonik Degussa Iran AG		100.00	100.00	2014	1	0
108	Evonik Degussa Italia S.p.A.		100.00	100.00	2014	79	1
109	Evonik Degussa Peroxid GmbH		100.00	100.00	2014	8	1
110	Evonik Degussa Services LLC		100.00	100.00	2014	0	0
111	Evonik Degussa UK Holdings Ltd.		100.00	100.00	2014	899	-16
112	Evonik Dutch Holding B.V.		100.00	100.00	2014	42	0
113	Evonik Fermas s.r.o.		100.00	100.00	2014	20	2
114	Evonik Fibres GmbH		100.00	100.00	2014	9	2
115	Evonik Finance B.V.		100.00	100.00	2014	74	4
116	Evonik Foams Inc.		100.00	100.00	2014	38	13
117	Evonik Forhouse Optical Polymers Corporation		51.00	51.00	2014	21	-1
118	Evonik France S.A.S.		100.00	100.00	2014	22	-33
119	Evonik Goldschmidt Rewo GmbH		100.00	100.00	2014	21	6
120	Evonik Goldschmidt UK Ltd.		100.00	100.00	2014	23	2
121	Evonik Gorapur GmbH		100.00	100.00	2014	1	3
122	Evonik Guatemala, S.A.		100.00	100.00	2014	0	0
123	Evonik Gulf FZE		100.00	100.00	2014	0	0
124	Evonik Hanse GmbH		100.00	100.00	2014	11	PTA
125	Evonik Hong Kong Ltd.		100.00	100.00	2014	16	7
126	Evonik India Pvt. Ltd.		100.00	100.00	2014	12	4
127	Evonik Industries de Mexico S.A. de C.V.		100.00	100.00	2014	51	8
128	Evonik International Holding B.V.		100.00	100.00	2014	3,607	108
129	Evonik IP GmbH		100.00	100.00	2014	111	62
130	Evonik Japan Co., Ltd.		100.00	100.00	2014	72	-35
131	Evonik Jayhawk Fine Chemicals Corporation		100.00	100.00	2014	15	-2
132	Evonik Korea Ltd.		100.00	100.00	2014	15	3
133	Evonik Limited Egypt		100.00	100.00	2014	0	0
134	Evonik Litarion GmbH		100.00	100.00	2014	8	PTA
135	Evonik Malaysia Sdn. Bhd.		100.00	100.00	2014	1	0
136	Evonik MedAvox S.p.A. (i.L.)		100.00	100.00	2014	3	0
137	Evonik Membrane Extraction Technology Limited		100.00	100.00	2014	-5	-2
138	Evonik Methionine SEA Pte. Ltd.		100.00	100.00	2014	220	-1
139	Evonik Metilatos S.A.		100.00	100.00	2014	11	-1
140	Evonik Mexico S.A. de C.V.		100.00	100.00	2014	11	4
141	Evonik Nutrition & Care GmbH		100.00	100.00	2014	1	PTA

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct %	Indirect %	Total %			
142 Evonik Oil Additives Asia Pacific Pte. Ltd.	Singapore		100.00	100.00	2014	99	22
143 Evonik Oil Additives Canada Inc.	Morrisburg		100.00	100.00	2014	22	4
144 Evonik Oil Additives GmbH	Darmstadt		100.00	100.00	2014	31	PTA
145 Evonik Oil Additives S.A.S.	Lauterbourg		100.00	100.00	2014	24	3
146 Evonik Oil Additives USA, Inc.	Horsham		100.00	100.00	2014	92	18
147 Evonik Oxeno Antwerpen N.V.	Antwerp		100.00	100.00	2014	366	20
148 Evonik Para-Chemie GmbH	Gramatneusiedl		99.00	99.00	2014	15	1
149 Evonik Pension Scheme Trustee Limited	Milton Keynes		100.00	100.00	2014	0	0
150 Evonik Performance Materials GmbH	Essen		100.00	100.00	2014	1	PTA
151 Evonik Peroxide Africa (Pty) Ltd.	Umbogintwini		100.00	100.00	2014	6	0
152 Evonik Peroxide Holding B.V.	Amsterdam		100.00	100.00	2014	194	0
153 Evonik Peroxide Ltd.	Morrisville		100.00	100.00	2014	21	2
154 Evonik Peroxygens Holding GmbH	Essen		100.00	100.00	2014	62	0
155 Evonik Projekt-Beteiligung Verwaltungs-GmbH	Essen		100.00	100.00	2014	0	0
156 Evonik Projekt-Beteiligungs-GmbH & Co. KG	Essen		99.00	99.00	2014	343	0
157 Evonik Re S.A.	Luxembourg		100.00	100.00	2014	5	0
158 Evonik Real Estate GmbH & Co. KG	Marl		100.00	100.00	2014	134	19
159 Evonik Real Estate Verwaltungs-GmbH	Marl		100.00	100.00	2014	0	0
160 Evonik Resource Efficiency GmbH	Essen		100.00	100.00	2014	1	PTA
161 Evonik Rexim (Nanning) Pharmaceutical Co., Ltd.	Nanning		100.00	100.00	2014	14	-1
162 Evonik Rexim S.A.S.	Ham		100.00	100.00	2014	14	-11
163 Evonik Risk and Insurance Services GmbH	Essen		100.00	100.00	2014	1	PTA
164 Evonik Röhm GmbH	Darmstadt		100.00	100.00	2014	170	PTA
165 Evonik Services GmbH	Essen		100.00	100.00	2014	2	PTA
166 Evonik Servicios, S.A. de C.V.	Mexico City		100.00	100.00	2014	1	0
167 Evonik Silquímica S.A.	Zubillaga-Lantaron		100.00	100.00	2014	11	1
168 Evonik Speciality Organics Ltd.	Milton Keynes		100.00	100.00	2014	773	2
169 Evonik Specialty Chemicals (Jilin) Co., Ltd.	Jilin		100.00	100.00	2014	47	-7
170 Evonik Specialty Chemicals (Shanghai) Co., Ltd.	Shanghai		100.00	100.00	2014	77	-41
171 Evonik Taiwan Ltd.	Taipei		100.00	100.00	2014	10	9
172 Evonik Tasnee Marketing LLC	Riyadh		75.00	75.00	2014	6	0
173 Evonik Technochemie GmbH	Dossenheim		100.00	100.00	2014	58	PTA
174 Evonik Technology & Infrastructure GmbH	Essen		100.00	100.00	2014	1	PTA
175 Evonik Thai Aerosil Co., Ltd.	Bangkok		100.00	100.00	2014	18	4
176 Evonik Tianda (Liaoyang) Chemical Additive Co., Ltd.	Liaoyang		97.04	97.04	2014	26	1
177 Evonik Ticaret Ltd. Sirketi	Tuzla / Istanbul		100.00	100.00	2014	8	2
178 Evonik Trustee Limited	Milton Keynes		100.00	100.00	2014	0	0
179 Evonik United Silica (Siam) Ltd.	Rayong		70.00	70.00	2014	9	0
180 Evonik United Silica Industrial Ltd.	Taoyuan Hsien		100.00	100.00	2014	24	1
181 Evonik Venture Capital GmbH	Hanau		100.00	100.00	2014	1	PTA

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct %	Indirect %	Total %			
182 Evonik Vietnam Limited Liability Company	Ho Chi Minh City		100.00	100.00	2014	1	1
183 Evonik Wellink Silica (Nanping) Co., Ltd.	Nanping		60.00	60.00	2014	38	5
184 Goldschmidt ETB GmbH	Berlin		100.00	100.00	2014	1	PTA
185 HD Ceracat GmbH	Frankfurt am Main		100.00	100.00	2014	0	0
186 Hüls Service GmbH	Marl		100.00	100.00	2014	0	PTA
187 ILaS Integrierte Logistik & Service GmbH	Marl		100.00	100.00	2014	1	PTA
188 Insilco Ltd.	Gajraula		73.11	73.11	2014	11	0
189 JIDA Evonik High Performance Polymers (Changchun) Co., Ltd.	Changchun		84.04	84.04	2014	6	1
190 JSSi GmbH	Freiberg		100.00	100.00	2014	2	0
191 KMV Vermögensverwaltungs-GmbH	Marl		100.00	100.00	2014	12	0
192 Laporte Chemicals Ltd.	Milton Keynes		100.00	100.00	2014	0	0
193 Laporte Industries Ltd.	Milton Keynes		100.00	100.00	2014	1	0
194 Laporte Nederland (Holding) B.V.	Amsterdam		100.00	100.00	2014	1	-1
195 Mönch-Kunststofftechnik GmbH	Bad König		100.00	100.00	2014	1	PTA
196 Nilok Chemicals Inc. (i.L.)	Parsippany		100.00	100.00	2014	-1	-1
197 Nippon Aerosil Co., Ltd.	Tokyo		80.00	80.00	2014	52	5
198 OOO DESTEK	Podolsk		62.25	62.25	2014	2	1
199 OOO Evonik Chimia	Moscow		100.00	100.00	2014	4	5
200 PKU Pulverkautschuk Union GmbH (i.L.)	Marl		100.00	100.00	2014	0	0
201 PT. Evonik Indonesia	Cikarang Bekasi		100.00	100.00	2014	7	1
202 PT. Evonik Sumi Asih	Bekasi Timur		75.00	75.00	2014	12	2
203 Qingdao Evonik Chemical Co., Ltd.	Jiaozhou		52.00	52.00	2014	34	2
204 RBV Verwaltungs-GmbH	Essen		100.00	100.00	2014	847	219
205 RCIV Vermögensverwaltungs-GmbH	Essen		100.00	100.00	2014	28	-1
206 Roha B.V.	Tilburg		100.00	100.00	2014	2	0
207 RÜTGERS Dienstleistungs-GmbH	Essen		100.00	100.00	2014	2	0
208 RÜTGERS GmbH	Essen		100.00	100.00	2014	346	-9
209 RÜTGERS Organics Corporation	State College		100.00	100.00	2014	-14	-3
210 RÜTGERS Rail Verwaltungs GmbH	Essen		100.00	100.00	2014	50	0
211 Silbond Corporation	Weston		100.00	100.00	2014	32	2
212 SKC Evonik Peroxide Korea Co., Ltd.	Ulsan		55.00	55.00	2014	26	2
213 Stockhausen Nederland B.V.	Amsterdam		100.00	100.00	2014	22	0
214 Stockhausen Unterstützungseinrichtung GmbH	Krefeld		100.00	100.00	2014	0	0
215 Studiengesellschaft Kohle mbH	Mülheim		84.18	84.18	2013	0	0
216 Westgas GmbH	Marl		100.00	100.00	2014	8	9

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct %	Indirect %	Total %			
Other companies							
217	ARG mbH & Co. KG	Duisburg	19.93	19.93	2014	8	32
218	ARG Verwaltungs GmbH	Duisburg	20.00	20.00	2014	0	0
219	CyPlus Idesa S.A.P.I. de C.V.	Mexico City	50.00	50.00	2014	26	0
220	Daicel-Evonik Ltd.	Tokyo	50.00	50.00	2014	14	2
221	Evonik Headwaters LLP	Milton Keynes	50.00	50.00	2014	0	0
222	Evonik Lanxing (Rizhao) Chemical Industrial Co., Ltd.	Rizhao	50.00	50.00	2014	5	1
223	Evonik Treibacher GmbH	Treibach / Althofen	50.00	50.00	2014	11	1
224	Faserwerke Hüls Gesellschaft mit beschränkter Haftung	Marl	50.00	50.00	2014	1	0
225	Industriepark Münchsmünster GmbH & Co. KG	Münchsmünster	30.00	30.00	2013	8	0
226	Industriepark Münchsmünster Verwaltungsgesellschaft mit beschränkter Haftung	Münchsmünster	38.00	38.00	2013	0	0
227	LiteCon GmbH	Hönigsberg / Mürzzuschlag	49.00	49.00	2014	4	0
228	Perorsa – Peróxidos Orgánicos S.A. (i.L.)	Barcelona	50.00	50.00	2014	0	0
229	ROH Delaware LLC	Deer Park	50.00	50.00	2014	1	0
230	ROH Delaware LP	Deer Park	50.00	50.00	2014	7	30
231	Rusferm Limited	Nicosia	49.00	49.00	2014	0	0
232	Saudi Acrylic Polymers Company, Ltd.	Jubail	25.00	25.00	2014	76	-17
233	StoHaas Management GmbH	Marl	50.00	50.00	2014	0	0
234	StoHaas Marl GmbH	Marl	50.00	50.00	2014	35	20
235	StoHaas Monomer GmbH & Co. KG	Marl	50.00	50.00	2014	202	54
236	TÜV NORD InfraChem GmbH & Co. KG	Marl	49.00	49.00	2013	2	0
237	TÜV NORD InfraChem Verwaltungsgesellschaft mbH	Marl	49.00	49.00	2013	0	0
238	Umschlag Terminal Marl GmbH & Co. KG	Marl	50.00	50.00	2013	0	0
239	Umschlag Terminal Marl Verwaltungs-GmbH	Marl	50.00	50.00	2013	0	0
Vivawest							
Non-consolidated affiliated companies							
240	Aachener Bergmannsiedlungsgesellschaft mbH	Hückelhoven	100.00	100.00	2014	23	PTA
241	Ariens Steenfabriek I B.V.	Almelo	100.00	100.00	2013	0	0
242	Bauverein Glückauf GmbH	Ahlen	100.00	100.00	2014	11	PTA
243	EBV Gesellschaft mit beschränkter Haftung	Hückelhoven	100.00	100.00	2014	86	PTA
244	GSB Gesellschaft zur Sicherung von Bergmannswohnungen mit beschränkter Haftung	Essen	68.75	68.75	2013	0	0
245	Heinrich Schäfermeyer GmbH	Hückelhoven	100.00	100.00	2014	10	PTA
246	HVG Grünflächenmanagement GmbH	Essen	100.00	100.00	2014	4	1

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct %	Indirect %	Total %			
247	Lünener Wohnungs- und Siedlungsgesellschaft mit beschränkter Haftung	Lünen	94.90	94.90	2014	28	PTA
248	Marienfeld Multimedia GmbH	Essen	100.00	100.00	2014	0	PTA
249	Nordsternturn GmbH	Gelsenkirchen	100.00	100.00	2014	0	PTA
250	Projektgesellschaft Tannenstraße mbH	Düsseldorf	100.00	100.00	2014	0	PTA
251	Rhein Lippe Holding GmbH	Essen	100.00	100.00	2014	538	PTA
252	Rhein Lippe Wohnen Gesellschaft mit beschränkter Haftung	Duisburg	94.84	94.84	2014	148	PTA
253	RHZ Handwerks-Zentrum GmbH	Gladbeck	100.00	100.00	2014	0	PTA
254	Siedlung Niederrhein Gesellschaft mit beschränkter Haftung	Dinslaken	100.00	100.00	2014	43	PTA
255	SJ Brikett- und Extrazitfabriken GmbH	Hückelhoven	100.00	100.00	2014	2	PTA
256	SKIBA Ingenieurgesellschaft für Gebäudetechnik mbH	Herne	100.00	100.00	2014	0	PTA
257	SKIBATRON Mess- und Abrechnungssysteme GmbH	Herne-Wanne	100.00	100.00	2014	0	PTA
258	THS GmbH	Essen	100.00	100.00	2014	228	PTA
259	THS Rheinland Beteiligungs GmbH & Co. KG	Essen	94.12	94.12	2014	0	0
260	THS Rheinland GmbH	Leverkusen	100.00	100.00	2014	20	PTA
261	THS Westfalen GmbH	Lünen	100.00	100.00	2014	34	PTA
262	Vestische Wohnungsgesellschaft mit beschränkter Haftung	Herne	94.90	94.90	2014	14	PTA
263	Vestisch-Märkische Wohnungsbaugesellschaft mit beschränkter Haftung	Recklinghausen	100.00	100.00	2014	69	PTA
264	Vivawest Beteiligungen GmbH & Co. KG	Essen	94.90	94.90	2014	63	0
265	Vivawest Dienstleistungen GmbH	Essen	100.00	100.00	2014	9	PTA
266	Vivawest Pensionen GmbH	Essen	100.00	100.00	2014	0	PTA
267	Vivawest Ruhr GmbH	Essen	100.00	100.00	2014	3	PTA
268	Vivawest Stiftung gemeinnützige GmbH	Gelsenkirchen	100.00	100.00	2014	0	0
269	Vivawest Wohnen GmbH	Essen	100.00	100.00	2014	8	PTA
270	Walsum Immobilien GmbH	Duisburg	94.90	94.90	2014	25	PTA
271	Wohnbau Auguste Victoria GmbH	Marl	100.00	100.00	2014	34	PTA
272	Wohnbau Westfalen GmbH	Dortmund	100.00	100.00	2014	80	PTA
273	Wohnungsbaugesellschaft mit beschränkter Haftung „Glückauf“	Moers	100.00	100.00	2014	44	PTA
Other companies							
274	Deutsche Industrieholz GmbH	Berlin	45.00	45.00	2013	0	0
275	Stadthausprojekt Düsseldorf Tannenstraße GmbH	Düsseldorf	26.00	26.00	2013	0	1
276	Wohnbau Dinslaken Gesellschaft mit beschränkter Haftung	Dinslaken	46.45	46.45	2013	43	6

^a The foreign currency values are translated for equity using the mean rate on the balance sheet date, and using the average rate for the year for the profit/loss for the year.

^b Application of simplified rules pursuant to Section 264 (3) and Section 264b of the German Commercial Code (HGB).

^c Application of simplified rules pursuant to Section 291 and Section 293 of the German Commercial Code (HGB).

Notes to the annual financial statements of the RAG-Stiftung

GENERAL PRINCIPLES

The annual financial statements of the RAG-Stiftung for the financial year from 1 January to 31 December 2014, have been prepared in observance of the German endowments and foundations act NRW and IDW RS HFA 5 in accordance with the accounting standards of the German Commercial Code (HGB).

The RAG-Stiftung was recognised by the State of North Rhine-Westphalia on 10 July 2007 in line with Section 2 of the endowments and foundations act. Its headquarters are in Essen and it is registered in Commercial Register A at the Essen local court, no. HRA 9004.

As the topmost parent company of a group of companies, the RAG-Stiftung is a foundation under German law and prepares its consolidated financial statements in accordance with Section 11 et seq. of the German disclosure act (PublG) pursuant to Section 290, Paragraphs 2–5 HGB.

On 24 September 2007, a controlling and profit transfer agreement was concluded between RAG AG and the RAG-Stiftung for a fixed term until at least 31 December 2027; the agreement became effective on its entry into the commercial register on 13 November 2007. According to the agreement, RAG AG subordinates the management of its company to the RAG-Stiftung. RAG AG is also obliged to transfer its profits to the RAG-Stiftung. The RAG-Stiftung is obliged to offset any net loss for the year incurred by RAG AG during the term of the agreement.

ACCOUNTING AND VALUATION PRINCIPLES

Intangible assets and property, plant and equipment are recognised at acquisition cost less scheduled and unscheduled depreciations on the basis of the lower fair value. Scheduled depreciation is calculated on a straight-line, pro-rata basis.

Low-value fixed assets with acquisition costs of up to EUR 150 are recognised as an expense in the year of acquisition. Low-value fixed assets whose net acquisition or production costs are greater than EUR 150 but do not exceed EUR 1,000 are recognised under a collective item in the year of acquisition. This is charged to expenses in the year of addition and in the following four years, one fifth in each year.

The shares in affiliated companies, the holdings and securities are recognised in financial assets at cost or at the lower fair value in the case of permanent impairment. Fixed income securities acquired "above par" are, where a permanent impairment of value is expected, recognised at least at the amount repayable (par).

The RAG-Stiftung intends to hold 25.1% of the shares acquired in Evonik Industries AG for the long term; the additional existing shares are accounted for in current assets due to the intention to sell in the near term.

Receivables and other assets are recognised at nominal value. Assets and liabilities denominated in foreign currencies with a maturity term of over one year are valued at the exchange rate on the day of acquisition or at the lower respective average spot exchange rate on the balance sheet date. In the case of a maturity term of one year or less, assets and liabilities denominated in foreign currencies are recognised at the average spot exchange rate.

The securities held as current assets are recognised at the lower of acquisition cost or exchange rates on the day.

Deposits with banks are always reported at their nominal value with the value date.

Provisions are recognised at the amount necessary to settle the obligation according to prudent commercial assessment. Future price and cost increases are taken into account where there was sufficient objective indication on the reporting date that they will occur. In accordance with Section 253, Paragraph 2 HGB, short and long-term provisions are discounted using the average market interest rate of the past seven financial years – published by the German central bank – with their respective expected maturity terms. Compounding and discounting effects arising from the change in the discount rate are always shown in the interest result.

Changes in the discount rate for the pension provisions are reported in personnel expenses. The provisions for company pensions are valued according to the modified entry age process. The expenditure for future pension payments is distributed equally throughout the entire period of service of the person entitled to benefit. Provisions for company pensions are discounted on a flat-rate basis with the average market interest rate arising from an assumed maturity term of 15 years. The interest rate (4.53%) published by the German central bank is used for the expert evaluation of the obligation as of 31 December. The valuation of the pension obligations include future changes in salaries (3.25%) and pension increases (2.00%), company-specific fluctuation, as well as mortality and disability probabilities according to the 2005 G mortality tables by Klaus Heubeck.

Liabilities are measured at the amount at which they will be repaid.

Deferred taxes are recognised for differences between the commercial valuations of assets, debts and prepaid expenses and their tax valuations, which will likely be released in later financial years. In calculating deferred taxes assets, tax losses carried forward and interest carried forward are recognised in the amount of offset expected within the next five years. The tax rates applicable on, or announced for – according to current legislation – the date on which the temporary differences will likely be eliminated or the losses carried forward offset, are used to determine the deferred taxes. The balance sheet differences are measured with a tax rate of 30.0%. Deferred tax assets on corporation and trade tax losses carried forward are measured at 16.0% and 14.0% respectively. Where there is an overall lowering of tax burden (net asset position), the capitalisation option pursuant to Section 274, Paragraph 1(2) HGB was not exercised. A resulting tax burden is reported in the balance sheet as a deferred tax liability.

NOTES TO THE BALANCE SHEET

1. Fixed assets

Financial assets include, among other things, the RAGS-FundMaster special fund managed by a Master-KAG, and a real estate special fund. There is no limit in the daily return. Of the financial assets, EUR 2.0 million (previous year EUR 2.0 million) is allocated to endowment capital.

Investment objective in EUR million	Book value	Value as defined by Section 36 investment com- pany act (InvG)	Difference to book value	Distributions received in the financial year
Mixed fund	1,800.0	2,056.6	256.6	10.3
Real estate fund	56.2	60.0	3.8	3.3
	1,856.2	2,116.6	260.4	13.6

2. Receivables and other assets

in EUR million	Maturity term		31/12/2014	31/12/2013	of which with a maturity term of over 1 year
	up to 1 year	over 1 year			
Receivables due from affiliated companies	147.8	–	147.8	74.4	–
Other assets	144.2	–	144.2	75.0	–
	292.0	–	292.0	149.4	–

Receivables due from affiliated companies are other assets of EUR 147.8 million (previous year EUR 74.4 million). Of this, EUR 42.0 million was attributable to the financial account of RAG AG. Other assets are primarily receivables due from revenue authorities.

3. Securities

The securities are the shares in Evonik Industries AG intended for sale.

4. Cash in hand, credit balances at banks and cheques

This relates entirely to credit balances at banks.

5. Equity

The endowment capital (basic assets) of the RAG-Stiftung remains unchanged at EUR 2.0 million.

6. Provisions

Financing of perpetual obligations

The provision for the financing of perpetual obligations amounts to EUR 4,114.7 million (previous year EUR 3,763.6 million) and is explained in more detail under "other information".

Other provision

in EUR million	31/12/2014	31/12/2013
Provisions for services rendered (received)	2.7	1.1
Provisions for the workforce	1.1	1.0
Provisions for audit costs	0.1	0.1
Other provisions	0.1	0.2
	4.0	2.4

7. Liabilities

in Mio. €	Maturity term		Total		of which with a maturity term of up to 1 year
	up to 1 year	1 to 5 years	31/12/2014	31/12/2013	
Bonds	–	600.0	600.0	–	–
of which convertible	(–)	(600.0)	(600.0)	(–)	(–)
Trade payables	0.2	–	0.2	0.1	0.1
Payables due to affiliated companies	44.2	–	44.2	45.5	45.5
Other liabilities	19.7	–	19.7	42.7	42.7
of which					
from taxes	(19.4)	(–)	(19.4)	(42.6)	(42.6)
associated with social security	(–)	(–)	(–)	(0.0)	(–)
	64.1	600.0	664.1	88.3	88.3

Bonds include a non-subordinated and unsecured exchangeable bond on Evonik shares of EUR 600.0 million with a term to 31 December 2018. The bond can be exchanged for existing registered shares of Evonik Industries AG. Liabilities due to affiliated companies are other liabilities of EUR 44.2 million (previous year EUR 45.5 million) and trade payables of EUR 0.1 million (previous year EUR 0.1 million).

NOTES TO THE INCOME STATEMENT

8. Sales revenue

Sales revenue is entirely from within Germany.

9. Other operating income

in EUR million	2014	2013
Disposal of fixed assets	0.1	0.0
Writing back provisions	0.3	0.1
Gains from currency receivables	0.6	–
Sale of securities held as current assets	–	921.2
Other remaining income	0.7	0.6
	1.8	921.9

Other operating income includes income of EUR 0.3 million (previous year: EUR 0.1 million) not related to the accounting period from the writing back of provisions, and income of EUR 0.1 million (previous year: EUR 0.0 million) from the disposal of fixed assets. An additional EUR 0.7 million (previous year EUR 0.6 million) is attributable to the caused-based cost transfer to RAG AG of additional value added tax (VAT) expenditure arising from internal audits. This item also includes income from the currency translation amounting to EUR 0.6 million (previous year EUR 0.0 million).

10. Personnel expenses

in EUR million	2014	2013
Wages and salaries	4.2	4.9
Social security	0.2	0.3
Welfare benefits and support	0.6	0.8
of which for pension schemes	(0.6)	(0.8)
	5.0	6.0

Average number of employees over the year

	2014	2013
Salaried employees	14	14
	14	14

A quarter of the total of the figures for employees on each of 31 March, 30 June, 30 September and 31 December represent the average number of employees.

11. Other operating expenses

in EUR million	2014	2013
Losses on the disposal of fixed assets	0.3	0.0
Board of Trustees remuneration	0.2	0.2
Commission, fees, bank charges	9.6	27.3
Auditor's fees	0.2	0.1
Expenses from letting and leasing	0.4	0.4
Other administrative costs	1.6	1.6
Project expenses	4.4	1.5
Other insurance policies	0.4	0.5
Other expenses	351.1	1,190.8
	368.2	1,222.4

Other expenses include expenses arising from the allocation of EUR 351.1 million (previous year EUR 1,190.6 million) to the provision for perpetual obligations. This item also includes expenses of EUR 0.0 million (previous year: EUR 0.0 million) from currency translation, and expenses not related to the accounting period of EUR 0.3 million (previous year: EUR 0.0 million) from the disposal of fixed assets.

12. Investment income

	2014	2013
Income from equity interests	352.8	295.6
of which from affiliated companies	(352.8)	(295.6)
	352.8	295.6

Income from affiliated companies comprise the Evonik Industries AG dividend at EUR 316.4 million (previous year EUR 295.6 million) and the first-time dividend of Vivawest GmbH at EUR 36.4 million.

13. Income from other securities and from loans held as financial assets

This item includes income from other securities held as fixed assets amounting to EUR 18.4 million (previous year EUR 18.1 million).

14. Interest income

in EUR million	2014	2013
Other interest and similar income from third parties and companies with which there is a participatory relationship	0.4	0.1
Other interest and similar income from affiliated companies	1.7	0.1
Other interest and similar income	2.1	0.2
Interest and similar expenses due to third parties and companies with which there is a participatory relationship	0.0	0.0
Interest expenses from the compounding of provisions	1.3	0.9
Interest and similar expenses	1.3	0.9
	0.8	-0.7

15. Write-downs of financial assets and of securities held as current assets

No unscheduled write-downs were incurred during the reporting year (previous year EUR 0.5 million).

16. Taxes

in EUR million	2014	2013
Income taxes	–	5.6
Other taxes	0.7	0.6
	0.7	6.2

The RAG-Stiftung does not levy an affiliation charge for income taxes.

The RAG-Stiftung is the parent company of an income tax affiliation, meaning that the deferred taxes are allocated to the Company on temporary differences of the subsidiary companies (formal approach). Deferred tax liabilities of EUR 1,508.7 million arising from temporary differences of the balance sheet items property, plant and equipment, other assets, provision for perpetual obligations, and other provisions were balanced with deferred tax assets of EUR 1,508.7 million arising from temporary differences of the balance sheet items receivables due from affiliated companies arising from perpetual obligations, provisions for pensions, and other provisions.

OTHER INFORMATION

Securities held as fixed assets include floating-rate bonds not recognised at fair value with inflation indexation at a book value of EUR 167.6 million (previous year EUR 105.9 million) (market value EUR 181.9 million (previous year EUR 113.6 million)). The embedded derivatives and underlying instruments are not recognised divided or separated since the issuer guarantees the repayment and the RAG-Stiftung can and intends to hold the bonds until final maturity.

Financial assets include securities held as fixed assets of EUR 57.1 million, recognised over their fair value of EUR 56.3 million. No write-downs to fair values took place as only temporary effects are involved, partly due to the current interest rate development and the current inflation rate, and a permanent depreciation in value is not expected in that regard.

The annual review of transactions with affiliated persons and companies has shown that all transactions have come about at conditions normal for the market. No transactions with affiliated persons and affiliated companies at the RAG-Stiftung are subject to a duty of disclosure as defined by Section 285 No. 21 HGB.

Contingent liabilities

There are contingent liabilities arising from the provision of collateral for third-party liabilities amounting to EUR 0.4 million (of which EUR 0.4 million to affiliated companies). We estimate the risk of utilisation as low.

Other financial obligations

in EUR million	31/12/2014	31/12/2013
Obligations arising from letting and leasing agreements with a maturity term of over one year	2.0	2.4
Other financial obligations	17,204.0	10,023.8
of which due to affiliated companies	(17,204.0)	(10,023.8)
Obligations in connection with investments in financial assets	457.4	154.6
of which due to affiliated companies	(457.4)	(154.6)

Other financial obligations are the obligations arising from the agreement on perpetual obligations of 13 November 2007 in connection with the agreement of 16/21 December 2010 resulting from the discontinuation of subsidised coal mining operations from 2019 onwards.

Perpetual obligations

The basis for the scope and determination of the perpetual obligations, the financing of which the RAG-Stiftung will assume from 2019, is the KPMG report created in 2006 on the valuation of shut-down costs, residual pollution and the perpetual obligations of RAG AG's coal mining operations.

On the basis of the agreement on inherited liabilities concluded on 13 November 2007 in connection with the agreement of 16/21 December 2010, the RAG-Stiftung releases RAG AG from all creditor claims arising from the perpetual obligations from the time of closure of the subsidised coal mining operations. Perpetual obligations as defined by the agreement are measures for the management, processing or elimination of permanent damage, measures for groundwater purification, groundwater monitoring and post-closure obligations at contaminated sites and measures for the implementation of pit water management.

The obligation for the financing of perpetual obligations are presented in the following; RAG AG's original obligations – transferred to the RAG-Stiftung only on closure of the coal mining operations – are not accounted for in the values.

Provisions existing today at RAG AG are continued according to the principles of proper accounting and until the final closure of the coal mining operations. The corresponding cover funds are collected in the amount of the obligation, which arises according to the principles of proper accounting in the version applicable at the time of the agreement on coal policy (HGB old version: nominal value and reporting date principle), in the form of liquid assets and transferred to the RAG-Stiftung upon closure of the subsidised coal mining operations. The claim against the RAG-Stiftung recognised on the respective reporting date partly comprises the measurement difference arising from the difference in calculation according to the regulations of the German Balance Sheet Modernisation Act (BilMoG) and the regulations according to the old version of the HGB, and partly the funding gap discounted to the respective balance sheet date as of 31 December 2018. The funding gap is the result of the comparison of the commercial provision continued on 31 December 2018 and the economic burden as of 31 December 2018 determined on the basis of the KPMG report with a risk-free interest rate. In the Legacy Agreement of 14 August 2007 between the RAG-Stiftung and the states of North Rhine-Westphalia and Saarland, the federal states undertake to assume responsibility for the financing of the perpetual obligations in the case that the RAG-Stiftung is not able to do so. Should the states claim under this contract, the federal government will provide one third of the amounts to be paid.

These claims from RAG AG against the RAG-Stiftung arising from the agreement on inherited liabilities were always orientated towards the economic burdens associated with the perpetual obligations, as determined by the KPMG report with a risk-free interest rate. When the BilMoG comes into effect, only market-oriented interest rates pursuant to Section 253, Paragraph 2(1) HGB averaged over a seven year period may be applied in the balance sheet. These are not risk-free, but contain a premium reflecting the yield gap between market-wide euro-denominated corporate bonds with a seven-year average rate of return, and the risk-free interest rate, also averaged over seven years, from the zero-coupon euro interest-swap curve. This results in a gap between the commercial provision and the higher equalisation claims for fulfilment of the economic burdens. Due to the agreement between the RAG-Stiftung and RAG AG of 16/21 December 2010, a contra item has been created in RAG AG's balance sheet in the amount of this funding gap. This contra item is causally linked, as defined by Section 246, Paragraph 1 HGB, to the claims and provisions for perpetual obligations and is therefore reported as of the balance sheet date under the relevant provisions for perpetual obligations. To determine the equalisation claims of RAG AG, the corresponding burdens are determined with a risk-free average interest rate to 31 December 2018 and the funding gap determined in this way is discounted to the balance sheet date.

RAG AG has recognised the claim against the RAG-Stiftung resulting from the balancing of the perpetual obligations. The obligation, minus the provision for perpetual obligations recognised as of 31 December 2014, is included in other financial obligations in the RAG-Stiftung's annual financial statements.

TAKING OVER THE FINANCING OF THE OBLIGATION BY THE RAG-STIFTUNG

	as of 31/12/2018		as of 31/12/2014
	As of: framework agreement	As of: 31/12/2014	discounted
Perpetual obligations in EUR million			
Permanent mine-related damage	1,324	5,704	5,331
Groundwater purification	341	989	914
Pit water management	5,208	16,110	15,074
	6,873	22,803	21,319

The total obligation as of the balance sheet date amounts to EUR 21,318.7 million (previous year EUR 13,787.4 million). Of this, EUR 4,114.7 million (previous year EUR 3,763.6 million) is recognised as provision for the obligation to RAG AG for the financing of perpetual obligations, and EUR 17,204.0 million (previous year EUR 10,023.8 million) is recognised under other financial obligations.

The shares in Evonik Industries AG and Vivawest GmbH, as well as the existing financial assets and the resulting income, are designated to cover the total obligation. The allocation to the provision for perpetual obligations is made in the amount of the income realised minus expenses of the RAG-Stiftung.

Basis for the determination of the perpetual obligations of the mining unit of RAG AG

The funding gaps were determined in the KPMG report from the comparison of the commercial provisions continued until 31 December 2018 and the provisions calculated to 31 December 2018 using current parameters. These funding gaps are reported in detail at RAG AG and, due to their release by the RAG-Stiftung, are recognised as provisions for perpetual obligations or as other financial obligations. The provision for perpetual obligations was reported on 31 December 2014 using the following parameters, which result primarily from the pursuance of the KPMG approach as part of the 2008 report:

- ▲ To determine the provisions (perpetual annuity), the interest rate averaged over seven years was calculated from the zero-coupon euro interest swap rates published by the German central bank with a term of 30 years at 3.14% (previous year 3.51%). The premium, also determined by the German central bank, for the corporate bond risk amounts to 1.35% for the overall yield curve, meaning the perpetual annuity was discounted in line with Section 253, Paragraph 2 HGB at 4.49% (previous year 4.79%).
- ▲ Annual expected future price increase for non-cash benefit obligations: 2.15% (previous year 2.21%).
- ▲ The funding gaps as of 31 December 2018 are discounted using an interest rate of 1.92% (previous year 2.64%), based on the seven-year average interest rate for zero-coupon euro interest swap rates for a term of four years to 31 December 2014.

The provisions reported at RAG AG as of 31 December 2014 consist of the commercially measured provision – with the exception of pit water management – and a provision equal to the present value of the funding gaps arising until 31 December 2018.

RAG AG's provisions for permanent mine-related damage, groundwater purification, groundwater monitoring and post-closure obligations and pit water management are non-cash benefit obligations. Because the obligations are a permanent liability for which there is no return, the non-cash benefit obligations are reported at their present value using an appropriate interest rate. In view of the characteristics described and in line with commercial standards, the determination of the underlying interest rate must also account for the future price increase, ensuring the funding gaps are determined on the basis of a real interest rate. This arises on the respective balance sheet date from the difference between the German central bank's interest rate averaged over seven years for a 30-year term and future price inflation.

The perpetual obligations comprise the following:

Permanent mine-related damage

The mining activities have altered the surface of the ground, which has led to areas of subsidence and has impacted on the natural drainage of water. This kind of damage cannot usually be repaired. The provision existing as of 31 December 2014, which was determined on the basis of a perpetual annuity with an interest rate of 4.49% and a price inflation of 2.15% (real interest rate 2.34%), was extended to 31 December 2018 allowing for a price increase of 2.15%. The provision would therefore stand at EUR 2,933.9 million. This provision includes the valuation difference of EUR 1,589.7 million arising from the application of BilMoG as opposed to HGB (previous version).

This commercial provision is compared with the economic burden, which will be calculated taking into account the parameters defined and developed in the KPMG report (risk-free interest rate 3.14% minus price inflation 2.15%). With a real interest rate of 0.99%, this determination results in a level of provision of EUR 7,048.3 million as of 31 December 2018.

The comparison of both values as of 31 December 2018 results in a funding gap of EUR 4,114.4 million. The funding gap discounted to 31 December 2014 of EUR 3,813.3 million and the measurement difference as of 31 December 2014 of EUR 1,517.9 million are carried as liabilities in the annual financial statements under permanent mine-related damage.

Groundwater purification, groundwater monitoring and post-closure obligations

The processing of contaminated plant areas – in particular former coking plant areas – usually involves restorative measures including the construction of a sealed landfill in combination with a groundwater purification plant. Since the pollutants will evidently not fall below the legal limits for groundwater determined by the authorities, no end to the measures is foreseeable. The provision existing as of 31 December 2014, which was determined on the basis of a perpetual annuity with an interest rate of 4.49% and a price increase of 2.15% (real interest rate 2.34%), was extended to 31 December 2018 allowing for a price increase of 2.15%. The provision would therefore stand at EUR 507.8 million. This provision includes the valuation difference of EUR 298.4 million arising from the application of BilMoG as opposed to HGB (previous version).

This commercial provision is compared with the economic burden, which will be calculated taking into account the parameters defined and developed in the KPMG report (risk-free interest rate 3.14% minus price inflation 2.15%). With a real interest rate of 0.99%, this determination results in a level of provision of EUR 1,197.9 million as of 31 December 2018.

The comparison of both values as of 31 December 2018 results in a funding gap of EUR 690.1 million. The funding gap discounted to 31 December 2014 of EUR 639.6 million and the measurement difference as of 31 December 2014 of EUR 274.1 million are recognised in the annual financial statements in the corresponding provisions.

Pit water management

Pit water management underground involves pumping the water that is accumulated during the production phase for maintaining coal output above ground and directing it to an outlet channel. Until the closure of the last mine, pit water management must therefore be allocated to ongoing operations and – apart from the funding gap – absolutely no provision must be created. The annually incurred operating expenses for pit water management currently incurred for the maintenance of production are projected to 31 December 2018, taking into consideration a correspondingly updated development in the future volume of water to be pumped, consideration of the anticipated technology, as well as expected investment and price inflation of 2.15%. The liability for pit water management is calculated

under consideration of the parameters defined and further developed in the KPMG report (risk-free interest rate of 3.14% minus price increase of 2.15%) and assessment bases calculated up to 2018. With a real interest rate of 0.99%, this calculation results in a total risk – and thus a funding gap for pit water management – at the time of expiry of EUR 16,110.2 million. The funding gap discounted to 31 December 2014 of EUR 15,073.8 million is carried as a liability in the annual financial statements.

Future development of the perpetual obligations

The amount of the perpetual obligations is dependent in particular on the future development of price and interest rates, in addition to the development of the assessment bases. As of 31 December 2014, a risk-free seven-year average interest rate of 3.14% (previous year 3.51%) and a price development of 2.15% (previous year 2.21%) were recognised, i.e. a real interest rate of 0.99% (previous year 1.29%). For the calculation of the perpetual annuity, this corresponds to a factor of approximately 101 (previous year 77) of the assessment basis. The changes in the obligations compared with the previous year primarily result from the changed interest rates and from slightly altered assessment bases for the perpetual obligations. If the price and interest rate assumptions develop differently it will lead to higher or lower funding gaps and corresponding provisions.

Auditor's fees

The following fees for the services rendered by the auditor, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, of the annual financial statements are reported in the income statement:

in EUR million	2014	2013
a. Auditing services	0.1	0.1
correction to be carried out for the previous year (+)/ from the previous year (-)	(-)	(0.0)
b. Other services	0.1	0.0
Total fees charged for the financial year	0.2	0.1
Correction for the previous year (+)/from the previous year (-)	(-)	(0.0)
Total fees	0.2	0.1

Total remuneration of the Board of Executives, the Board of Trustees, and former members of the Board of Executives

The total remuneration of the Board of Executives for the 2014 financial year amounts to EUR 1.7 million (previous year EUR 1.6 million). The remuneration of former members of the Board of Executives amounted to EUR 0.3 million in the previous year.

The remuneration of the Board of Trustees for the 2014 financial year amounts to EUR 0.2 million (previous year EUR 0.2 million).

Essen, 4 March 2015

RAG-Stiftung
The Board of Executives



Dr Müller



Bergerhoff-Wodopia



Dr Linssen

Auditor's Certificate

To the RAG-Stiftung, Essen

We have audited the annual financial statements – comprising the balance sheet, income statement, and notes to the annual financial statements – taking into account the accounting and the Management Report of the RAG-Stiftung, Essen, for the financial year from 1 January to 31 December 2014. The accounting and the creation of the annual financial statements and management report in accordance with the German commercial regulations and the supplementary provisions of the articles of association are the responsibility of the Board of Executives of the Foundation. It is our task to submit an assessment of the annual financial statements, including the accounting and the management report on the basis of the audit we have conducted.

We have conducted our audit of the annual financial statements in accordance with Section 317 HGB in compliance with the German principles of proper auditing of financial statements as stipulated by the Institute of Auditors (IDW). The audit must then be planned and carried out in such a way that inaccuracies and violations that have material effects on the presentation of the projected image of the net assets, financial position and results provided by the annual financial statements, in compliance with the principles of proper accounting, and provided by the management report are recognised with sufficient certainty. Findings on the Foundation's business activities and its economic and legal environment, as well as expectations regarding possible errors, are taken into account when determining the audit procedures. The audit will predominately assess the effectiveness of the accounting-based internal controlling system as well as the evidence for the information given in the accounts, the annual financial statements and management report on the basis of spot checks. The audit encompasses the assessment of the balance sheet principles applied and the material estimates of the Board of Executives, as well as an appraisal of the overall presentation of the annual financial statements and the management report. We believe that our audit forms a sufficiently secure basis for our assessment.

Our audit did not result in any objections.

According to our assessment, based on the findings gained in the audit, the annual financial statements conform to the German commercial regulations and the supplementary provisions of the articles of association and convey, in compliance with the principles of proper accounting, an accurate picture of the Foundation's net assets, financial position and results. The management report complies with the annual financial statements, conveys an accurate picture of the Foundation's situation as a whole and accurately presents the opportunities and risks of future development.

Düsseldorf, 4 March 2015

PricewaterhouseCoopers
Aktiengesellschaft
Auditing Company

Andreas Menke
Auditor

p.p. Lothar Delvenne
Auditor

Imprint

Publisher

RAG-Stiftung
Rüttenscheider Straße 1–3
45128 Essen, Germany
www.rag-stiftung.de

Contact

Communications department
Tel. +49 201 801-3366
Fax +49 201 801-3399
info@rag-stiftung.de

Concept, design and implementation

BISSINGER[+] GmbH, Medien und Kommunikation
HGB Hamburger Geschäftsberichte GmbH & Co. KG

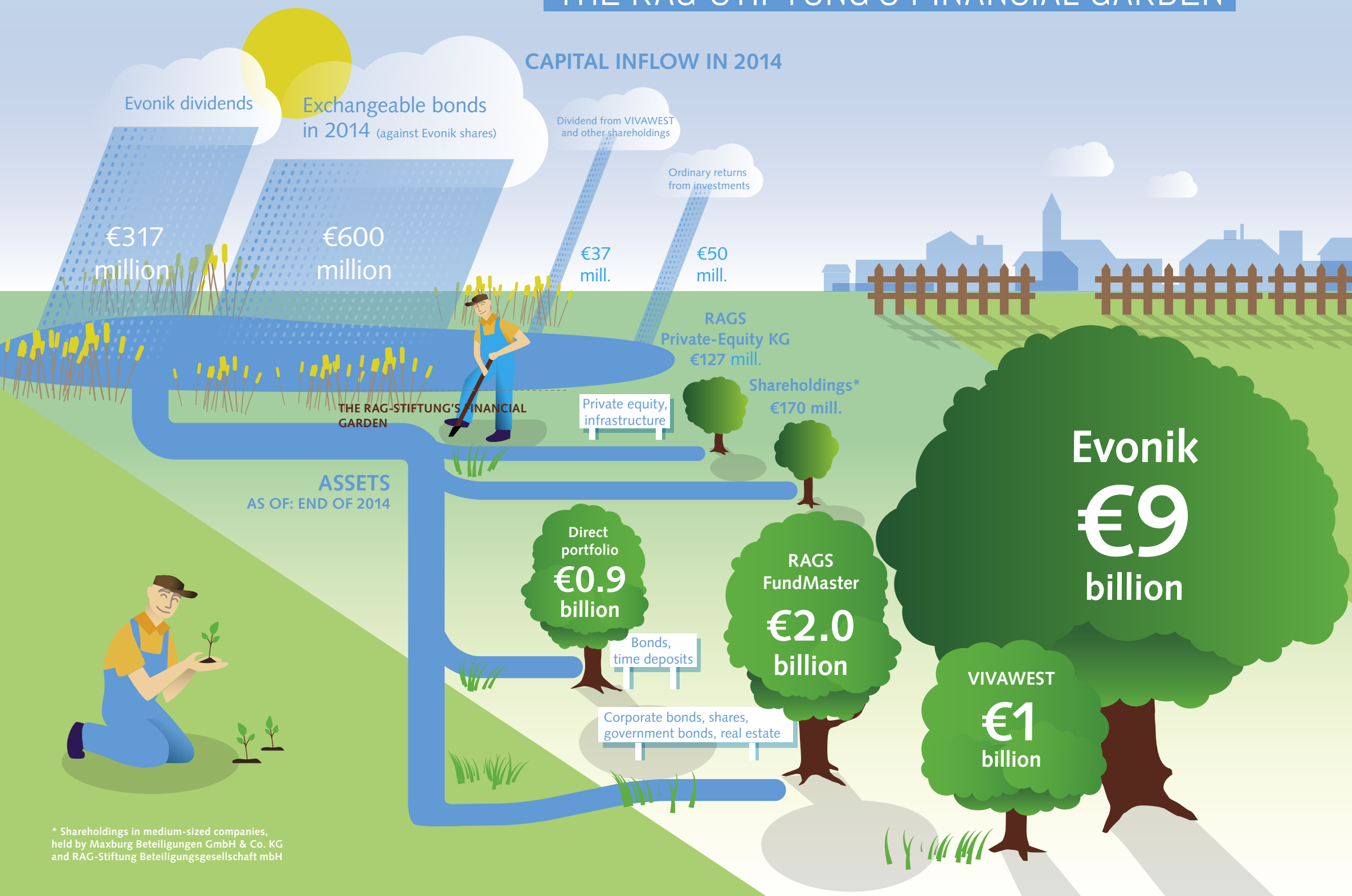
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Printing

Beisner Druck GmbH & Co. KG

THE RAG-STIFTUNG'S FINANCIAL GARDEN

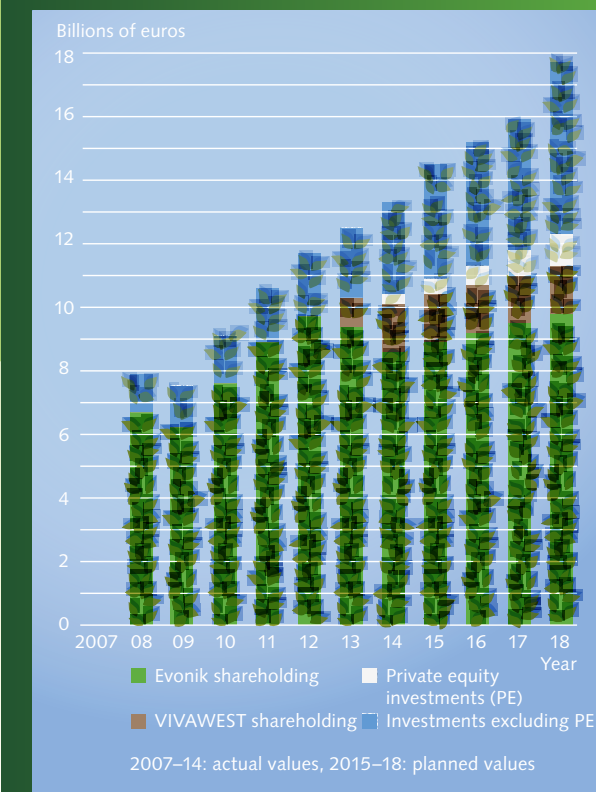


Profitable investment concept

The RAG-Stiftung must invest its capital safely and profitably so that it can finance perpetual obligations from foundation assets of approx. €18 billion, beginning in 2019. To accomplish this, the foundation uses a wide variety of equity investment and capital market instruments in order to spread the risks and achieve good returns.

The RAG-Stiftung's core assets are the strategic equity investments in Evonik and VIVAWEST. The investments are held in a direct portfolio as well as in RAGS FundMaster, which is a special fund managed by a capital management firm. To further diversify the investment portfolio, the foundation also has equity investments in medium-sized companies, real estate and infrastructure projects.

An Evonik exchangeable bond, regular dividends and interest income generated around €1 billion for the RAG-Stiftung's investments in 2014.



Milestones of the RAG-Stiftung



February 2007
In a framework paper, the German federal government, the states of North Rhine-Westphalia and Saarland, the IG BCE trade union and RAG agree to discontinue subsidised coal mining by the end of 2018.



July 2007
The RAG-Stiftung is founded on 26 June in order to organise the socially acceptable discontinuation of Germany's coal mining industry and to finance the "perpetual obligations". Former BP manager Wilhelm Bonse-Geuing is appointed Chairman of the Board of Executives. Shortly thereafter, the shareholders of RAG AG (E.ON AG, RWE AG, ThyssenKrupp AG and Société Nouvelle Sidéchar SARL) sell their shares for one euro each to the RAG-Stiftung.

June 2008
The RAG-Stiftung sells 25.01 per cent of Evonik shares to CVC Capital Partners. Both partners want the company to go public.



June 2012
Coal mining is discontinued in the Saar region on 30 June 2012. The closure of the Saar mine in Ensdorf concludes the last chapter in the history of coal mining in the Saarland.

December 2012
Germany's former economics minister Dr. Werner Müller becomes the Chairman of the RAG-Stiftung's Board of Executives. The other new Board members are Bärbel Bergerhoff-Wodopia (Human Resources) and Dr. Helmut Linsen (Finance).

April 2013
The IPO of Evonik Industries AG. On 25 April, the share is listed on the Frankfurt and Luxembourg stock exchanges for the first time.



July 2013
The RAG-Stiftung now directly owns 30 per cent of VIVAWEST. Germany's third-largest supplier of housing is the market leader in North Rhine-Westphalia and manages more than 120,000 flats.

April 2014
In response to a prolonged phase of low interest rates, the RAG-Stiftung begins to implement its new investment strategy, which allows the foundation to invest up to 20 per cent of its assets in shareholdings and private equity.



RAG-Stiftung
Rüttenscheider Straße 1-3
45128 Essen, Germany
www.rag-stiftung.de