

ZEITEN WENDEN

ANNUAL REPORT
2018

ZUKUNFT STIFTEN

We bear the responsibility for financing the perpetual obligations resulting from hard coal mining in Germany by RAG Aktiengesellschaft: pit water management, polder measures and groundwater purification. In order to safeguard the long-term financing of these activities, we are building up assets through a secure but profitable programme of capital investment. This programme is reliably providing us with the necessary returns.

In addition, we promote projects in the areas of education, science and culture that are related to the hard coal mining industry in Germany. Through these projects we are generating long-term momentum for the transformation of the regions along the Ruhr and Saar Rivers and in Ibbenbüren.

In all of our activities we remain aware of our legacy, because the roots of the RAG-Stiftung lie deep in the hard coal mining industry.

FOUNDING THE FUTURE IS A PERPETUAL OBLIGATION.



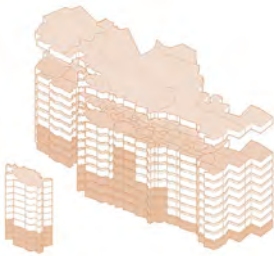
The annual report is called “Zeiten wenden, Zukunft stiften”. In English this means “Changing times, founding the future”. This refers to the most important tasks of the RAG-Stiftung as a foundation: financing the perpetual obligations and supporting the transformation of the former mining regions.

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“WE NEED AN ENTREPRENEURIAL MINDSET”

Bernd Tönjes has been the Chairman of the Board of Executives of the RAG-Stiftung since May 2018. In this interview he gives us his personal assessment of his work at the RAG Aktiengesellschaft and during his first year in his new position. The successful transformation of the former mining regions continues to be his major focus.

Mr. Tönjes, you've spent your entire career in the mining industry, and you served for ten years as the Chairman of the Executive Board of RAG. How did you experience the parting from hard coal mining?

The 21st of December 2018 was a historic day. It ended a decades-long phasing-out process that we actively helped to shape from the very start. But when you then actually experience the closure of the last mine and see the last piece of hard coal extracted and presented to the President of Germany standing at the mineshaft, this whole process comes to a point, and that has a very strong emotional impact.

There was some comfort in the fact that we were able to reach all the goals we had agreed on in the coal compromise. One especially important aspect is the fact that the closure process did not happen at random but instead was carried out through a structured and socially acceptable process. The miners mastered this challenge with a sense of mutual solidarity that they can be very proud of.

In your opinion, what role does the RAG-Stiftung play in the German foundation landscape?

The RAG-Stiftung has taken on the task of financing most of the follow-up costs of an entire industrial sector that has existed for over 200 years. This task is without precedent in economic history. The idea of a foundation model came from my predecessor in the office of Chairman of the Board of Executives of the RAG-Stiftung, Dr Werner Müller. His plan was to divide RAG into two parts: one that enjoys great business success, which today is known as Evonik, and one that is subsidized and deals with coal issues. The RAG-Stiftung became a shareholder of both of these parts. The aim was to avoid burdening taxpayers with the long-term follow-up costs of the hard coal mining industry. It looks as though the plan has been successful. The foundation is earning much more than it needs to spend. This means that the foundation model was a very smart choice.

Today, in the post-mining era, the foundation's core task is to finance the perpetual obligations. What challenges does this task present?

For one thing, we are financing the management of the pit water underground. Here in the Ruhr region we will be doing this over the very long term – in other words, perpetually. RAG allows the pit water to accumulate in a controlled process and then pumps it out from shallow depths. Of course the levels of potable water remain protected. A huge safety distance is maintained between the rising pit water and the geological layers that contain potable water. The foundation and RAG AG take the public's concerns very seriously. We are confident that during the approval procedure that is now going on we can do a great deal to ensure transparency and acceptance. After all, the planned optimization of the pit water makes sense in environmental terms. It keeps small rivers free of pit water, lowers the demand for electric power, and reduces CO₂ emissions.

In the second place, we are financing the polder measures at ground level. The removal of approximately ten billion metric tons of hard coal has caused the surface of the earth to subside below the groundwater level at various locations in the Ruhr region. That's why we want to continue creating polders over the long term so that no water accumulates in these sinks. This is basically done for us by the water management associations, and also by RAG's own pumping stations.

In the third place, we have to purify the groundwater, especially at the former locations of coking plants. This is a local task, but it will also continue to be necessary over the long term.

“Changing times” and “founding the future”: Why have you made these two concepts something like a motto for this Annual Report?

In mid-February 2019 we received the first monthly statement of RAG AG concerning the costs of the perpetual obligations. We consider this a clear signal of “changing times.” Over its first ten-plus years, the foundation built up its capital stock very successfully – and now that it's going into its second decade, it is also paying out money for the perpetual obligations. But the RAG-Stiftung has yet another task. We are doing our part to support the transformation of the



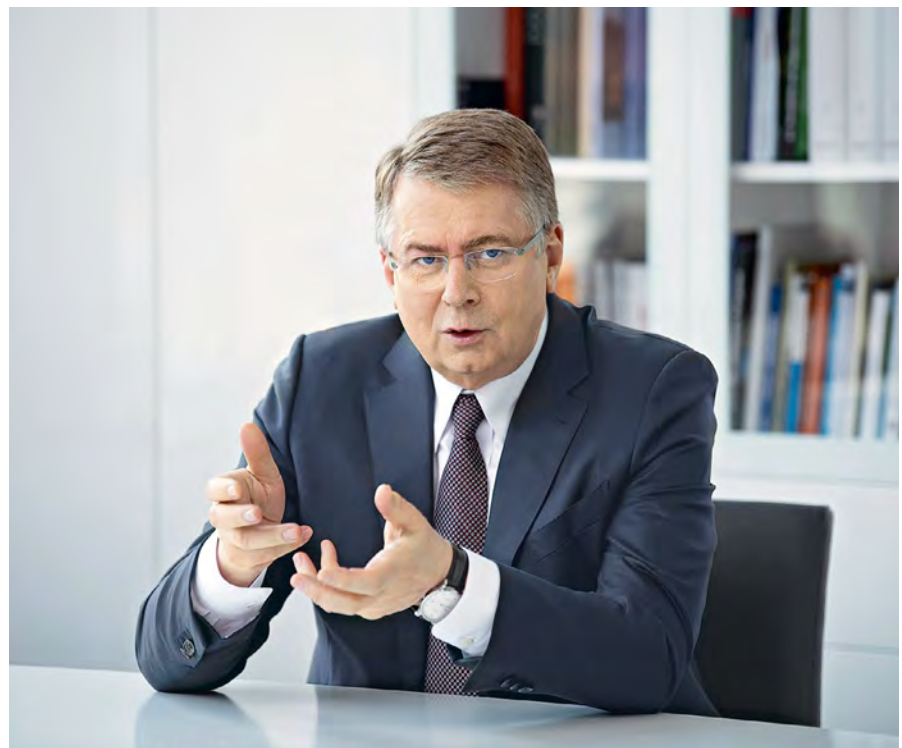
“I’M CONVINCED THAT WE WILL CONTINUE TO LOOK FORWARD TO THE FUTURE WITH CONFIDENCE AS WE ENTER THE POST-MINING ERA. THAT’S BECAUSE WE’VE PREPARED VERY LONG AND VERY SYSTEMATICALLY FOR THE NEW CHAPTER.”

Dr Werner Müller

Dr Werner Müller handed over his position as Chairman of the Board of Executives to Bernd Tönjes in May 2018. As the founding father of the RAG-Stiftung, he provided the idea behind the foundation model.

“WE ARE DOING OUR PART TO SUPPORT THE TRANSFORMATION OF THE FORMER MINING REGIONS.”

Bernd Tönjes



former mining regions. That's what we mean by "shaping the future", and for this purpose we have a budget for supporting projects in the areas of education, science and culture. At the beginning of 2019 we also took over some additional supportive tasks from RAG AG. All in all, we will be spending €30 million on supportive funding in 2019. This is an amount that can get quite a few things moving.

A study conducted by the RAG-Stiftung in 2016 called the coming decade the "fateful decade" for the Ruhr region. Which areas must now be addressed?

The experts who carried out the study paid special attention to the theme of the "young Ruhr region". In other words, we have to be attractive to young people. For example, there are 270,000 students in this region. In the years ahead, we have to successfully make the Ruhr region so attractive that the young people who complete their education here want to stay in the region. In addition, new companies have to establish themselves and settle here. The structure of the mining industry in the Ruhr region consisted of a few large companies because it was very capital-intensive. The transformation of the district's economy – away from these huge structures – has been going on for a long time. What we need is an entrepreneurial mindset that will create many small companies and thus successfully generate new jobs. Last but not least, urban renewal and increased mobility for the conurbations along the Ruhr River will be of crucial importance. People who have to commute from Duisburg to Dortmund during the morning rush hour know what I mean by that. If you want to pick up speed, you need to have an open road ahead of you.

You like to refer to the Ruhr district as "a region of opportunities". But why aren't these opportunities resulting in concrete successes faster?

We've been seeing concrete successes for quite a while. In the past few years, the population of the Ruhr region has stopped shrinking and started growing. Globally operating DAX companies re based here. We've got a very vibrant landscape of universities and a flourishing theatre and cultural scene. If we now add to it improved mobility, and if more entrepreneurs become active and we pay more attention to the young generation's needs, these factors will give an additional boost to the transformation process and the sense of a new beginning. This region is characterized by shared roots and common values. In particular, the younger mayors of municipalities in the Ruhr region are generating strong momentum for intercity cooperation. That makes me very confident about the future.

A new initiative called the Gründerallianz Ruhr (Ruhr entrepreneurs alliance) aims to create the "crystallization points" for new future-focused jobs that you've been calling for. Can you tell us about it?

We are cooperating very closely with the Initiativkreis Ruhr (Initiative for the Ruhr region) to promote business startups. Among other things, our joint launch of the Gründerallianz Ruhr has created greater transparency. We were delighted to see how many different organizations are already active in the area of business startups. However, there was hardly any networking between them. That's another aspect we want to change through the Gründerallianz and thus help young startups get up and running.

Dr Helmut Linssen resigned from his position as the Chief Financial Officer on the Board of Executives of the RAG-Stiftung for age reasons on 1 April 2019. His successor is Dr Jürgen Rupp. Will this have any effects on the foundation's investment strategy?

Dr Linssen joined us at the end of 2012, and since then he has significantly expanded the foundation's investment portfolio, thanks to his commitment and hard work. We are delighted that his last year in office, 2018, has been the foundation's most financially successful one. At its meeting on 1 April, the Board of Trustees decided to make Dr Rupp the new Chief Financial Officer. Like his predecessor, he is a very experienced financial expert. I sincerely wish him well as he begins his term of service in this extremely responsible position. I am convinced that with him as its CFO the RAG-Stiftung will pursue its tried and tested path with a wealth of ideas and great success.

A MODEL SIMULATES WATER FLOWS

After the discontinuation of hard coal mining, all of the pit water in the Ruhr district will be allowed to rise under controlled conditions. Today there are still 17 drainage stations in the Ruhr and Saar districts and in Ibbenbüren. In the future, the pit water will be collected at a few central pumping stations and directed into nearby watercourses. This is one of the three remaining perpetual obligations that are being financed by the RAG-Stiftung. The pit water concept of RAG AG, a subsidiary of the foundation, uses the “box model” to calculate projected increases of the pit water.

There's a dark and mysterious world down there, far below the surface of the Ruhr district. It's a world that consists of the mine shafts of the former hard coal mining industry, which are connected with one another by a warren of long tunnels. And according to the RAG's pit water concept, it's a world that in just a few years will be closed off to human beings. This world can be divided up into water provinces and “virtual boxes”. And in this world the slowly seeping pit water, which had to be constantly kept in check during the mining era, will now be able to seek its own subterranean paths without human interference. It will gurgle, surge and rise up through a subterranean network consisting of hundreds of kilometres of tunnels and other hollow spaces – former mine workings that are now exhausted and empty. Seemingly guided by magic – but in fact controlled down to the smallest detail – the pit water will flow toward central points where high-powered pumps have been lowered down to depths of hundreds of metres through former mine shafts.

The pumps will raise the water up to the surface through pipes that were laid before the mine shafts were sealed shut with concrete. During the coal mining era, pumps had been set up at numerous widely scattered locations. Now there will only be pumps at the six central drainage stations that are part of the pit water concept. The drainage station in Duisburg-Walsum is already in operation, and the other ones will be built in the next few years. After the pit water has reached the surface, it will be channelled into large watercourses nearby. This will protect the environment, reduce energy requirements and CO₂ emissions, and also save costs in the long run. The planning of water management measures for the

decommissioned mining districts took several factors into account: the expected volume of pit water, its chemical characteristics, and the water levels within the time periods under consideration. In turn, the level of pit water in any zone underground depends on the inflow of water from the surrounding rock, the amount of water flowing in from neighbouring areas, and the cavities that are still open along underground roadways and former coal faces.

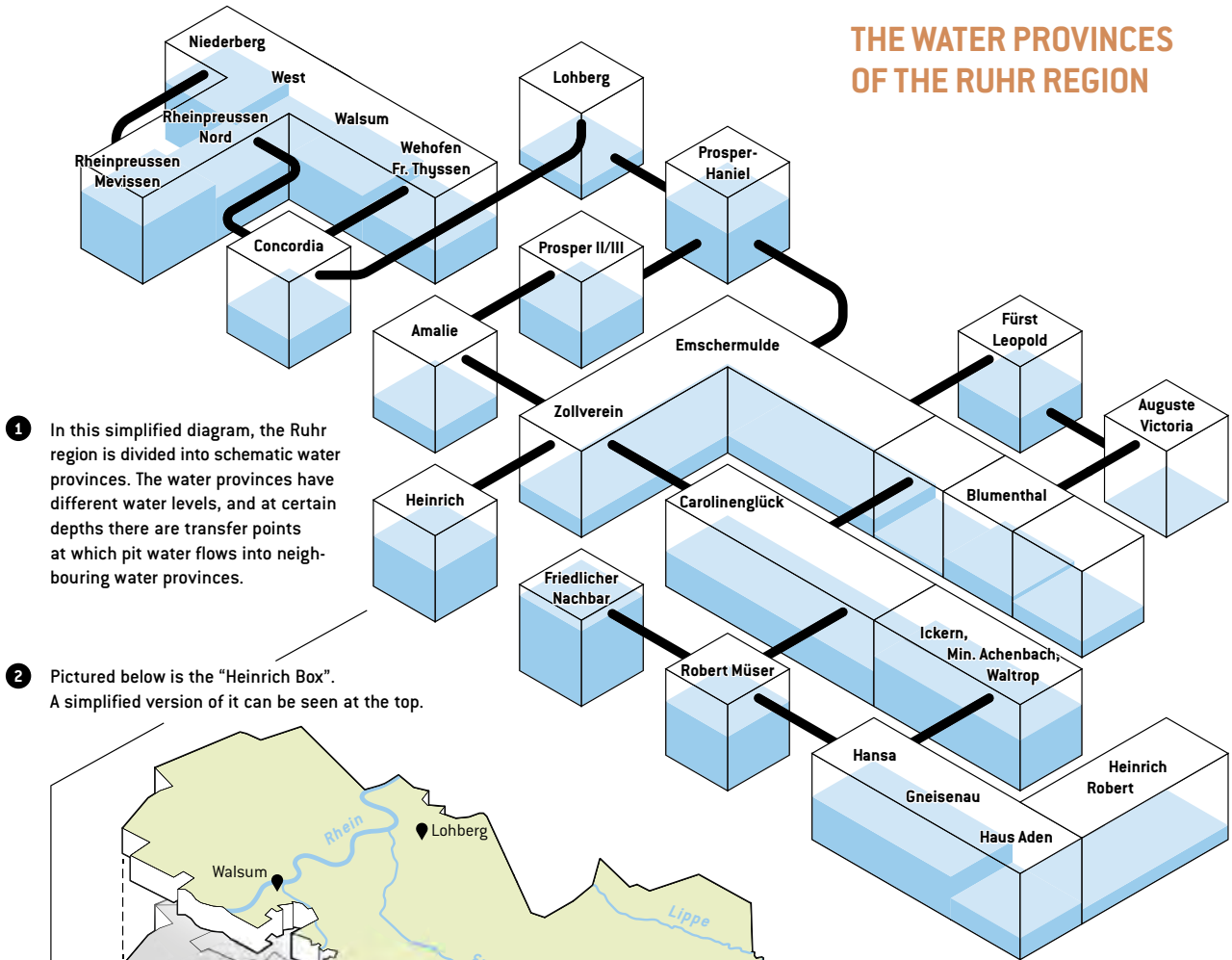
Yet another aspect that makes the calculations even more complicated is the fact that all of these quantities of water are subject to constant change. For example, when the counterpressure exerted by the water that has already accumulated increases, the amount of pit water that can flow through the rock decreases. The more the roadways are crushed by the pressure of the rock, the less water they can carry. And the slow compression of the cavities at the former coal faces also means that over time they will let less water pass through.

For all of these reasons, the relationships implied by the concept of “a controlled increase of pit water” are very complex. In a research project funded by the state of North Rhine-Westphalia, the consulting company DMT GmbH & Co. KG cooperated with RAG at the beginning of this millennium to develop the “box model” software system.

The model is based on a computer program that had originally been developed for ore mining and was adapted to the subterranean conditions of the hard coal mining regions. With the help of this software, individual pit water areas called “water provinces” can be demarcated, the exchange of pit water between them can be traced, and predictions can be made about the rate at which the water level will rise at any given location.

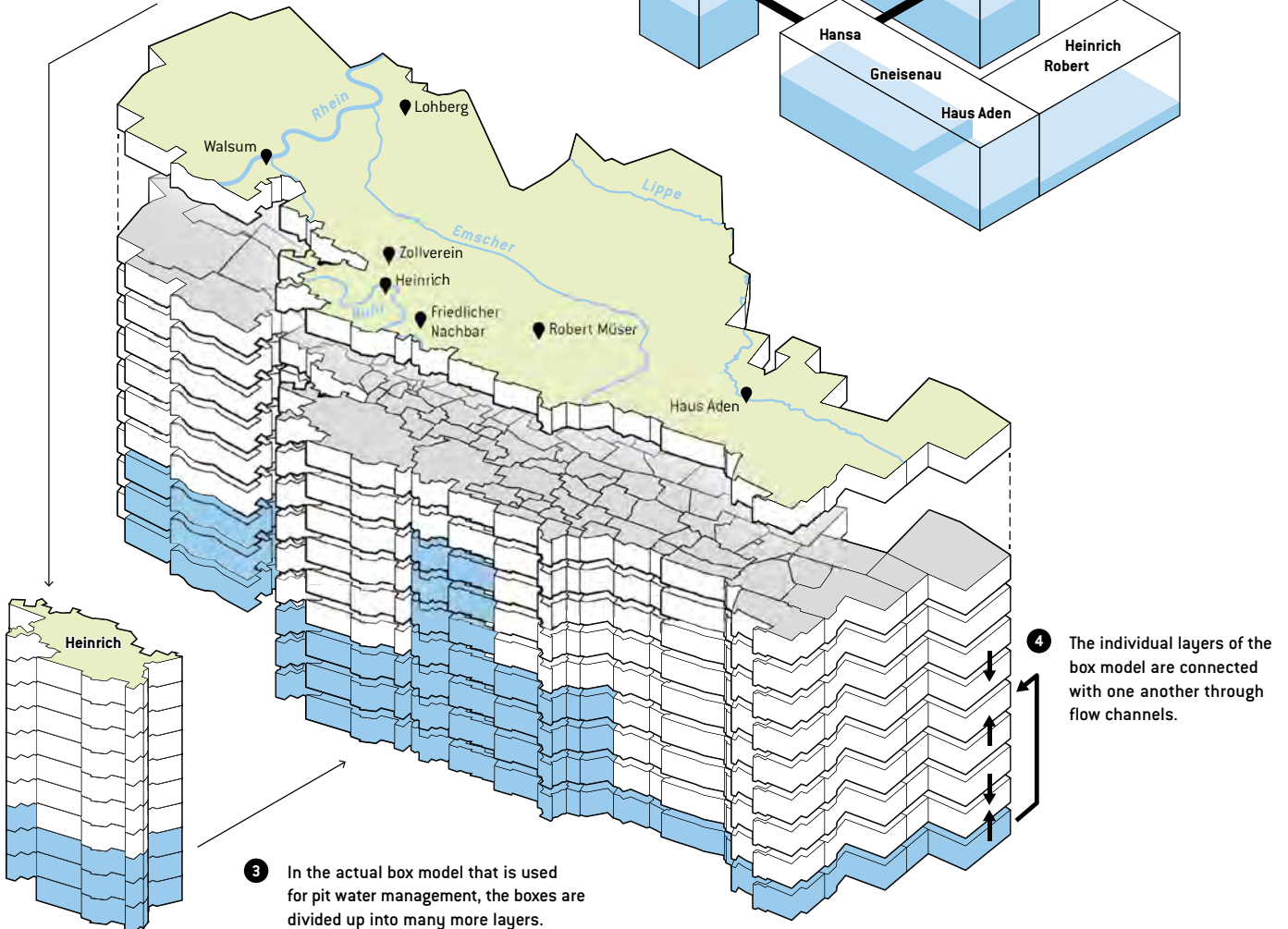
However, this simulation requires comprehensive initial information. In order to create a spatial model of the underground cavities left by the mining operations, all of the available images of the pits must be digitized and analysed. Next, the experts divide the area under investigation into areas that have similar hydraulic characteristics – the “boxes” that give the model its name.

THE WATER PROVINCES OF THE RUHR REGION



1 In this simplified diagram, the Ruhr region is divided into schematic water provinces. The water provinces have different water levels, and at certain depths there are transfer points at which pit water flows into neighbouring water provinces.

2 Pictured below is the "Heinrich Box". A simplified version of it can be seen at the top.



3 In the actual box model that is used for pit water management, the boxes are divided up into many more layers.

4 The individual layers of the box model are connected with one another through flow channels.

THE RUHR REGION AS A BOX MODEL

“In the same way that you’d look down at the Ruhr district from a bird’s-eye perspective, the model divides the subterranean world into discrete areas,” explains Birgitta Wiesner, a geologist who is working on the pit water management plan for RAG. “The software then represents the vertical extension of these areas as layers that are stacked on top of one another.” Taken together, the area and the stacked layers represent a three-dimensional box. In the model, the boxes are then put together to form a three-dimensional representation of the masses of rock underground.

Each layer of an area represents a certain level of the pit water under the earth. Transfer points at various levels indicate the flows of water from one box to the next; this is how the various boxes are connected with one another. In order to exactly simulate these flows of pit water on a computer, you need precise data that describes each one of the virtually created boxes: its floodable volume, its water transfer points, the infiltration rate, and the extraction rate as well as the level of water in the pump. A further piece of data is the hydraulic permeability, which expresses the properties of the pit water’s flow at a certain water pressure to one of the adjacent boxes.

After all of the boxes have finally been provided with these data, the next step is calibration. In this step, the movements of the pit water that are known from the past are reproduced in the computer model until they correspond to the developments that have actually taken place. The model has now been “calibrated” and can be used to generate realistic simulations of future changes in the water levels and the water characteristics that can be expected. “For example, we can use this model to play out what would happen if we used pumps to raise or lower the water level in a certain water province,” says Markus Roth, a division head for pit water management planning at RAG. “The box model will then also show us the probable effects of this action on the adjacent water provinces.”

The model can even simulate complex flooding scenarios affecting several connected water provinces. On the basis of its predictions, the future central drainage stations can be planned and built under optimal conditions in terms of technology, cost-efficiency and authorization law.

Flowing instead of pumping

The level of engineering that is being marshalled in the Ruhr district to pump pit water to the surface and then channel it to nearby watercourses will probably not be necessary in the former hard coal mining locations in the Saarland and in Ibbenbüren. According to the box model calculations, in these regions there is a possibility that one day the pit water will naturally flow directly into the Saar River or, in Ibbenbüren, into the Aa River – without any need for pumping. This solution, which would require no

technical assistance, would probably be possible in both regions because of the characteristics of the local terrain and the location of the potable water reserves. However, before this natural outflow can happen, the planners need to conduct extensive investigations and comply with the relevant authorization processes in order to exclude all the conceivable risks.

The perpetual obligations

After the discontinuation of hard coal mining, three obligations must be fulfilled in the foreseeable future. All of them are related to the management and control of water. The RAG-Stiftung is financing these activities.

PIT WATER MANAGEMENT

Collecting and pumping

RAG AG is responsible for pit water management in the former hard coal mining regions. At the bottom of a former mineshaft hundreds of metres under the surface, the pit water is collected and transported to the surface by powerful pumps and pipes, then channelled into water-courses. The pumping system is designed redundantly. In case of a malfunction, each pump can be quickly replaced by another. The new pit water concept of RAG for the post-mining era will in the medium term require only six central pit water drainage stations in the Ruhr region.



POLDER MEASURES

Regulating and deepening

Centuries of mining operations have also changed the local landscape. Entire regions have subsided, in extreme cases by as much as 25 metres. The surface water at these locations must be actively regulated now and in the future in order to prevent the accumulation of water in these hollows. Special pumping facilities must be operated and maintained and bodies of water must be deepened or barricaded with dykes to ensure that the water is drained off.



GROUND WATER PURIFICATION

Cleaning and controlling

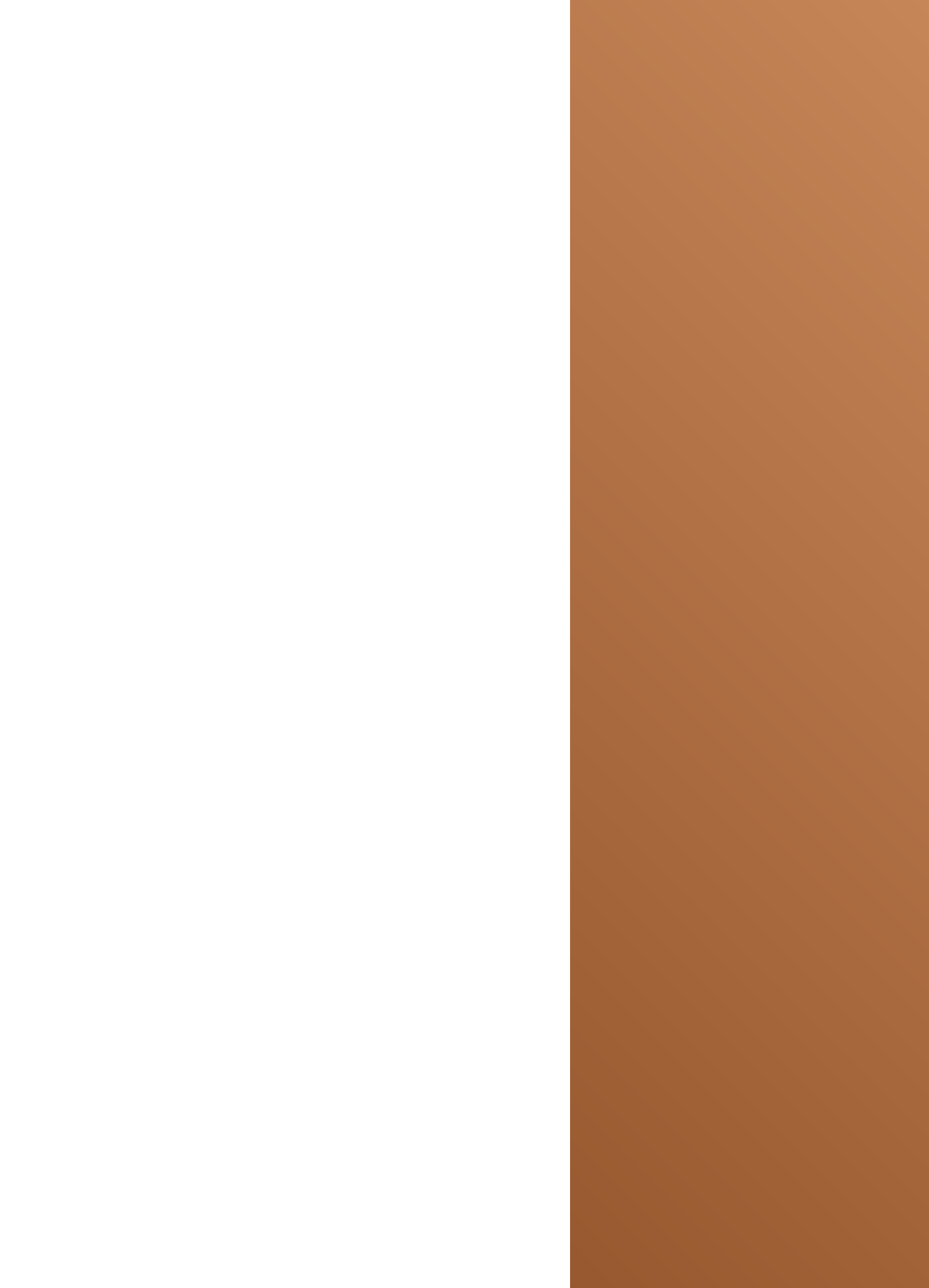
In some of the former mining regions, especially on the grounds of former coking plants, there are contaminated areas that must be cleaned up. After the contaminated groundwater has been located, it is drained off and purified in order to prevent contaminated water from mixing with clean water and spreading. The effectiveness of these measures is regularly monitored.



COSTS

The total annual costs of the three perpetual obligations resulting from hard coal mining are expected to amount to about €300 million in the first few years and to subsequently taper off. The pit water management alone will account for around two thirds of these costs because of the uninterrupted operation of the high-powered pumps. The RAG-Stiftung is dedicated to permanently financing these perpetual obligations in order to reduce the costs for the public sector, and thus for the taxpayers.





**“GLÜCKAUF
ZUKUNFT!”**

~ 30

million euros
for projects

> 500

guests
from every section of
society attended the central
farewell event

~ 100

third-party events
and exhibitions

> 70.000

visitors
came to "The Age of Coal"

6

press conferences
as part of "Glückauf Zukunft!"

600.000

households
in the Ruhr region received
a "Hard Coal" DVD
on 21 December 2018

~ 40

own projects

> 200

meetings and events

A FAREWELL AND A BOLD LOOK AHEAD

Honouring the mining industry's achievements and generating strong momentum for the future – those were the goals of the “Glückauf Zukunft!” project. This initiative was a great success, in part thanks to the high level of participation by local residents and the extensive involvement of institutions and associations. Outstanding projects are continuing.

“Glückauf Zukunft!” has shown what is possible when stakeholders from business, politics and society work together to reach a shared goal. This initiative of the RAG-Stiftung, RAG Aktiengesellschaft, Evonik Industries AG and the IG BCE trade union has achieved a great deal. It has honoured the achievements of miners and the mining industry and given an additional boost to the transformation of the former mining regions so that in the future they will continue to be attractive places to live – especially for the young generation. The RAG-Stiftung provided a total of €28 million for its projects.

The kick-off for the “Glückauf Zukunft!” project was the future study published by the RAG-Stiftung in 2016 under the title “Das Schicksalsjahrzehnt” (The Crucial Decade). The findings of this study inspired discussions at events such as the Future Forum in 2016, which was attended by about 400 guests from every section of society. These findings also flowed into the planning of the initiative's programme of events. The “Glückauf Zukunft!” project, which ran for over three years, gave rise to about 40 projects of the initiators themselves and about 100 events and exhibitions organized by third parties. The overall design of the extensive project portfolio always maintained a balance in terms of the regions, the scheduling and the topics.

The Advisory Board of “Glückauf Zukunft!”, chaired by the former WDR Artistic Director Fritz Pleitgen, played a central role in this process. The Advisory Board's work was instrumental in creating a broad social consensus in support of the initiative and was probably one of the reasons why there was so much local involvement in the projects.

The “Glückauf Zukunft!” initiative ended with the central farewell event for the German hard coal mining industry, which was held at the former Franz Haniel mine on 21 December 2018. Some of the outstanding projects that were launched within the framework of the initiative

will be continued in the future. They include the “Förderturm der Ideen” (mining tower of ideas) competition for schoolchildren, the “Glückauf Jugend – Kohle für coole Projekte” (coal for cool projects) social project for young people, the “Glückauf Nachbarn” project promoting integration within the region and, last but not least, the partnership between Gründerallianz Ruhr (founders' alliance Ruhr) and the Initiativkreis Ruhr (initiative circle Ruhr) to generate new economic momentum by supporting startups and young entrepreneurs.

It's clear that the widespread sense of new beginnings that was generated by “Glückauf Zukunft!” is encouraging people to boldly tackle the challenges connected with the ongoing transformation of the former mining regions.

/// GLÜCK AUF
ZUKUNFT

www.glueckauf-zukunft.de

THE FINAL WEEKS OF COAL MINING

The “Glückauf Zukunft!” initiative ended at the same time as hard coal mining in Germany. The activities during the final weeks of coal mining impressively demonstrated the broad social foundation on which this initiative had rested.



3 NOVEMBER 2018 BOTTROP, DINSLAKEN, ESSEN, HAMM, IBBENBÜREN

A joint farewell: At the mining locations in Bottrop, Dinslaken, Essen, Hamm and Ibbenbüren, more than 10,000 people said, “*Thanks, pal!*”. In addition to the RAG-Stiftung and RAG Aktiengesellschaft, representatives of the cities and the IG BCE (the Mining, Chemical and Energy Industrial Union) also participated in the ceremony.



12 SEPTEMBER 2018 DÜSSELDORF

The State Parliament of North Rhine-Westphalia and representatives of the State Parliament of the Saarland honoured the achievements of Germany’s hard coal mining industry during a festive ceremony in the plenary hall of the *State Parliament building in Düsseldorf*.



28 NOVEMBER 2018 BOCHUM

At a gala ceremony, Tours 1 and 2 were reopened for visitors at the *German Mining Museum Bochum*. A new permanent exhibition there at the Leibniz Research Museum for Georesources now offers impressive exhibits and information worth knowing about the hard coal mining industry.

4 DECEMBER 2018 IBBENBÜREN

The closure of the *Ibbenbüren mine* was accompanied by a moving farewell event attended by 400 invited guests. In a symbolic gesture, the last wagon of coal from the mine was presented to the Minister President of North Rhine-Westphalia, Armin Laschet.



20 DECEMBER 2018 ESSEN

During the *ecumenical celebratory mass in Essen Cathedral*, which was attended by approximately 900 churchgoers, Bishop Overbeck and President Rekowski commemorated the close relationship between the Church and the mining industry. The mutual trust and solidarity of the mining community are values that will remain important in the future, they said.



19 DECEMBER 2018 GELSENKIRCHEN 21 DECEMBER 2018 DORTMUND

The *football* community also honoured the achievements of the miners. About 2,000 invited miners attended the Bundesliga game between Schalke and Leverkusen at the Gelsenkirchen Stadium and witnessed the unique choreography of the fans in the North Curve of the stands. Two days later and only a few kilometres to the east, the Borussia team from Dortmund wore the motto “Danke Kumpel!” (Thanks, pal!) on their jerseys during the game against Mönchengladbach.



21 DECEMBER 2018 BOTTRUP

More than 500 guests from every sector of society came to the *central farewell ceremony at the former Prosper-Haniel mine*. The achievements of the miners and the historical significance of the hard coal mining industry were honoured during the ceremony. The moving highlight was the presentation of the last piece of hard coal extracted from the mine to the President of Germany, Frank-Walter Steinmeier.

21 DECEMBER 2018 RUHR REGION

On the day of the closure of the last mine in Bottrop, a DVD of the *film “Die Steinkohle”* (Hard Coal) was inserted in the day’s issue of the “Westdeutsche Allgemeine Zeitung” newspaper and thus distributed to about 600,000 households. This two-part documentary film deals with the influence of hard coal on the cultural, social and political development of Germany and the rest of Europe.



State-of-the-art knowledge transfer:
An exhibition hall in the reopened
German Mining Museum Bochum.

PRESERVATION AND RESEARCH

The German Mining Museum Bochum will serve as the cultural memory of the mining industry in the years ahead. After the completion of an extensive remodelling project, the museum is offering four tours that immerse visitors in the history and significance of mining.

The German Mining Museum (DBM) in Bochum is a centre of education, preservation and research focusing on the mining industry. The listed building that houses the museum has been renovated and remodelled in a project that was launched in 2017. In parallel with this work, four tours are being redeveloped to form a new permanent exhibition. Tours 1 and 2, which were finalized in November 2018, showcase the history of hard coal mining in Germany and around the world, focusing on the relationships between human beings and the mining industry across sectors and centuries. The tours feature approximately 1,750 objects that illuminate the multi-layered innovations, developments and transformations of mining and its effects on technology, the economy, social life and culture. Tours 3 and 4 will be devoted to the themes of mineral resources as well as culture and the arts in the mining regions, respectively.

Concerning the renovation and remodelling project, Professor Stefan Brüggerhoff, the Director of the DBM, says, “We are fulfilling our responsibility to educate the public about the achievements and developments of the mining industry by offering a comprehensive overview of its history and illuminating various aspects of mining. The new state-of-the-art exhibition technology in particular will appeal to our visitors.”

The RAG-Stiftung was the driving force behind the remodelling of the museum. Its financial participation was particularly focussed on the renovation of the North Wing and the redevelopment of the new Tours 1 and 2. The foundation provided its support within the framework of the “Glückauf Zukunft!” initiative. The museum is one of the initiative’s flagship projects and the largest single project in its portfolio.

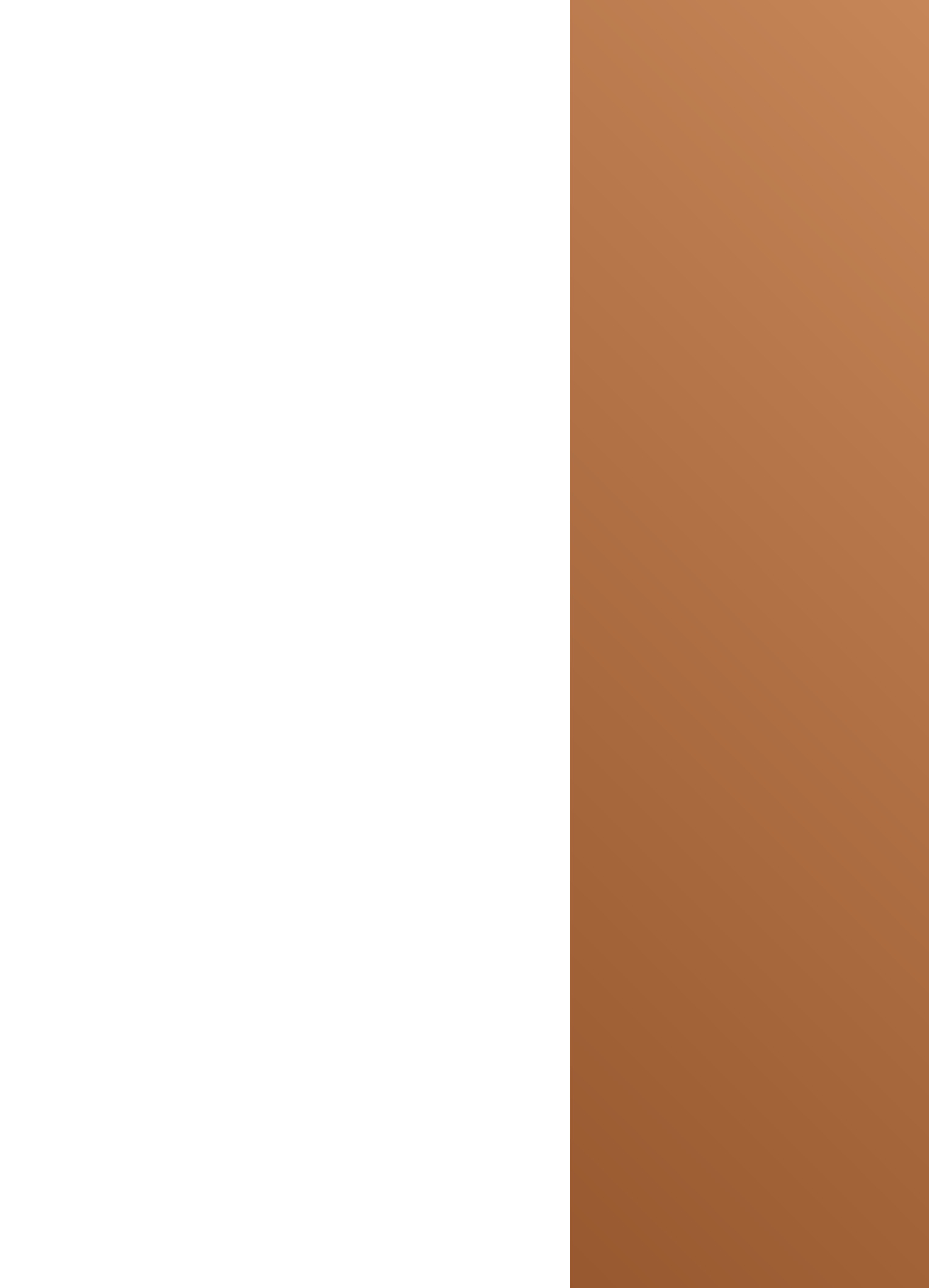
The first two new tours were officially opened at a gala ceremony in November 2018. Isabel Pfeiffer-Poensgen, the Minister of Culture and Science of the federal state of North Rhine-Westphalia, emphasized the role played by coal mining in North Rhine-Westphalia’s ascendance: “NRW’s unprecedented development into a leading industrial region of Europe was thanks to coal,” she said. “Hard coal mining guaranteed secure jobs and good wages in this region for many decades. That’s why it’s important for us to honour the legacy of mining on a sound scientific basis and also to continue future-oriented research on geological resources. Both of these purposes are served by the DBM in Bochum, which is a



Visible from afar:
The illuminated German Mining Museum Bochum.

Leibniz Research Museum funded by the federal government of Germany and the federal states.”

Bärbel Bergerhoff-Wodopia, a member of the Board of Executives of the RAG-Stiftung, pointed out that the renovation of the aging museum had been urgently needed: “By redirecting the museum’s educational function, we have created a facility that uses state-of-the-art technology and design to impart knowledge and thus has a great deal to offer for every age group. Now that coal mining has been discontinued, the museum is creating a bridge to the future – as a centre of state-of-the-art knowledge transfer and as a research facility.”



EDUCATION SCIENCE CULTURE



“THE SUPPORT HAS TO BE SUSTAINABLE”

Bärbel Bergerhoff-Wodopia, the member of the Board of Executives of the RAG-Stiftung whose responsibilities include the promotion of education, science and culture, writes that 2018 was also the year of a dignified farewell to Germany’s hard coal mining industry. Now, in 2019, it’s time to look to the future. The RAG-Stiftung aims to use targeted support programmes to accelerate the transformation of the former mining regions.

The discontinuation of hard coal mining in Germany does not mean the end of our responsibility. On the contrary, our sense of responsibility is gaining new significance for the former coalfields of the Ruhr and Saar regions and in Ibbenbüren. The primary responsibility for financing the perpetual obligations resulting from hard coal mining in Germany has been borne by RAG Aktiengesellschaft and was taken over by the RAG-Stiftung at the beginning of 2019. Of course that also applies to our support activities in the areas of education, science and culture in the former mining regions.

Although the year 2018 once again focused on our farewell to hard coal mining in Germany, we are now turning our gaze toward the future. The high-profile “Glückauf Zukunft!” initiative has accomplished its objective: it has properly honoured the achievements of the hard coal mining industry. But it has also generated long-lasting momentum. I’m happy and grateful about that. We regard the “Glückauf Zukunft!” initiative as a mission to forge ahead with structuring the future of the former mining regions. And that’s exactly what the RAG-Stiftung will go on doing.

We increased our funding budget for 2018 by €3 million to €16.5 million, and once again we spent more than two thirds of our annual budget – about €11.5 million – in the area of education. I have been, and still am, especially interested in our educational projects. Our budget primarily offers disadvantaged children and young people opportunities that they would not have otherwise. In our funding activities we take the entire educational chain into account, from preschool programmes in children’s daycare centres to transitional programmes for young people starting jobs or courses of study. Our ambition is to be a pioneer and to tap into the latest trends in the field of education and training, such as the area of digital learning.

At the beginning of this year, the RAG-Stiftung took over RAG’s responsibilities for institutional funding. I consider it especially important that the support must not be interrupted as we transition to the post-mining era. The support has to be sustainable. As a result of taking on these additional obligations of RAG, our annual budget has grown to a total of €30 million since the beginning of 2019. That includes our support for the Stiftung Industriedenkmalpflege und Geschichtskultur (Foundation for the Preservation of Industrial Monuments and Historical Culture) and for the music associations that preserve mining traditions.

The post-mining research centre at the Technische Hochschule Georg Agricola plays a special role in our institutional funding. The opportunity to study for a degree at this technical university while employed is opening up additional future perspectives for many young people. The RAG-Stiftung has been supporting the further development of this university for about six years now, and this year it has further intensified its support through its takeover of the funding responsibilities of RAG. In addition, the post-mining research centre is a reliable partner for dealing with scientific issues arising in the post-mining era concerning mining technologies, mine closures and, in particular, water management, as well as for developing practicable solutions.

Now that the hard coal mining era has come to an end in Germany, I am convinced that supporting the future is a perpetual obligation. By means of our funding activities, we will make an important contribution to guiding the former mining regions into a bright future.

Glück auf! – the best of luck to you!



Bärbel Bergerhoff-Wodopia

READY FOR THE DIGITAL FUTURE



"The most important thing is to help the pupils believe in themselves":
Lisa Götte, a Digital Fellow, teaches disadvantaged young people in Herne.

Digitalization is playing a crucial role in the transformation of the former mining regions and the education of future skilled workers. That's why the RAG-Stiftung and the Teach First Deutschland initiative have launched a major pilot project at a number of schools in the Ruhr region.

Murat,* who will soon be 18, is still in the Year 10 class at the Crange secondary school in Herne. He has had to repeat two grades because he was absent for weeks at a time. Like many other teenagers at the school, which has over 600 pupils, he lives in one of the high-rises around the Emscherstraße – a challenging environment to grow up in. “Murat is a great kid with lots of potential, but for a long time he had the wrong friends and the wrong social environment,” says Lisa Götze, a 27-year-old teacher at the school. Together with Murat’s class teacher, she has helped him regain his faith in his own abilities and persuaded him to attend school regularly. “At the moment it looks as though he’ll graduate,” she says.

Götze works mainly with pupils like Murat. She received a master’s degree in Leipzig, taught language courses at the Goethe Institute, and now works for Teach First Deutschland, a non-profit initiative that boosts equality of opportunity in the educational system. Through its Digital Fellows programme, selected college graduates such as Götze support pupils at transitional points in the system. Teach First Deutschland now reaches more than 61,800 pupils all over Germany through 170 Digital Fellows at 152 partner schools. The patron of the programme is Elke Büdenbender, the wife of Germany’s President, Frank-Walter Steinmeier. “For the past ten years, Teach First Deutschland has been strengthening children and young people in so-called social flashpoints and helping them shape their own lives successfully in spite of all the obstacles they face,” she says.

The sponsors of this organization include the RAG-Stiftung, whose funding activities focus on the education of underprivileged children and young people with limited opportunities. “One of our objectives has been, and still is, to continue the time-honoured mining tradition of promoting education. Young people who are less privileged and would benefit from a second chance are especially dear to our hearts,” says Bärbel Bergerhoff-Wodopia, a member of the Board of Executives of the RAG-Stiftung, which has been supporting Teach First Deutschland in the Ruhr region for the past ten years.

The RAG-Stiftung’s support for the Digital Fellows programme is a flagship project that shows how much it values the promotion of education. The “Equal Educational Opportunities in the Digital Age” project, which the foundation initiated jointly with Teach First Deutschland, has been enhancing the media expertise of many pupils since the 2018/2019 school year. In this pilot project, eight Fellows are working to promote digital education at schools in the former mining regions. After two rounds of online recruiting and a job interview at the Teach First Deutschland headquarters in Berlin, Lisa Götze was selected as one of the Digital Fellows funded by the RAG-Stiftung.

She has been working in Herne since September 2018. About 70 per cent of the pupils at her school have an immigration background. In two Year 10 classes, which mainly consist of children with a Turkish background, she provides support in math, German, English, and civics. As

part of her job, she is involved in many activities. Sometimes she shares a class hour with the specialist subject teacher, and at other times she works with part of the class in another room or helps the pupils with their homework. An activity she considers especially important is the “Media Scouts Working Group,” in which she works together with a small group of pupils on digital media and Internet security issues.

“The most important part of my work consists of helping the pupils learn to believe in themselves again,” she says. Over and over again, she hears them saying “I can’t do that” or “I’m too dumb for that.” When that happens, she tries to reinforce the pupils’ faith in themselves. She also tries to act as a model: “I try to deal with everyone in a friendly and respectful way. Not all of the pupils experience this kind of treatment in their daily lives – but encountering it helps them to grow.” Because she’s bringing new momentum into the school, is closer to the pupils, and doesn’t give any grades, pupils are approaching her more and more often with problems they encounter outside of school. “They often just want to vent! But when it’s necessary, I direct them to psychologists or social workers who can help them along,” she says.

To help the young people in Herne prepare for their future more effectively, she is increasingly using digital tools. In one of the school’s two computer rooms, which contain 42 aging PCs, she teaches interested pupils a basic knowledge of Word and PowerPoint. “Of course all of them have smartphones and can handle Snapchat and Instagram perfectly, but only a few of them can process a Word file, for example,” she reports. She often begins an English class with a surprising request: “Please take out your smartphones.” Murat is only one of the many teenagers who like this approach to learning. He pulls out his smartphone immediately, logs in, and starts answering the questions about English grammar that are presented in quiz form in the “Kahoot” learning app, which is very popular with the pupils. He’s one of the first ones to answer all the questions correctly.



Bärbel Bergerhoff-Wodopia visits the Crange secondary school.

* The name has been changed

A MASTER PLAN FOR THE FUTURE



Prof. Christian Melchers (centre) with two of his students carrying out a sieve analysis in the lab at the Technische Hochschule Georg Agricola in Bochum.

The RAG-Stiftung is funding Germany's only master's degree program at the Technische Hochschule Georg Agricola in Bochum in order to train engineers to fulfil the complex obligations of the post-mining era.

Whenever Professor Christian Melchers leaves his office at the TH Georg Agricola in Bochum, he encounters the history of mining in Germany. On his way to the laboratory and the lecture halls of the impressive clinker-brick building, he walks through time-honoured stairwells and long corridors that are lined with busts of mining researchers from past centuries and maps showing numerous former German mines. For more than 200 years, this technical university and its predecessor institutions have trained mining specialists – initially overmen, later on also engineers specializing, for example, in mining technology, mining machine technology and mining electronics. Since 2012, Melchers has been participating in a new chapter of the history of the Technische Hochschule. He is responsible for training the experts who will be needed for the post-mining age. As a professor of geoengineering and post-mining, he is the head of the master's degree program of the same name that was originally initiated by the RAG-Stiftung through the creation of an endowed professorship.

Learning how to deal responsibly with the traces left behind by the mining industry is a tremendous challenge for mining regions all over the world. Safety and remedial measures are needed in order to deal with the risks that remain in the former mining regions. At the same time, follow-up uses have to be developed for the mining locations in order to create sustainable future opportunities for the affected regions. The master's degree course in Geotechnical Engineering and Post-mining at the TH Georg Agricola University of Applied Sciences in Bochum is the only course of study in Germany that trains engineers for these specific tasks. The students taking this course acquire scientific and technical qualifications at the interface between mining, mine surveying, geotechnology and hydrogeology.

Every year, about 15 young people begin this course, which is currently being offered only as a part-time program for people who are in employment. "The lectures, practical exercises, and internships are offered on workdays between 5 and 10 p.m. and on Saturdays. That way the students can work at their regular jobs during the day," explains Melchers, who held the professorship endowed by the RAG-Stiftung between 2012 and 2017. Many of the students already work in the mining industry. Nonetheless, Professor Melchers considers it very important to

include a large amount of practice in this training course. "We regularly go outdoors and drive around to look at mining regions," he says. "Everyone who receives a degree here has been to a mine at least once." Germany is not the only country in which post-mining responsibilities are an issue, so Melchers and his fellow professors are involved in cooperative projects with colleagues in Finland, South Africa and Ukraine. As a result, some of his students have already been able to write their master's theses abroad. There are also close connections with the German Mining Museum in Bochum, which is located only a few hundred meters from the university.

For Melchers, the special fascination of post-mining activities lies primarily in the highly innovative methods that are being used to discontinue mining activities and handle the perpetual obligations caused by the mining industry. For example, he has worked together with his colleagues and students to convert probes that are normally used in deep-sea research and to install them at the Auguste Victoria mine in Marl. These probes, which are located 1,000 meters below ground, are now sending pit water data to the surface 22 times per second. The post-mining researchers in Bochum are also experimenting with the use of satellite images from the European Copernicus Earth observation programme to monitor regions that are at risk of developing sinkholes.

"We won't run out of work," says Melchers. "What we're doing here is fulfilling perpetual academic obligations." Accordingly, there is a great need for experts who can deal with the complex processes of closing down mines and providing the necessary aftercare. "Our graduates don't have to have any worries whatsoever about their professional future," says Melchers. He predicts that the need for post-mining experts will continue to grow, in part because of demographic change. In order to meet this demand, in 2019 the TH Georg Agricola will establish another endowed professorship funded by the RAG-Stiftung in the area of geomonitoring in abandoned mines and post-mining regions.



**At the university laboratory:
"What we're doing here is fulfilling perpetual
academic obligations."**

BACK TO THE FUTURE



A performance of "Sehnsucht nach Licht" in the city harbour of Recklinghausen:
A fascinating collage of light, dance and theatre.

As part of an art project funded by the RAG-Stiftung, a theatre ship sailed to seven locations in the Ruhr and Saarland regions that have been shaped by the mining industry. It presented a picture of daily life underground and opened up a vision of these regions' future.

In the open air and lit by the waning evening sun in the city harbour of Recklinghausen, four dancers enact scenes from the daily life of miners. The sounds coming from the loudspeakers, created by a mix of string, wind and percussion instruments, are reminiscent of the sounds heard by miners underground. A fascinated audience watches the dancers interact on the edge of the harbour quay along the Rhine-Herne Canal. At the end of the performance the dancers fold up their miners' outfits, accompanied by the "Steigerlied", a traditional miners' song. It's a scene filled with emotion, especially for the spectators who come from mining families.

"Sehnsucht nach Licht" (Longing for the Light) was a collage of music, dance and theatre that was performed at seven different locations in Saarland and the Ruhr region in April and May 2018. In this performance piece, the choreographer Ruben Reniers told the story of mining and its effects on people, communities, and the landscape. He also alluded to the future of the former mining regions, which are on the threshold of enormous changes now that hard coal mining has been discontinued.

The performance was part of the "Expedition B" project. The B stands for "Bergbau", the German word for mining. "Our central idea was to connect the Saar and Ruhr mining regions by launching an expedition. Our theatre ship, the Maria-Helena, was the ideal vehicle for that," says Frank Lion, a theatre director from Saarbrücken. Lion and the producer Barbara Bruhn, the joint Artistic Directors of the project, began by looking for places that held a special significance for mining and also had landing places where the 40-meter-long theatre ship could drop anchor. They decided on a variety of venues: Saarbrücken, the city harbour of Recklinghausen, Duisburg, Mülheim, Oberhausen, Herne and Ens Dorf.

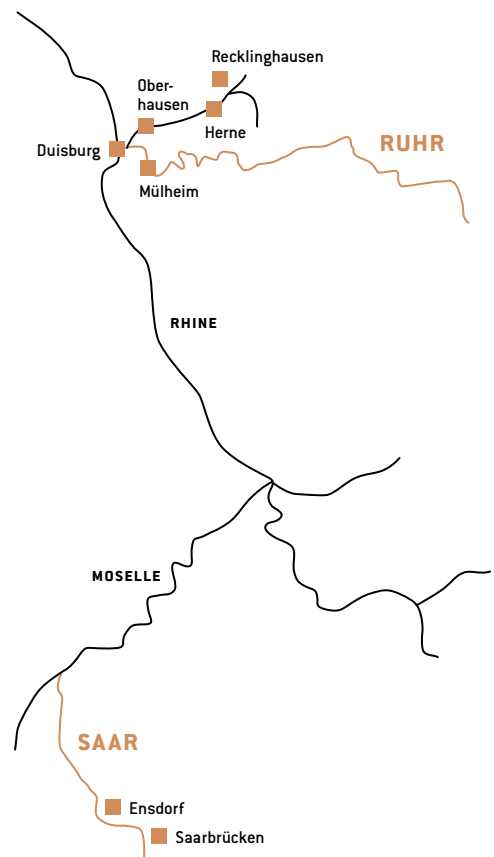
The premiere of the project, which was financed by the RAG-Stiftung, took place in Ens Dorf. On 30 April 2018, Minister President Tobias Hans of the Saarland and the miners' choir of the Düppenweiler copper mine greeted the audience of around 150 at the event, which was held on the RAG Aktiengesellschaft grounds at the foot of the Duhamel spoil heap.

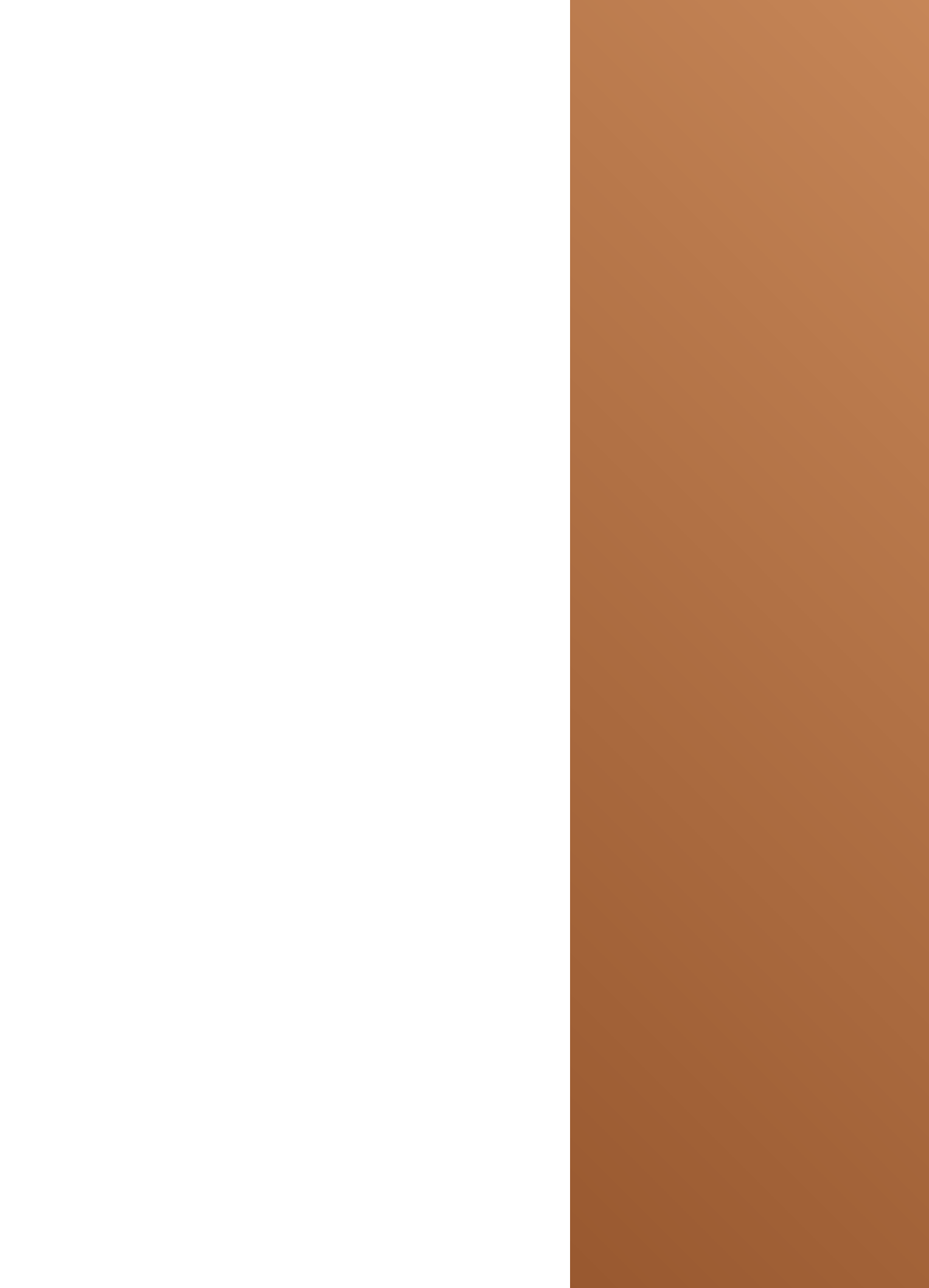
There lay the Maria-Helena – a former collier built in 1911. Under Lion's supervision, it was converted into a theatre ship for 120 spectators in 2007. After the premiere, she weighed anchor and departed for the Ruhr region. Looking back at all the subsequent performance venues, Lion was especially impressed by the Artists' Pit in Herne. "We presented our performance in the old pit-head washroom, where the miners used to change clothes. Their clothes baskets were still hanging from the ceiling. We felt as though the miners had just left the room," he recalls.

To prepare for their project, Lion and Bruhn interviewed dozens of former miners from the Saar and Ruhr regions. The miners were well aware of the fact that they had practiced an unusual and sometimes dangerous occupation, but most of them would be ready and willing to do so again. One of the reasons for that was the unique sense of solidarity among miners, which crosses national boundaries and still lives on today.

"I wanted to make sure this legacy is preserved. After all, both the Saarland and the Ruhr regions have been permanently moulded by this era. In the course of its journey, we wanted our project to generate respect for an occupation that no longer exists in Germany today," says Lion.

The theatre project was an homage to the hard-working miners who laid the foundation for these regions' economic development. It also took a look at the regions' future, which will be characterized by continuous change. This theme of the turning point was emphasized in the room installation "Underground, Below Deck" in the hold of the Maria-Helena. Members of the audience had to climb down a ladder into darkness, similar to the miners' descent into the pit. In the cargo compartment, an eight-minute installation created by the video artist François Schwamborn was projected onto the ship's steel walls. In fast-paced images, gigantic hoisting cages whizzed along underground. "Some of the spectators who used to work as miners themselves felt they were once again being lifted down into a mine," says Barbara Bruhn. In the second part of the installation, the mood changed. The darkness was replaced by brightly coloured geometric shapes, and the sun revealed a clear view of a new beginning without coal – and of the future.





FINANCES



“OUR ENTREPRENEURIAL STRATEGY HAS BEEN SUCCESSFUL”

After more than six years as the Chief Financial Officer of the RAG-Stiftung, Dr Helmut Linsen retired on 1 April 2019. In this article he looks back on what has been achieved so far. During his term of office the foundation's value grew substantially, thanks to a dynamic and risk-adjusted investment strategy. Ad 2018 was yet another record-breaking year for the foundation.

The year 2018 was the last reporting year of my term of office as the Chief Financial Officer of the RAG-Stiftung. It fills me with pride to know that at the operational level this has been the most successful year of the foundation since it was established in 2007. Our annual profit amounted to about €912 million. This is the amount of money we can add to our provisions for fulfilling the foundation's perpetual obligations. Even after the deduction of about €458 million in capital gains from the sale of 3.5 per cent of our shares in Evonik, our annual profit set a new record of about €454 million (2017 €431 million).

The very profitable sale of our Evonik shares at the end of September has served the statutory purpose of the foundation. The sale decreased our shareholding in Evonik to 64.3 per cent. The foundation definitely wishes to remain a significant shareholder in Evonik in the foreseeable future.

In 2018 we were especially gratified by the performance of our real estate holdings in the special funds Immo IVG (+6.5 per cent) and RAGS-FundMaster (+ 9.5 per cent). I'm counting on the continuation of this positive trend in the real estate sector, especially because we also acquired first-class properties in interesting markets outside Germany in 2018. A turnaround in interest rates is still not on the horizon.

I became the foundation's Chief Financial Officer in December 2012, more than six years ago. As I look back over this time, I feel great satisfaction because of the overall increase in the value of our investments and shareholdings. I'd like to give you just two examples of that. The net worth of the RAG-Stiftung has increased from approximately €11 billion on 31 December 2012 to €16.8 billion at the end of February 2019. Our investments in financial assets have even increased tenfold, from approximately €94 million (2012) to €943 million (2018). Between 2013 and 2018 these investments grew by about €5.7 billion.

The fundamental reason for this success was our increasingly entrepreneurial strategy. We set this course all the way back in 2013, when the Board of Trustees accepted our recommendation to broaden our General Investment Guidelines and thus open up more market opportunities while further diversifying our risks. Against the background of the ongoing zero-interest phase, this investment strategy – which includes our own holding company, managed funds, real estate and holdings in companies with long-term profitability from the SME sector – has proved to be absolutely groundbreaking. It will continue helping the foundation to increase its assets in the future as well.

It has also been sensible and appropriate to ensure that the RAG-Stiftung systematically avoids making any investment decisions that are influenced by political considerations. And finally, our administration budget, which is very lean compared to the foundation's assets, has made a major contribution to the growth of our resources.

As of 1 April 2019, I have retired from my position as the foundation's Chief Financial Officer. I wish my esteemed successor Dr Rupp a strong and steady hand on the tiller and the continued growth of the RAG-Stiftung's assets!

With my very best wishes for the future,



Dr Helmut Linsen

FOUR PILLARS IN PERPETUITY

RAG-STIFTUNG BETEILIGUNGSGESELLSCHAFT MBH

A LONG-TERM PARTNER

RAG-Stiftung Beteiligungsgesellschaft mbH (RSBG), which was founded in 2014, regards itself as a long-term partner of medium-sized companies. In line with this profile, the company is implementing a buy-and-build strategy for its investments in successful medium-sized companies. RSBG, a wholly owned subsidiary of the RAG-Stiftung, primarily invests in companies whose products and services are playing a significant role in global changes in the areas of demographic development, climate change and new technologies.

The business development of these companies is thus less strongly impacted by the possible consequences of economic and political crises. Against the background of current trends in global markets, in the future RSBG together with its partner companies from the SME sector will focus more strongly than in the past on special expertise in the areas of digitalization, Industry 4.0, cloud computing, cybersecurity and big data management.

100%

VIVAWEST WOHNEN GMBH

A TRADITION OF ATTRACTIVE HOUSING

The Vivawest real estate company was created in 2012 through the operational merger of Evonik Immobilien and THS. The RAG-Stiftung is the company's biggest shareholder, with 30 per cent of the shares – thus continuing the mining industry's tradition of locating workplaces and homes close together in compact neighbourhoods. Vivawest is one of the leading providers of residential housing in North Rhine-Westphalia, with more than 120,000 living units for about 300,000 people, distributed among approximately 100 municipalities.

The company is expanding its real estate holdings in the Ruhr region and also at attractive locations along the Rhine and in the Münsterland region. In 2018 Vivawest considerably accelerated its investment programme for building new residential housing. It is planning to build 5,700 new residential units in NRW between 2019 and 2023 at a cost of over €1 billion – €350 million more than it had projected in 2017. Vivawest employs more than 2,000 men and women. In 2018 the company generated sales of €1,017 million and adjusted EBITDA of €477 million.

30%

Since the start of 2019, the RAG-Stiftung has financed the perpetual obligations of the German hard coal mining industry in the post-mining era. The operational management of these perpetual obligations continues to be the responsibility of RAG Aktiengesellschaft. The foundation earns the revenue it needs for the fulfilment of its perpetual obligations through its other strategic equity investments.

EVONIK INDUSTRIES AG

SPECIALTY CHEMICALS FULL OF CREATIVITY

Evonik's dividend payments to the RAG-Stiftung currently account for the largest portion of the foundation's ongoing financing of the perpetual obligations. The Evonik Group, a leading global specialty chemicals company based in Essen, is enjoying a course of profitable growth. It employs more than 36,000 men and women in more than 100 countries throughout the world.

After selling approximately 3.5 percent of its shares in Evonik in 2018, the RAG-Stiftung now holds 64.3 percent of the shares in this listed company. In the 2018 financial year Evonik generated sales of €15.0 billion and earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) of €2.60 billion. A dividend of €1.15 per share was paid out in 2018. The payout to the RAG-Stiftung amounted to €363.3 million.

Since mid 2017, Evonik has been focusing on the goal of becoming the best specialty chemicals company in the world. To this end, the Group aims to concentrate its portfolio on high-margin businesses that are less affected by cyclical fluctuations in the global markets. For example, in 2018 it initiated the acquisition of PeroxyChem, a US company specializing in hydrogen peroxide. Evonik is also reinforcing its own strengths through organic growth. It is planning to construct a production plant for the high-performance polymer PA12 in Marl for €400 million. It is also moving into promising fast-growing markets by investing in start-ups in their early phases. By the beginning of 2019, Evonik had more than doubled the total volume of its venture capital to €250 million.

64%

RAG AKTIENGESELLSCHAFT

VIGOUR FOR THE POST-MINING ERA

The last two RAG mines, in Bottrop and in Ibbenbüren, closed down their operations in December 2018. This ended the chapter of hard coal mining in Germany. Nonetheless, RAG, which has been a wholly owned subsidiary of the RAG-Stiftung since 2007, still has a great deal to do in the post-mining era.

For example, in the years ahead mine shafts will have to be filled in and damage due to mining will require continuing administration. The operational management of the perpetual obligations is also of key importance – especially the optimization of the pit water management in the former mining regions.

Above ground, RAG is revitalizing former coal mining areas and making them available for reuse by commercial companies, for example. Large areas that can be used as logistics centres are especially in demand, because few such areas are available in the region along the Rhine and Ruhr Rivers. The former mine sites offer perfect preconditions for industrial and technology parks, residential neighbourhoods and urban districts, leisure and recreation facilities and efficient logistics parks.

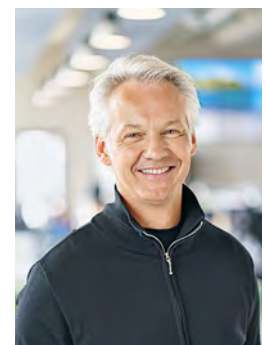
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above:
The modern open-plan
office at ASUP corporate
headquarters in Seevetal.



left:
Workers in a high-bay warehouse:
ASUP offers a range
of about 500 products.



Christopher Haas,
Managing Director
Safety & Technical Supplies GmbH.

A STRONG BIG BROTHER

Medium-sized companies and financial investors can have a very fruitful relationship, as shown by this example from the municipality of Seevetal near Hamburg. That's because this partnership is based on a common philosophy – which is also shared by the RAG-Stiftung.

ASUP GmbH, a provider of occupational and environmental protection equipment, was founded in 1998. The sustainable growth it has experienced since then is reflected by the Becketdorfer Bogen, a semicircular road in the industrial park of Seevetal. ASUP's former headquarters, a functional building that long ago became too small for its purpose, is now occupied by a long-term ASUP customer. The building next to it houses ASUP's sister company, ASUP Technik GmbH. And ASUP's present headquarters, which feature a modern, light flooded open-plan office, are located 200 meters away. ASUP is a medium-sized company that deals in protective clothing, gas measuring instruments and waste containers for hazardous materials.

Visitors who walk through the modern high-bay warehouse of ASUP headquarters and its technical subsidiary also quickly come across signs of growth. The gigantic racks are filled right up to the ceiling. ASUP offers about 500 products in countless variants and sizes. Customers can even order a single "Big Bag" – a polypropylene bag that can hold several cubic meters of asbestos waste or other bulk solids.

The Number One growth driver for ASUP has always been its customer orientation. Here's just one example of many: The builder responsible for asbestos removal in the Elbe Tunnel called ASUP on a Saturday to ask whether the company could send him shower gel, flip-flops and towels at short notice. Without hesitating, ASUP organized the delivery, so that the construction workers could take showers at the site.

But there's also a second, less visible, factor behind the company's dynamic growth: the Munich-based financial investor Maxburg Capital Partners. On behalf of the RAG-Stiftung, Maxburg (see the box) is investing in sustainably successful medium-sized companies with impressive business models. In 2016 Maxburg acquired a large majority of ASUP shares – and shortly after that worked with the company's management to draft a new organization chart for the growing corporate group. It created a holding company, Safety & Technical Supplies GmbH, to serve as the group's "umbrella." This company is headed by a management team consisting of Managing Director Christopher Haas; Managing Director Thomas Scherber, who was previously the Sales Manager of ASUP for many years; and Chief Financial Officer Helge Hartmaring. Today seven separate companies are operating as wholly owned subsidiaries of this holding company. They include ASUP GmbH itself, ASUP Schweiz GmbH, the technical subsidiary, and two acquired companies, one of which is located in France.

Ever since Maxburg stepped in two and a half years ago, the group's sales have more than doubled, to about €70 million. Partly as a result of the acquisition of two companies, the number of employees has grown to 150 in the four countries in which the group operates. The funding needed for this expansion was provided by Maxburg. "That opens up completely new opportunities for us," says Christopher Haas, the Managing Director, co-founder, and now minority shareholder of the Safety & Technical Supplies group. "Previously we spent years becoming as independent of banks as possible, very slowly and steadily. Today we really are independent, thanks to our financially strong 'big brother,' the RAG-Stiftung."

This success is also due to the shared philosophy of Maxburg and the RAG-Stiftung. Both of them want to have long-term strategic partnerships with medium-sized companies like ASUP, which are the exact opposite of the dreaded "locusts" – the clichéd predatory financial investors. "We can see many opportunities for further development in the future," said Dr Benjamin Moldenhauer, a partner at Maxburg, at a meeting held at ASAP. "We've also investigated other possible acquisitions, and we've got a long list of ideas that we're discussing at the moment. The company is developing very well."

FUNDING FOR SME SECTOR COMPANIES

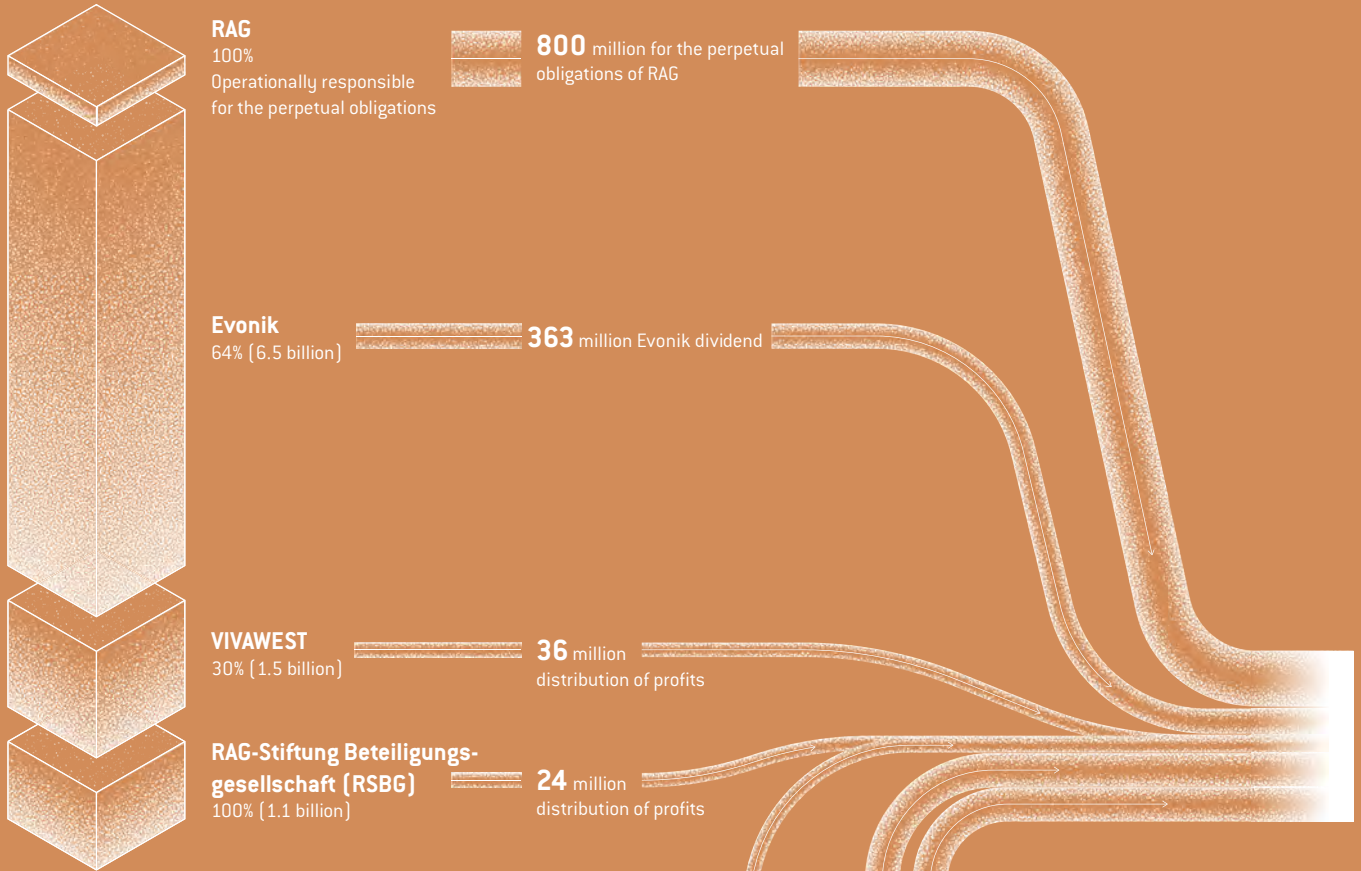
In addition to its own holding company, the RAG-Stiftung is also using other methods to earn long-term yields as a partner of medium-sized companies. This strategy benefits both sides.

A PATIENT HELPER: MAXBURG CAPITAL PARTNERS

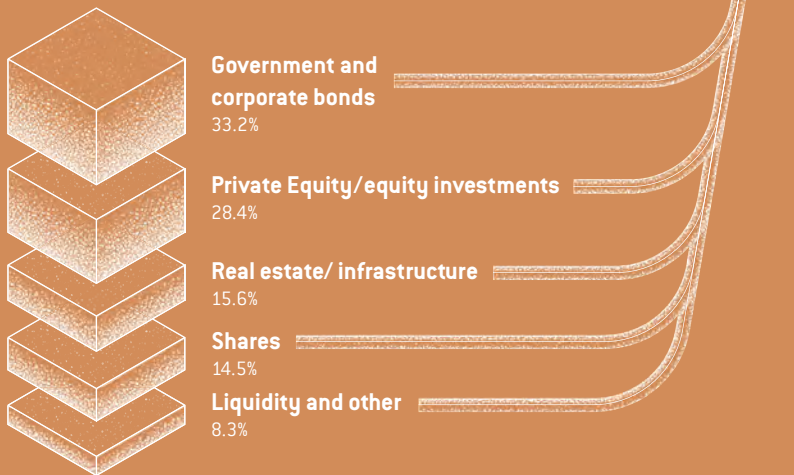
Since 2014 the RAG-Stiftung has made about €600 million available in three funds that are managed exclusively for the foundation by the Munich-based financial investor Maxburg Capital Partners. So far, Maxburg has used this capital to buy shares in ten medium-sized companies and corporate groups from various sectors. This investment model aims to provide companies in the German-speaking SME sector with flexible capital for long-term expansion and growth. The companies in the investment portfolio have been selected because they post continuously stable and attractive yields.

STRATEGIC EQUITY INVESTMENTS in 2018

All figures in euros



INVESTMENTS, incl. RSBG 7.5 billion



CAPITAL INFLOW IN 2018

At the end of September, the RAG-Stiftung earned one billion euros from a combined transaction that attracted a great deal of attention on the capital market. The transaction involved the sale of 16.3 million Evonik shares (€500 million) and the issue of an exchangeable bond (€500 million). Conversely the exchangeable bond due on 31 December 2018 with a volume of €600 million was repaid.

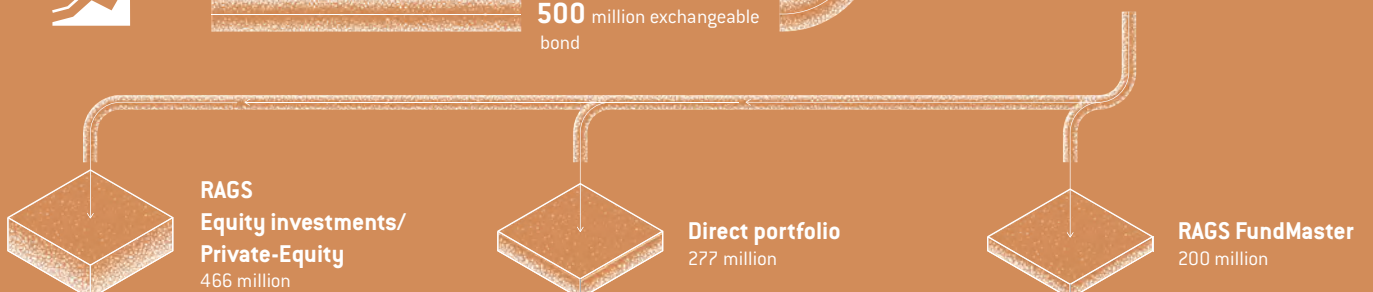
More than €500 million was generated from dividends, distribution of profits and interest income during 2018. A liquidity gain of almost €800 million resulted from the transfer of funds to cover the perpetual obligations of RAG to the RAG-Stiftung.

At the end of 2018, the assets of the RAG-Stiftung amounted to €15 billion.

CAPITAL MARKET



INVESTMENTS



The RAG-Stiftung at a Glance

The RAG-Stiftung bears the responsibility for financing the perpetual obligations resulting from hard coal mining in Germany. To fulfil this, the foundation continually builds up its assets. In addition, the RAG-Stiftung supports projects in the areas of education, science and culture in the former mining regions along the Ruhr and Saar Rivers and in Ibbenbüren.

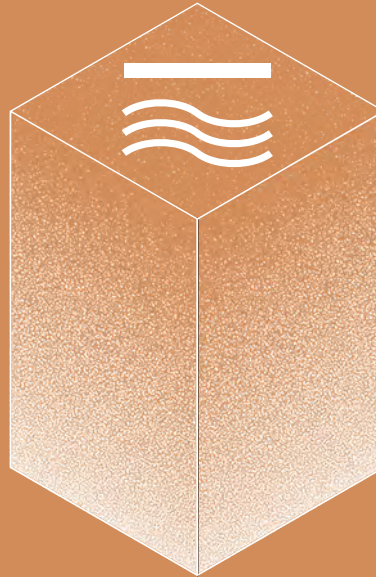
PERPETUAL OBLIGATIONS

300 million in 2019
trend decreasing

SUPPORT

30 million

70%
(210 million)



PIT WATER MANAGEMENT

Pumping up the pit water that has accumulated in the coal mines underground. The pit water is pumped up to the surface, in particular in order to protect deposits of drinking water.

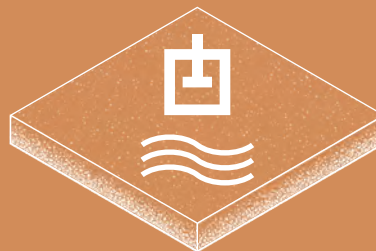
25%
(75 million)

POLDER MEASURES

Mining activities cause the surface to subside. Water would collect in these depressions if the water boards, in particular, didn't continuously pump the surface water away.



5%
(15 million)



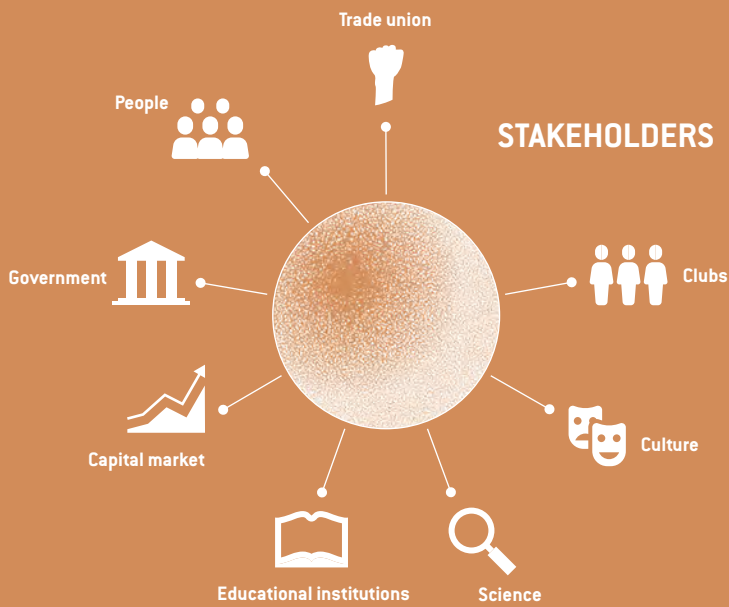
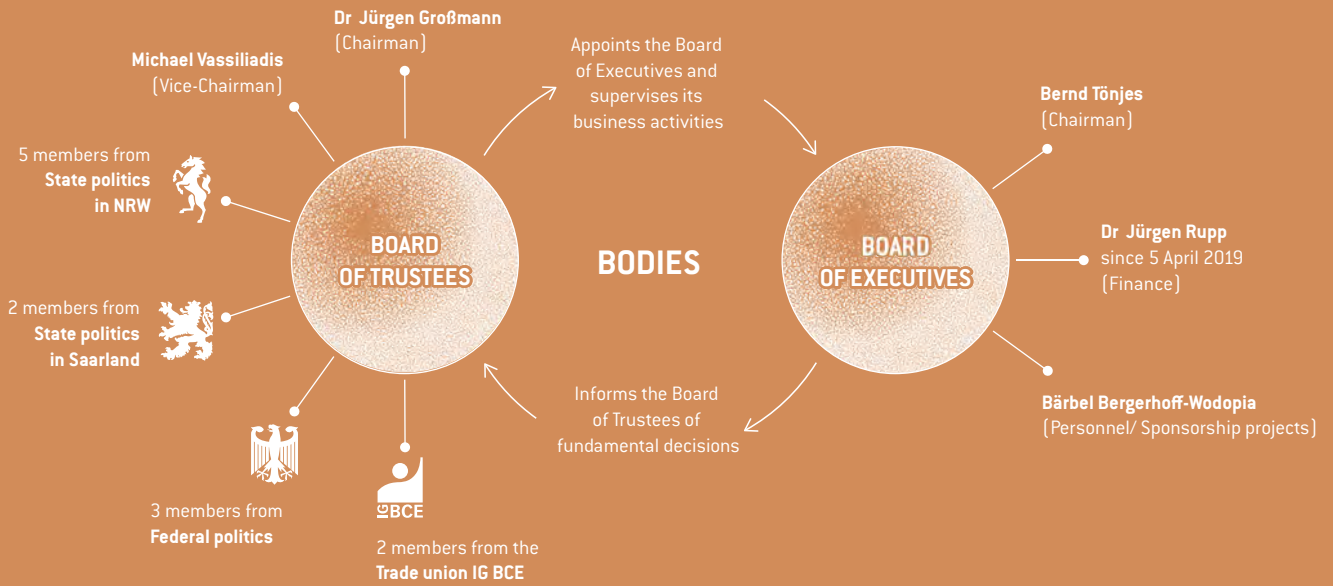
GROUND WATER PURIFICATION

The purification of contaminated water on some sites of former related operations of the coal mining industry, in particular former coking plants.

SUPPORT FOR EDUCATION, SCIENCE AND CULTURE

Project funding is for mining-related activities in the Ruhr and Saar regions and in Ibbenbüren. The focus is on supporting children and young people with limited opportunities.





KEY FIGURES

BALANCE SHEET

in €millions	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Fixed assets	3,571.4	4,522.6	5,200.8	6,488.0	7,430.9
Current assets	1,243.1	1,164.1	899.5	712.7	2,053.1
Total assets	4,814.5	5,686.7	6,100.3	7,200.7	9,484.0
Equity	2.0	2.0	2.0	2.0	2.0
Provisions	4,148.4	4,502.3	4,925.3	5,364.6	7,909.2
Liabilities	664.1	1,178.1	1,169.6	1,834.1	1,572.8
Total liabilities	4,814.5	5,686.7	6,100.3	7,200.7	9,484.0

INCOME STATEMENT

in €millions	2014	2015	2016	2017	2018
Annual profit (allocated to the provision for perpetual obligations)	351.1	334.3	392.8	430.6	911.8

REPORT BY THE CHAIRMAN OF THE BOARD OF TRUSTEES



Dear readers,

The title of this Annual Report says it all: the reporting year 2018 was a turning point for the RAG-Stiftung. To begin with, in May Dr Werner Müller resigned because of health reasons from his position as the Chairman of the Board of Executives. His successor, Bernd Tönjes, the previous Chairman of the Executive Board of RAG Aktiengesellschaft, is a recognized expert in this field and ensured a smooth transition. The end of 2018 was marked by a highly emotional event, the discontinuation of hard coal mining in Germany. This was honoured at a solemn central farewell ceremony that was held at the site of the Prosper-Haniel mine in Bottrop and was attended by the President of Germany, Walter Steinmeier.

In 2018 the RAG-Stiftung achieved a net annual profit of approximately €454 million, its highest to date. In accordance with its statutes, the foundation is using this revenue to finance the perpetual obligations that came into effect in 2019.

Concerning the work of the Board of Trustees: The 14 members of the Board of Trustees met twice in 2018 – on 9 May and 3 December – to discuss in detail the foundation’s current situation and concerns. The Board of Executives informed the Board of Trustees about the foundation’s current issues, and the necessary resolutions were passed unanimously. These resolutions concerned the above-mentioned decision regarding the new Chairman of the Board of Executives, the consolidated financial statements and the Annual Financial Statements for 2017, the formal approval of the actions of the Board of Executives, and the approval of the business plan of the RAG-Stiftung for 2019. The latter included an increase of the budget for the foundation’s activities promoting education, science and culture. As of 2019, RAG Aktiengesellschaft can no longer provide financial support for institutions such as the German Mining Museum Bochum. The special budget for refugee assistance was approved once again. The Board of Trustees also approved an additional budget for a capital market transaction that is worth billions of euros: the RAG-Stiftung combined its fourth exchangeable bond on Evonik shares with a sale of shares via the accelerated bookbuilding process. This was the first time the foundation had used this process. The exchangeable bond was successfully placed on the capital market at a favourable point in time.

During the meetings and on the basis of the quarterly reporting, the Board of Executives provided the Board of Trustees with in-depth information about all the relevant developments at the RAG-Stiftung. One focus of this information was the situation of the foundation’s strategic equity investments in Evonik Industries AG, RAG Aktiengesellschaft, Vivawest Wohnen GmbH and RAG-Stiftung Beteiligungsgesellschaft

mbH. The Board of Executives also reported on the foundation’s increasingly diversified capital investments and its ongoing process of capital accumulation. The Board of Trustees was also informed about corporate governance issues and compliance structures at the RAG-Stiftung Beteiligungsgesellschaft mbH. Between the meetings of the Board of Trustees, I discussed the development of the foundation’s business in the course of my regular communication with the members of the Board of Executives through personal meetings and telephone calls.

The Board of Executives also informed the entire Board of Trustees about the projects funded in 2018 in the areas of education, science and culture in the former coal mining regions along the Ruhr and Saar Rivers and in Ibbenbüren. I would especially like to emphasize the dignified farewell from hard coal mining in the course of its final active year. The harmonious program of events within the framework of “Glückauf Zukunft!” accompanied us throughout the entire reporting period and maintained a fine balance between goodbyes and new beginnings.

In the course of 2018 the Board of Trustees welcomed two new members, Minister President Tobias Hans and the Federal Minister of Finance, Olaf Scholz. I would like to thank the departing members of the Board of Trustees, Ms. Annegret Kramp-Karrenbauer and Ms. Brigitte Zypries, for their fruitful participation, and I look forward to continuing our shared work in a new circle.

On behalf of the Board of Trustees, I would also like to thank the Board of Executives and all the employees of the RAG-Stiftung for their successful activities and for our cooperation during 2018, which has been unflinchingly constructive and based on mutual trust.

Yours sincerely,

Dr Jürgen Großmann

Chairman of the Board of Trustees of the RAG-Stiftung

MANAGEMENT REPORT

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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 € 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, over and above this, ensure the further development of the Evonik Group (Evonik). The closure of the last two producing mines, Prosper-Haniel and Ibbenbüren, in December 2018 represents a major milestone in the adjustment process.

- Last producing German coal mines closed at the end of 2018

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 the respective rate of price increases from 2019, for the sustainable financing of perpetual obligations from investment income and financial assets.

- Business model of sustainable financing of perpetual obligations with dividends from Evonik as well as other investment and capital income

RESPONSIBILITIES TO THE RAG-STIFTUNG'S MANAGEMENT BODIES

According to the articles of association, 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 in 2018 were the following:

- Armin Laschet, MdL, Premier of the State of North Rhine-Westphalia
- Annegret Kramp-Karrenbauer, MdL, Premier of the State of Saarland (until 28 February 2018)
- Tobias Hans, MdL, Premier of the State of Saarland (from 1 March 2018)
- Brigitte Zypries, MdB, acting Federal Minister of Economic Affairs and Energy (until 14 March 2018)
- Peter Altmaier, MdB, acting Federal Minister of Finance (until 14 March 2018), Federal Ministry of Economic Affairs and Energy (from 14 March 2018)
- Olaf Scholz, Federal Minister of Finance (from 14 March 2018)
- Michael Vassiliadis, Chairman of the mining, chemical and energy industries trade union

The group of other members of the Board of Trustees comprises:

- Dr Burckhard Bergmann, member of various supervisory boards
- Dr Jürgen Großmann, shareholder of Georgsmarienhütte Holding GmbH
- Ralf Hermann, former member of the works council of the Marl joint operation of Evonik Industries AG
- Ludwig Ladzinski, member of the Executive Board of the mining, chemical and energy industries trade union (IG BCE)
- Prof Norbert Lammert, former President of the German Parliament, Chairman of the Konrad Adenauer Foundation
- Heiko Maas, MdB, Federal Minister of Foreign Affairs (from 14 March 2018), Federal Minister of Justice and Consumer Protection (until 14 March 2018)
- Thomas Kufen, Mayor of the City of Essen
- Dr Andreas Reichel, member of the Board of Executives of E.DIS AG
- Monika Schulz-Strelow, management consultant

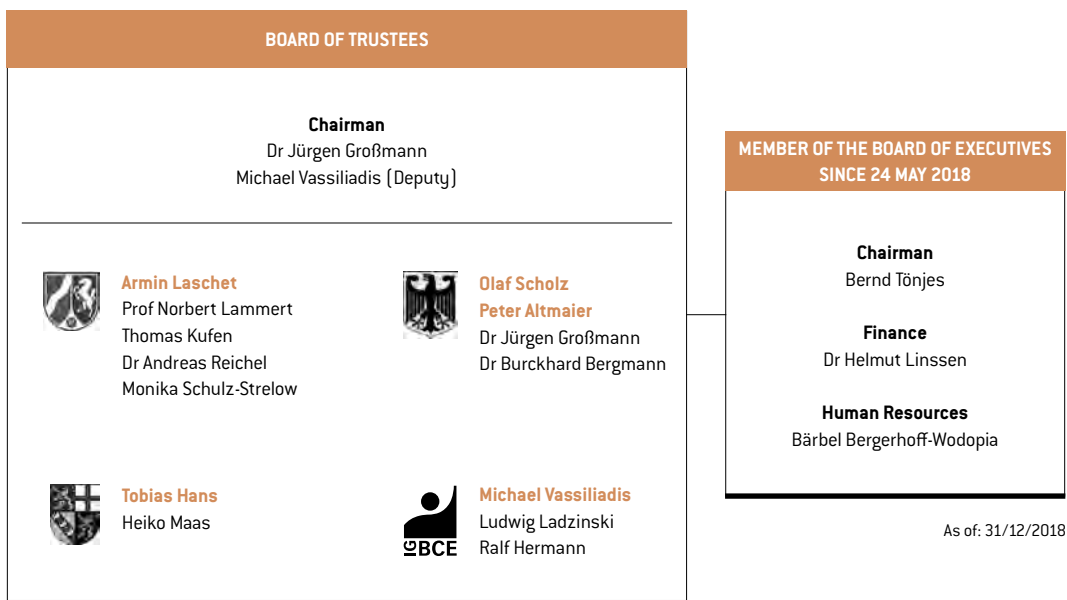
The Board of Trustees is chaired by Dr Jürgen Großmann; Michael Vassiliadis is Deputy Chairman.

There were the following changes to the Board of Executives of the RAG-Stiftung. Its members are:

- Dr Werner Müller, Chairman of the Board of Executives (until 23 May 2018)
- Bernd Tönjes, Chairman of the Board of Executives (from 24 May 2018)
- Dr Helmut Linssen, Chief Financial Officer
- Bärbel Bergerhoff-Wodopia, Chief Human Resources Officer

● Three members of the Board of Executives manage the RAG-Stiftung

BOARD OF TRUSTEES AND BOARD OF EXECUTIVES OF THE RAG-STIFTUNG



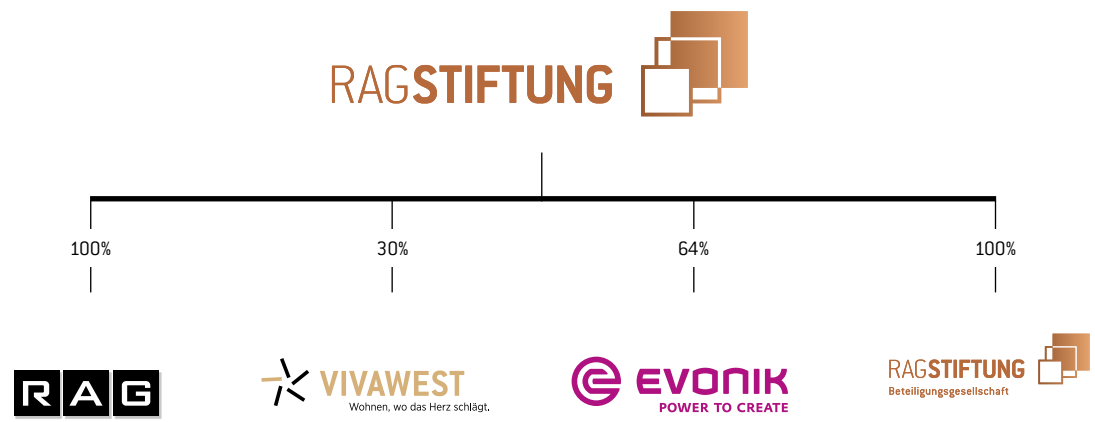
■ Members ex officio

- Four strategic core holdings

INVESTMENT PORTFOLIO

The RAG-Stiftung's strategic holdings are RAG Aktiengesellschaft (RAG AG), Essen; Evonik Industries AG, Essen; Vivawest GmbH (Vivawest), Essen; as well as RAG-Stiftung Beteiligungsgesellschaft mbH (RSBG), Essen.

THE RAG-STIFTUNG AND ITS STRATEGIC HOLDINGS



- The three direct holdings are supplemented ...

The RAG-Stiftung holds all direct and indirect shares in RAG AG. Coal mining was the RAG Group's primary business activity. After the cessation of active mining with the closure of the last two mines, Prosper-Haniel and Ibbenbüren, in December 2018, the future focus of the Company is the processing of residual pollution and perpetual obligations from mining.

The RAG-Stiftung directly holds approximately 64% (previous year: 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 a direct stake of 30% in Vivawest. With around 120,000 apartments in its portfolio, Vivawest is one of Germany's largest housing providers.

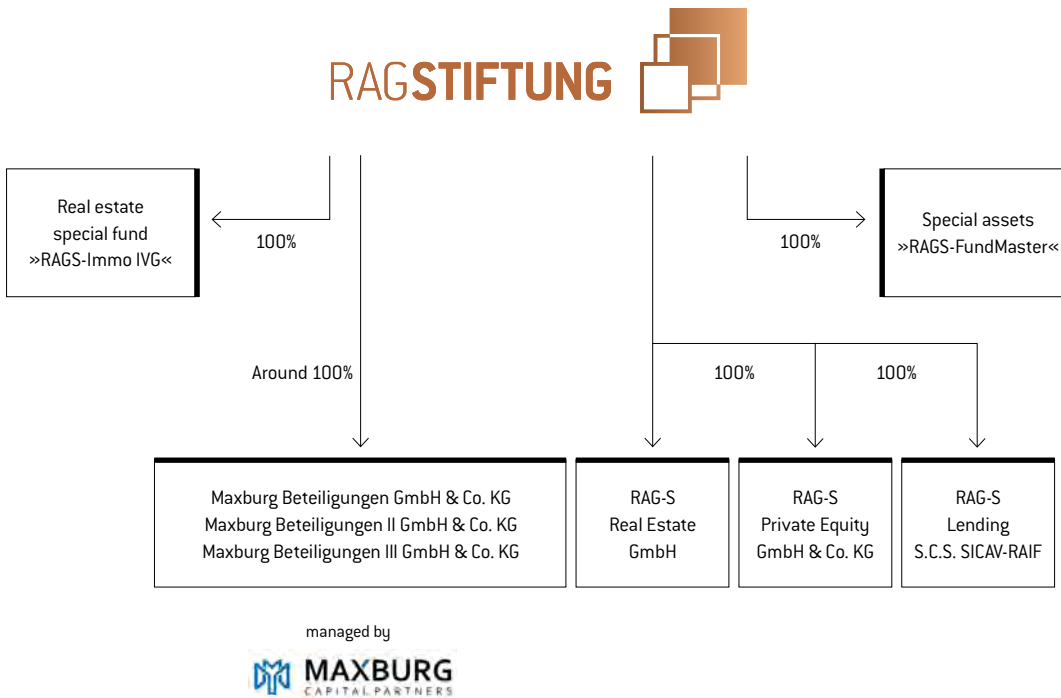
The RAG-Stiftung Beteiligungsgesellschaft mbH is a traditional holding company. RAG-Stiftung holds 100% of the shares (at the end of the previous year: 74.99%). The investment strategy of RAG-Stiftung Beteiligungsgesellschaft mbH is to further expand the Company as a holding company that acquires minority or majority holdings in specialised, medium-sized engineering, automation and industrial service companies. The investment objective is to generate ongoing income and increase the value of the invested capital over the medium and long term.

● ... by a holding company for medium-sized companies in selected fields of technology.

Various investment vehicles are used for the RAG-Stiftung's financial assets:

● Various vehicles for the financial assets

VEHICLES OF THE RAG-STIFTUNG FOR FINANCIAL ASSETS



- Focus on highly liquid bonds and shares

In the “**RAGS-Fundmaster**” special fund managed by capital investment company Deka Investment GmbH, assets with a market value of approximately € 3.0 billion are managed by external managers, each with their own specific investment order. The majority of the special fund is invested in highly liquid assets (liquid return portfolio). There are mandates issued to manage global government bonds; international corporate bonds from Europe, the USA and emerging markets; and global and European shares. There is also one mandate for global, inflation-linked bonds and another mandate for high-yield bonds. A small portion, the illiquid return portfolio, combines the aim of protecting against inflation with achieving returns well above the money market interest rate. It includes investments in commercial real estate, which are performed as indirect investments via special funds.

- Investment focus on European and US real estate investments

In addition to this, investments in European real estate are made in the **special real estate fund “RAGS-Immo IVG”** managed by PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH. For US real estate investments, **RAG-S Real Estate GmbH** was founded in 2017, in which three investments were made by the end of 2018. With **RAG-S Lending S.C.S. SICAV-RAIF**, the RAG-Stiftung also created a vehicle for private debt investments domiciled in Luxembourg in the year under review.

- Vehicles for further non-European real estate investments

The RAG-Stiftung’s international private equity, infrastructure activities and other non-European real estate investments are pooled in **RAG-S Private Equity GmbH & Co. KG**. In the case of investments in the “private equity” asset class, RAG-Stiftung decides on investments 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. Infrastructure and real estate activities of RAG-Stiftung suitable for non-special funds are also held in the KG.

- Exclusive private equity fund

Maxburg Beteiligungen GmbH & Co. KG¹ (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.

¹ And the almost identical Maxburg Beteiligungen II GmbH & Co. KG and Maxburg Beteiligungen III GmbH & Co. KG

Economic report

OVERALL STATEMENT ON THE COURSE OF BUSINESS

2018 was an exceptionally successful year for the RAG-Stiftung. We again fulfilled our primary task, which was to secure and increase the capital stock to finance the perpetual obligations.

● 2018 was exceptionally successful

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

KEY PERFORMANCE INDICATORS: FORECAST AND ACTUAL VALUES

in € million	2018	Forecast for 2018	2017
Financial performance indicators			
Net profit or loss for the year	0.0	constant	0.0
Addition to provision for perpetual obligations	911.8	Approx. 400	430.6

The RAG-Stiftung achieved a gain on disposal of € 457.4 million through the sale of approximately 16.3 million Evonik shares by way of an accelerated book-building process. With this income as well as higher investment income and financial assets, the RAG-Stiftung was able to increase the provision for perpetual obligations by € 911.8 million. In addition, the provision for perpetual obligations was increased by € 1,602.2 million as a result of the transfer of RAG's cover funds. The RAG-Stiftung has already received € 788 million of this amount; € 814 million was booked as a receivable.

● Substantial further increase in capital stock to finance perpetual obligations

2018 was a difficult year for financial assets. Almost all financial assets in the special fund "RAGS-Fund-Master" developed negatively: in a difficult political environment, global bond mandates benefited from the fact that investors generally invested more in quality stocks ("flight to quality"). These mandates yielded between + 0.3% and + 0.5% in the year under review. The inflation-hedged bonds even lost 1.7%. Our emerging markets bond mandate lost 4.8%. The mandates for European corporate

● Liquid financial assets suffered losses in 2018, ...

- ... but our illiquid assets performed well.

bonds also yielded negative returns between -0.3% and -0.9% , the US mandate -5.3% . The “high yield” segment also performed poorly with -4.6% . The two share mandates lost 7.5% and almost 12% in a global environment with some very significant price losses. It came as no surprise that we also lost almost 10% with our volatility mandates in a very volatile market. Tactical investments showed yields of -5.4% . Overall, we achieved an interest rate of -3.8% with our liquid mandates. In contrast, the illiquid side of the RAGS FundMaster developed positively: on average, the real estate mandates generated a very positive return of $+9.5\%$. Overall, a return of -2.6% had to be accepted in the special fund here.

Our illiquid private equity companies also saw a positive development: RAG-S Private Equity GmbH & Co. KG achieved a net profit for the year of more than € 57 million. As at Maxburg KG, the hidden reserves were expanded there. Maxburg KG paid out € 93 million in the year under review – just under € 38 million of which as income.

ECONOMIC CONDITIONS

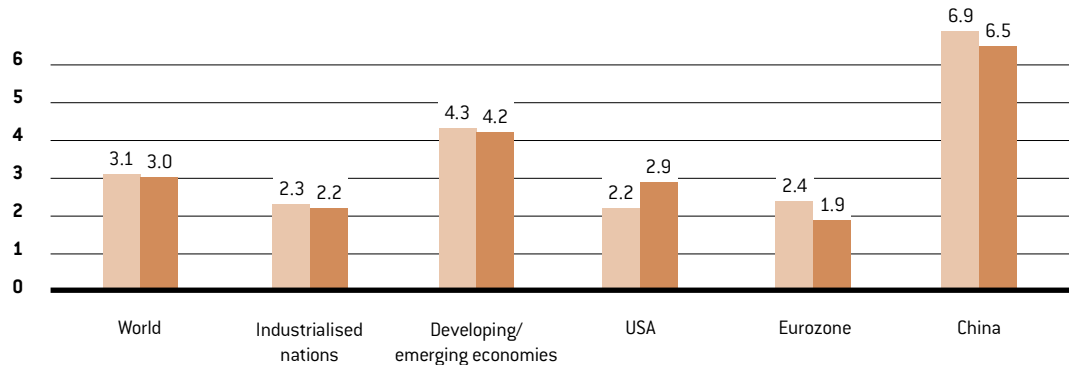
- Global economic slowdown in 2018 – marked by high uncertainties

The global economic conditions developed modestly as expected in 2018. According to estimates by the World Bank, the global economy expanded by 3.0% in 2018 – a somewhat slower pace than in the previous year (3.1%). The economic mood deteriorated significantly over the course of the year. In addition to the uncertainty caused by increasing trade policy conflicts, the tightening of monetary policy in the United States contributed to this. As a result of rising US interest rates, international capital flows reversed, slowing economic expansion in emerging markets.

GDP GROWTH RATES, WORLD AND COUNTRIES FOR 2017 AND 2018

in %

2017 2018



Source: World Bank, Global Economic Prospects, January 2019

The differences in economic momentum between the regions have increased overall.

- In Western Europe, the economy recently lost momentum. In the automotive industry, for example, the problems with the certification of vehicles under the new emission test procedure put pressure on industrial production. Exports suffered due to weaker global demand, particularly from China. Furthermore, the increased political uncertainties regarding the looming prospect of Brexit and the change of government in Italy have dampened economic activity. Robust private consumption and buoyant construction activity were key drivers of the economy.
- Growth slowed in Eastern Europe. This was largely due to the substantial economic slowdown in Turkey. The Russian economy continued on its path of restrained growth. While private consumption supported the economy, the slowdown in the manufacturing sector had a dampening effect.
- Strong growth in North America was driven primarily by the US economy, which benefited from comprehensive tax cuts and higher government investment. The increase in employment and wages led to a powerful rate of domestic consumption. Due to the good economic situation, the US Federal Reserve continued to tighten its monetary policy, raising its key interest rate in four steps by a total of one percentage points to between 2.25 % and 2.50 % at the end of the year.
- Growth in Central and South America was relatively low. Political uncertainties, high unemployment and private debt, along with structural problems, served to dampen a considerable economic upswing throughout the entire region. Argentina slipped into another recession after two years of economic growth. Venezuela was in a deep crisis.
- The Asia-Pacific region recorded slightly lower growth than in the previous year. In Japan, economic momentum slowed due to the weakness in industrial production and foreign trade. The trade dispute with the USA, debt reduction and reforms led to lower growth in China. The ASEAN states have experienced robust growth.

● Economic slowdown in almost all regions of the world – except for the USA

● Further key interest rate hikes by the US Federal Reserve

● China's economy has lost considerable momentum

Industry situation of the strategic holdings

Coal:

According to initial calculations from “Energy Balance for Germany”, primary energy consumption in Germany was around 5.0 % below the level of the previous year. The decline in consumption affected all fossil fuels. The decline is mainly due to mild weather conditions and increased energy efficiency. Renewable energies, on the other hand, saw further growth.

Coal consumption fell by around 11%. The use of coal in power plants decreased by more than 16%. This was due to increased electricity generation from renewable energies. The consumption of coke and coking coal in the iron and steel industry was also below the level of the previous year.

● Coal consumption declines significantly in 2018

- For the last time RAG mined almost three million tonnes of domestic coal equivalent

Of a total volume of coal of around 44.4 million tonne of coal equivalent in 2018, around 6% was attributable to domestic production of 2.7 million tonne of coal equivalent, which was generated exclusively by the RAG Group for the last time in 2018. The most important customers of RAG remained the power industry (76% of sales) and the iron producing industry (around 12% of sales). In addition to this, smaller volumes of coal amounting to around 0.5 million tonnes were supplied to the heating markets by the mining industry with no subsidies.

- Special chemicals in 2018 with mixed development depending on segment and region and higher raw material costs overall

Speciality chemicals

The global development of Evonik's end customer industries varied greatly among the different regions and industries in 2018.

Demand for consumer and personal care products increased in North America in a year-on-year comparison due to improved consumer sentiment with falling unemployment, and remained high in the Asia/Pacific region. The growth momentum of the food and feed industry increased in North America, while it weakened in Central and South America. Production in the automotive and mechanical engineering sectors declined year-on-year in Europe, North America and Asia-Pacific. In Europe, the momentum driving growth in the construction industry picked up compared with 2017, mainly thanks to increasing investment activity, while growth rates in Asia-Pacific stabilised.

As a result of the sharp rise in crude oil prices between January and October 2018, Evonik's crude oil-based commodity prices continued rising over the same period. With the subsequent sharp drop in the price of crude oil in November and December 2018, the correlating commodity prices also started trending downwards. In addition, increased demand coupled with unchanged supply led to increases in raw material prices. Overall, Evonik's raw material prices rose on average in 2018 compared with the previous year.

In 2018 and in comparison to the most important foreign currency for Evonik, the US dollar, the euro gained in value with an average exchange rate of USD 1.18 per euro compared with the average level of the previous year (2017: USD 1.13 per euro).

Residential real estate in Germany

The German residential market continued to see a good performance in 2018. The upswing on the investment market continued in 2018 and 2019 is the tenth year of it. The persistently low level of interest rates, which enabled favourable real estate loans, continues to be a major driver of the investment demand of institutional investors. At € 18.6 billion, the transaction volume on the residential investment market was a good 18% higher than in 2017, with 137,400 residential units changing hands in 2018 (+ 4.2% to 2017).

The demand for residential space is directly connected to the number of private households and their available income. Due to the level of immigration from abroad, the population and number of households in Germany have risen steadily in recent years. The trend of increasing household numbers is being reinforced by the ageing population and the associated increase in one and two-person households. Due to the continued decline in average household size, it is expected that there will be an annual increase of the number of households in Germany by 2030.

- Uninterrupted, intact upswing on the German housing market

Net basic rents for residential space continued to rise moderately in terms of existing rents; the Federal Statistical Office expects an increase of 1.5% for 2018. The market for rented accommodation in Germany, however, performed in varying ways. While markets in some rural and structurally weak regions have stagnated, demand for apartments in major cities and metropolitan areas increased significantly. This effect was particularly noticeable in “swarm cities”, which are characterised by high migratory movements and inflows of young age groups.

In Germany, 2018 was also a year of large-scale construction and renovation. The construction or conversion of 315,200 apartments was approved from January to November 2018. This was 0.5% more than in the same period of the previous year. For new construction projects, there was a 1.3% increase in approvals to around 274,600 apartments. According to estimates by politicians and the construction industry, 350,000 to 400,000 new apartments would have to be built each year in Germany to meet the high demand for housing.

● The high housing demand continues to exceed the realised and approved construction projects

Generally favourable conditions for the further development of the German housing market include a steadily rising number of inhabitants and above all households, stable incomes and a rising number of active workers, anticipated ongoing low financing costs, the state programme for building renovation and new builds for apartments and high demand for residential units in prospering regions.

Capital market situation

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

While 2017 was a positive investment year despite the political turbulence, these factors became a burden on the markets in 2018. Only until the end of January were the stock markets able to continue their upward trend from 2017. The rest of the year was marked by high volatility and falling share prices overall. Due to the US tax reform, American shares reached a new record high in September 2018. Until Christmas, however, the biggest price drop since the financial crisis was recorded at just under 20%. December 2018 was the worst December on the US stock exchange since 1931. The US President’s criticism of the Fed’s course of action unsettled investors. The growing risks and real economic losses in the wake of the escalating US trade conflict with China had a particularly noticeable impact in Europe and especially Germany due to the high proportion of cyclically sensitive export stocks in the DAX.

● Political turbulence led to high volatility and falling share prices worldwide in 2018

The political turbulence also affected the bond market in the course of the year: In the USA, yields on 10-year Treasuries initially rose from 2.41% at the beginning of the year to 2.99% at the end of November – driven by the good economic outlook and the Fed’s interest rate hikes – before falling back to 2.69% at the end of the year. This reflected concerns that the US economy might also suffer from the trade conflicts. This was supported by the extremely flat yield curve. Irrespective of the four scheduled interest rate hikes by the Fed and interest rate hikes above all in emerging markets and some industrialised countries, the turnaround in interest rates in the euro zone failed to materialise in 2018. The yield on the 10-year federal bond even fell to 25 basis points (bp) at the end of 2018, compared with 42 basis points (bp) at the end of 2017. The reason for this was the well-known “flight to safety” phenomenon, i.e. investors were increasingly looking for investments that were as safe as possible.

● Higher interest rate on US bond market, but falling yield on German government bonds

Stock markets and key currencies performed as follows in 2018:

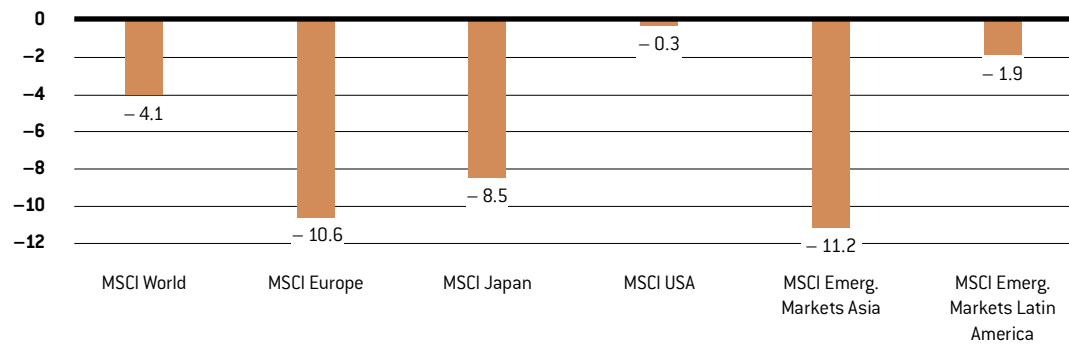
- Negative development on the stock markets – in some cases double-digit losses

The international stock markets developed negatively across the board in 2018. The MSCI² World lost 7.4% in local currency and 4.1% in euros. In Europe, the stock market (MSCI Europe) decreased by 10.6% in euros, and in the eurozone by 12.7%. In Germany, the decline of 18.3% was above average. In Asia, the MSCI Japan lost around 15.2% in local currency, and 8.5% in euros. The stock markets in the USA developed less badly in international comparison. The MSCI USA fell by just 5.0% in US dollars and by minus 0.3% in euros. Shares in emerging markets (EM) also developed negatively: Asian EM shares lost 13.1% in local currency, and 11.2% in euros. Latin American EM stock gained 3.8% locally, but nevertheless lost 1.9% in euros.

PERFORMANCE OF STOCK MARKETS IN EUROS

in %

2018



The euro developed unevenly against other relevant currencies in the year under review:

- The euro lost value against the dollar and franc in 2018

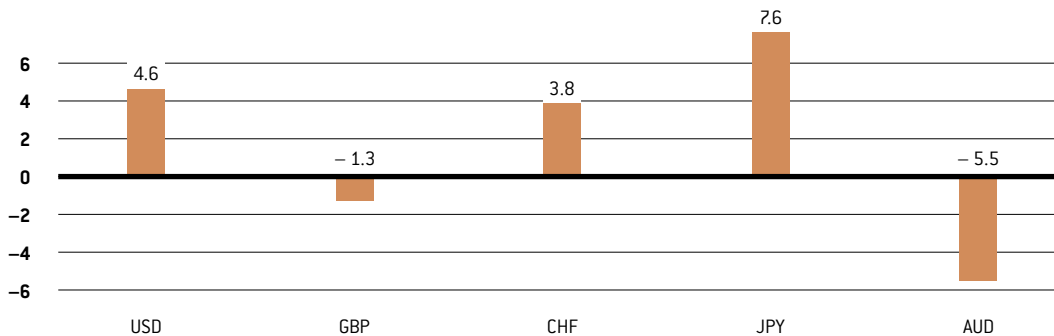
The US dollar appreciated by 4.6% against the euro in 2018 compared to the end of the previous year. The Swiss franc also gained 3.8% and the Japanese yen 7.6%. The British pound, on the other hand, lost 1.3% against the euro, having already suffered significant losses in both previous years. The Australian dollar also lost 5.5% against the euro.

² Morgan Stanley Capital International (MSCI) is a US financial services provider that calculates and publishes numerous international stock market indexes.

CHANGE IN KEY EXCHANGE RATES AGAINST THE EURO

at the end of 2018 against the end of 2017 in %

2018



Development of the bond markets in 2018 in detail:

Performance on the global bond markets in 2018 was marginally positive on average (JPM³ Global Bond Index), increasing by 1.0%. However, the development of the euro had a considerably positive impact on performance from the point of view of investors with the euro as their currency of investment. The JPM Global Bond Index achieved a performance in euros of plus 4.4%.

● Solid positive performance in global bond markets from a euro perspective

- Those who invested exclusively in federal bonds saw a performance of 2.42% in 2018.
- The yield on the German ten-year benchmark bond fell by 17 basis points⁴ (bp) over the course of the year. After yielding 42 bp at the end of 2017, the return of the benchmark bond at the end of 2018 was just 25 bp.
- The spreads of the euro countries on the ten-year federal bond widened in almost all countries: Greece worsened from 370 bp to 414 bp, while Italy deteriorated significantly from 157 bp to 253 bp for political reasons. Spain however remained virtually unchanged with a spread of 118 bp compared with 115 bp at the end of the previous year. Eurozone bonds widely generated income of 1.0% in 2018.
- US Treasuries generated performance of 0.8%, in euros on the contrary + 5.9%. Emerging market yields gained 3.2% in local currency and lost 1.5% in euros.
- The real interest rates in France and Germany over the ten-year period were minus 0.47% at the end of 2018 and therefore above the previous year-end value of minus 0.82%. A 30-year maturity term generated a real interest rate of minus 0.65% at the end of 2018, well below the value of the previous year of minus 0.48%.
- Inflation swaps, i.e. the course of inflation expected by the market, were at 1.32% at the end of December 2018 in the euro area for ten years i.e. slightly below the previous year's value of 1.56%.

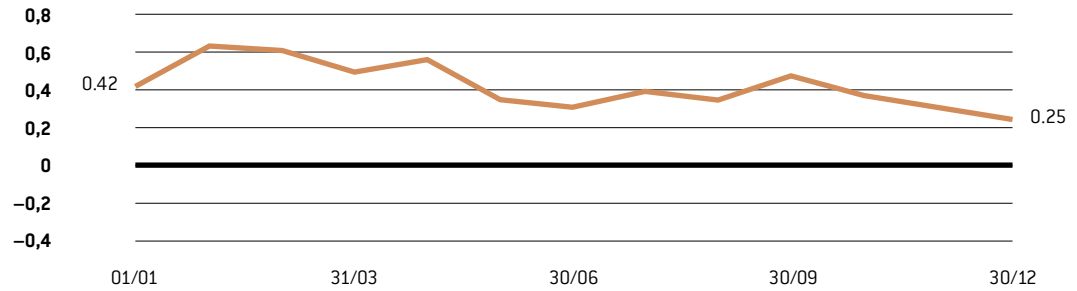
³ J.P. Morgan is a US financial services provider that calculates and publishes numerous international stock market indexes.

⁴ 100 bp = 1%

YIELD DEVELOPMENT OF THE TEN-YEAR FEDERAL BOND

in %

2018



DEVELOPMENT IN THE HOLDING COMPANIES

RAG

- 2018 financial year as expected and satisfactory – balanced net result

The 2018 financial year for RAG met with expectations and was satisfactory given the regulations stipulated by the agreements on coal policy. Revenue fell slightly as expected. This was attributable to a slight decline in sales. Production did not fall quite as sharply as expected due to a good production situation at Prosper-Haniel mine. The bottom line was balanced out again in this financial year. It was therefore not necessary for the RAG-Stiftung to absorb any losses again.

The programme of socially responsible workforce reduction in turn continued as planned in 2018, as a result of the use of both proven and advanced instruments.

The company's focus in 2018 remained on the socially responsible discontinuation of German coal mining, whilst complying with all costs and production targets.

RAG is undergoing a fundamental process of change, from a coal producer to a company dealing with the consequences of mining. The restructuring from the production phase until the end of 2018 through to the shutdown phase from 2019 to 2021 up to the perpetual phase from 2022 has been outlined as part of the "Processes and IT 2020" project. The implementation of the project results with the planned measures for migration into the "post-mining phase of the RAG" is proceeding according to plan and on schedule.

Evonik

KEY FIGURES FOR THE EVONIK GROUP

in € million	2018	2017	Change in %
Revenue	15,024	14,383	+ 4
EBITDA (adjusted)	2,601	2,357	+ 10
Group's result	932	713	+ 31
Dividends in €	1.15	1.15	–

Strategically, Evonik made good progress in 2018 with the further strengthening of the four defined growth pillars of Specialty Additives, Animal Nutrition, Smart Materials and Health & Care. These are characterised by above-average growth and low cyclical fluctuations.

● 2018 financial year strategically and operationally successful

Important investments such as the construction of the methionine complex in Singapore were continued in a targeted manner and new projects were launched. These include the planned construction of a plant complex for the special plastic polyamide 12 in Marl – Evonik's largest investment in Germany – and the planned acquisition of the US company PeroxyChem, Philadelphia (Pennsylvania, USA), which is an excellent addition to Evonik's hydrogen peroxide activities. The integration of the businesses of Air Products and Chemicals, Inc., Allentown (Pennsylvania, USA), and J.M. Huber Corporation, Atlanta (Georgia, USA), which were acquired in 2017, was very successful. The methacrylates business, which includes PMMA moulding compounds under the PLEXIGLAS® brand, is not one of the growth pillars. Evonik therefore decided in March 2018 to examine further development options for this business, including potential partnerships or a complete separation. At the beginning of 2019, Evonik announced the signing of a purchase agreement.

Overall, operational business has developed very well. With strong global demand for Evonik's products, organic revenue growth of 5% was achieved, mainly due to higher selling prices. Sales volumes developed differently. While the Nutrition & Care segment achieved an increase in volumes well above global economic growth, the development of volumes in the Performance Materials segment in particular was adversely affected by the low level of water in the Rhine. Overall, sales rose by 4% to € 15,024 million. Adjusted EBITDA improved by 10% to € 2,601 million. All segments contributed higher earnings to this.

The adjusted EBITDA margin improved to 17.3% (previous year: 16.4%). The Group's result improved by 31% to € 932 million. The Board of Executives and Supervisory Board of Evonik are again proposing a dividend of € 1.15 per share to the general meeting of shareholders.

The financial profile continues to be good: Evonik has a robust investment grade rating. At € 672 million, free cash flow was € 161 million higher than in the previous year and significantly higher than the dividend payment for 2017 of € 536 million. Net financial indebtedness was reduced slightly thanks to the positive free cash flow.

● Continued good financial profile

Vivawest

KEY FIGURES FOR THE VIVAWEST GROUP

in € million	2018	2017	Change in %
Revenue	1,017	888	+15
EBITDA (adjusted)	477	373	+28
Earnings after taxes	212	133	+59
FFO	241	228	+6
NAV	4,325	4,082	+6

- 2018 financial year supported by strong portfolio management again with positive development

The Vivawest Group was able to continue its positive business development of recent years in the 2018 financial year. This was mainly attributable to the Real Estate segment, where income from the core business area of portfolio management rose again. In addition, the income and earnings from real estate sales increased significantly as a result of an intensified process of portfolio restructuring. Together with the Real Estate Services segment, it was possible to significantly outperform business expectations. With a consistently good rental performance in connection with a constantly low fluctuation rate, the demand-related vacancy rate at the end of the year was kept at the low level of 1.3%. By contrast, vacancy rates due to measures taken increased to 1.6% (previous year: 1.4%) as a result of the modernisation measures under way and pending at the end of the year.

During the previous financial year, the Group generated sales revenue in accordance with IFRS of € 1,017 million (previous year: € 888 million). The Group's adjusted EBITDA came to € 477 million (previous year: € 373 million). This means that sales revenue and the adjusted EBITDA well exceeded the previous year's values. Earnings after tax (EAT) of € 212 million also comfortably exceeded the previous year's value of € 133 million.

- Further improvement in key industry-specific indicators

At € 241 million, the Group's 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), a performance indicator usual in the industry was slightly above the previous year's value of € 228 million due to the improved management situation and the optimised interest rate position.

At € 4,325 million, net asset value (NAV), a key figure of economic equity, was at the end of 2018 well above the previous year's level by € 243 million. In addition to the market value of investment property, the NAV includes net financial indebtedness at the repayment value as well as non-current provisions for pensions and obligations from the mining follow-up management segment. The increase is mainly the result of the market value performance of the real estate portfolio as a consequence of the improved management situation and earnings from valuable investments and targeted divestments. The positive development was also driven by the market-related reduction of the discounting interest rate used to value real estate.

RAG-Stiftung Beteiligungsgesellschaft mbH (RSBG)

KEY FIGURES FOR RAG-STIFTUNG BETEILIGUNGSGESELLSCHAFT

in € million	2018	2017	Change in %
Investment income	32	26	+23
Other income	34	4	+750
Net profit or loss for the year	50	25	+100

The 2018 financial year went well for RSBG. Income of around € 31.8 million (2017: € 25.9 million) was received from the holding companies. In addition, there were gains from the sale of fixed assets of € 34.0 million. Net profit for the year came to € 50.0 million after € 24.9 million in the previous year.

● 2018 financial year closed with significantly higher earnings

EARNINGS POSITION

Income statement

RAG-STIFTUNG: INCOME STATEMENT

in € million	2018	2017	Change
Sales revenue	0.4	0.2	+0.2
Other operating income	465.6	11.6	+454.0
Personnel expenses	-10.1	-6.2	-3.9
Amortisation of intangible assets and depreciation of property, plant and equipment	-0.1	-0.1	0.0
Other operating expenses	-945.4	-463.2	-482.2
Investment income	464.5	425.2	+39.3
Revenue from other securities and loans as financial assets including interest income and amortisation of financial assets and securities held as current assets	49.4	44.1	+5.3
Income taxes	-23.8	-9.9	-13.9
Earnings after taxes	+0.5	+1.7	-1.2
Other taxes	-0.5	-1.7	+1.2
Net profit (+) or loss (-) for the year	0.0	0.0	0.0

- High other operating income from the sale of Evonik shares realised

From the other operating income of € 465.6 million in the year under review, € 457.4 million resulted from the sale of around 16.3 million Evonik shares through an accelerated book-building process (ABB) by which the RAG-Stiftung reduced its stake in Evonik from around 68% to 64.3%. The shares were placed at a price of € 30.65 per share. € 6.2 million resulted from the covered call programme, under which call options on Evonik shares were sold. At the same time as the ABB, the RAG-Stiftung placed a non-subordinated and unsecured exchangeable bond on Evonik shares with a nominal value of € 500 million and a term until 2024. The exchangeable bond is non-interest bearing and was issued at 100.5% of par value.

Of the € 10.1 million reported for personnel expenses, € 2.0 million were attributable to the addition to the provisions for pensions and € 0.3 million for social security.

- Provision for perpetual obligations from operating activities increased by more than € 900 million

The other operating expenses amounting to € 945.4 million primarily concerned the addition to the provision for perpetual obligations of € 911.8 million (2017: € 430.6 million). Other operating expenses also include expenses for “education, science and culture” – one of the goals of the articles of association – in the amount of € 16.4 million.

- Income from investments further increased thanks to higher dividends received

The investment income of € 464.5 million includes the dividend distribution of Evonik Industries AG of € 363.3 million and the profit distribution of Vivawest GmbH of € 36.4 million as well as profit distributions of RAG-Stiftung Beteiligungsgesellschaft mbH (€ 23.8 million) and Maxburg Beteiligungen GmbH & Co. KG (€ 37.8 million).

The other financial income⁵ was reported at € + 49.4 million. This was the result both of earnings from securities and special real estate funds in the direct ownership of the RAG-Stiftung and from a dividend of the RAGS-FundMaster special fund of € 20.6 million. With a carrying amount of € 2.6 billion at the end of 2018 (market value: approx. € 3.0 billion), around 40% of the financial assets are outsourced in this special fund managed by a master capital investment company. 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.

Income taxes of € 23.8 million were due in no small amount to the Group subsidiary RAG AG. Mainly the discrepancy between discounting rates required under tax law and called for under commercial law when calculating provisions led to significantly higher taxable income, also in the event of a net profit for the year of zero pursuant to the German Commercial Code (HGB).

- System-related balanced net result in 2018

As in the previous year, the RAG-Stiftung ended the 2018 financial year with a balanced budget as a result of the system of creating provisions.

⁵ Revenue from other securities and loans as fixed assets, including interest income and amortisation of financial assets and securities held as current assets.

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.

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 approach, which takes into account the long-term payment obligations and the incoming payments expected on an ongoing basis.

● The main objective of the investment is the sustainable financing of perpetual obligations

The RAG-Stiftung's investment strategy also provides for a wide diversification of the investments across the various asset classes and investment markets and the systematic further development of 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 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/infrastructure).

● Core elements of the investment strategy are thus broad diversification and the stabilisation of yields

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). According to carrying amounts at the end of 2018, around 40% of the financial assets were invested in the RAGS-Fund-Master, a special fund managed by a capital investment company pursuant to the German capital investment act.

By using a single custodian bank as global custodian and a single master capital investment company for the liquid parts of the financial assets, the foundations have been laid for uniform risk controlling and transparent presentation.

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, which is strategic asset allocation (SAA), is reviewed and adjusted on an annual basis.

● Annual review and adjustment of strategic asset allocation

- Buy-and-hold strategy for own holdings

In own holdings, investments are made according to a buy-and-hold strategy. In addition to liquidity, it includes on the bond side both nominal securities predominantly of very good or good creditworthiness and bonds coupled with the development of inflation, and thus interest income-generating bonds predominantly of sovereign borrowers. In addition to its own portfolio, apart from a real estate special fund set up exclusively for the RAG-Stiftung, there are also companies that invest in private equity investments and real estate.

The RAG-Stiftung's SME investments are made via RAG-Stiftung Beteiligungsgesellschaft mbH.

- The provision for perpetual obligations in 2018 increased substantially to € 7.8 billion

Another € 200 million was added to the RAGS-FundMaster special fund managed by the master capital investment company in 2018, ensuring the carrying amount totalled € 2.6 billion as of 31 December 2018. The market value at the same time was around € 3.0 billion.

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 monthly 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 agreement and profit-and-loss 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 risk reporting system was also extended to the financial assets of RAG AG.

Capital structure

BALANCE SHEET STRUCTURE

in € million



As of the end of 2018, the RAG-Stiftung recognised financial liabilities from three exchangeable bonds on Evonik shares of € 1.5 billion. The liabilities side of the balance sheet continues to be dominated by the provision for perpetual obligations amounting to € 7.8 billion. The term of this obligation is infinite. The increase of € 2.5 billion in the provision for perpetual obligations resulted from the annual operating profit of the RAG-Stiftung in the amount of € 0.9 billion and from the transfer of RAG's cover funds in the amount of € 1.6 billion in accordance with Section 2, Paragraph 2 of the agreement on the financing of perpetual obligations dated 13/18 November 2007 between the RAG-Stiftung and RAG AG. From the € 1.6 billion, the RAG-Stiftung has already received € 0.8 billion; a further € 0.8 billion have been booked as receivables and will be paid in the course of 2019.

● The provision for perpetual obligations in 2018 increased substantially to € 7.8 billion

- Investments again at a high level in 2018

Investments

The RAG-Stiftung invested € 943 million in the fixed assets in 2018. € 200 million was allocated to the RAGS-FundMaster special fund; € 55 million was attributable to the drawing on our real estate special fund, and € 526 million to capital injections into our companies in which we hold real estate, private equity, infrastructure and SME investments. Holdings in stock corporations were increased for € 171 million. Bond securities due amounting around € 15 million were repaid.

Liquidity

RAG-STIFTUNG: CASH FLOW STATEMENT (SUMMARY)

in € million	2018	2017	Change
Cash and cash equivalents at the start of the year	-150.3	122.6	-272.9
Cash flow from operating activities	1,100.0	507.5	+592.5
Cash flow from investing activities	-448.0	-1,278.2	+830.2
Cash flow from financing activities	-100.4	497.8	-598.2
Exchange rate-related change in cash funds	0.0	0.0	0.0
Cash and cash equivalents as of 31 December	401.3	-150.3	+551.6

The above cash flow statement deviates from German Accounting Standard No. 21 (DRS 21) to the extent that interest and dividends received totalling € 526.3 million are not recognised under cash flow from investment activities but rather cash flow from operating activities. This classification is better suited to the business model of the RAG-Stiftung and enables comparability with the previous year.

Starting from a balanced budget for the year, which was corrected for non-cash transactions, cash flow in 2018 from current operating activities amounted to € 1,100 million.

The negative cash flow from investing activities of € 448.0 million was due to the investments described above, along with cash inflows and outflows as part of short-term financial planning. Fixed asset investments were at € 0.1 million.

The negative cash flow from financing activities of € 100.4 million was dominated by the issue of an exchangeable bond at the end of September 2018 with a nominal value of € 500 million and, conversely, by the repayment of the exchangeable bond issued in June 2014 with a nominal value of € 600 million.

Cash and cash equivalents as of 31 December 2018 amounted to € 401.3 million, of which € 100.0 million were bank balances. The balance was created on the financial account of RAG AG.

● Significantly improved cash and cash equivalents at the end of 2018

NET ASSETS

At the end of the year under review, the total assets of the RAG-Stiftung amounted to € 9,484.0 million. This represents an increase of € 2,283.3 million in total assets over the previous year's value.

● Balance sheet total significantly increased at the end of 2018

ASSETS – FIXED AND CURRENT ASSETS

in € million	31/12/2018	31/12/2017	Change
Fixed assets	7,430.9	6,488.0	+942.9
Real estate, plant and equipment	0.3	0.4	-0.1
Financial assets	7,430.6	6,487.6	+943.0
Current assets	2,053.1	712.7	+1,340.4
Receivables and other assets	1,476.2	192.6	+1,283.6
Securities	476.9	520.0	-43.1
Liquid assets	100.0	0.1	+99.9
Prepaid expenses	0.0	0.0	0.0
Total assets	9,484.0	7,200.7	+2,283.3

At € 2,600.4 million, financial assets include primarily the master capital investment company administered special asset fund and long-term held securities as well as real estate and lending funds of € 706.9 million. Moreover, € 2,908.8 million was attributable to companies through which the RAG-Stiftung invests in private equity, real estate, infrastructure and SME investments. The 30% stake in Vivawest GmbH, with acquisition costs of € 909.0 million, was also reported in fixed assets. We list the 25.1% stake in Evonik Industries AG at € 305.5 million under financial assets because the shares are to be retained over the long term. The remaining shares are recognised under securities held as current assets, because these shares are being held for sale.

● Financial assets significantly expanded

Receivables and other assets primarily include receivables due from revenue authorities for imputable tax of € 337.7 million and a total of € 1,130.0 million in receivables due from affiliated companies, of this amount, € 301.3 million relates to the Group clearing account and € 813.7 million to the claim against RAG arising from the agreed transfer of cover funds.

EQUITY AND LIABILITIES – EQUITY, PROVISIONS AND OBLIGATIONS

in € million	31/12/2018	31/12/2017	Change
Equity	2.0	2.0	0.0
Endowment capital	2.0	2.0	0.0
Provisions	7,909.2	5,364.6	+2,544.6
Pension provisions	11.0	7.1	+3.9
Tax provisions	79.9	55.0	+24.9
Provisions for perpetual obligations	7,786.4	5,272.4	+2,514.0
Other provisions	31.9	30.1	+1.8
Liabilities	1,554.6	1,814.1	-259.5
Bonds	1,500.0	1,600.0	-100.0
Trade accounts payable	0.3	0.3	0.0
Liabilities to affiliated companies.	46.1	187.1	-141.0
Other liabilities	8.2	26.7	-18.5
Deferred income	18.2	20.0	-1.8
Total equity and liabilities	9,484.0	7,200.7	+2,283.3

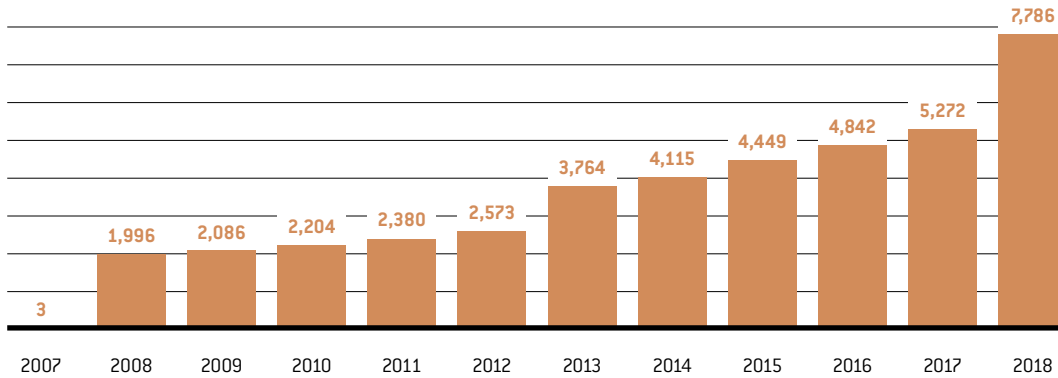
When the RAG-Stiftung was established it was endowed with an endowment capital (basic assets) of € 2.0 million, which has been retained in full.

- The provision for perpetual obligations increased by some € 2.5 billion in 2018

For its obligations to RAG AG for the financing of perpetual obligations, the RAG-Stiftung reports as of 31 December 2018 a provision of € 7,786.4 million. This corresponds to an increase of € 2,514.0 million over the previous year's figure of € 5,272.4 million.

PROVISIONS FOR PERPETUAL OBLIGATIONS 2007–2018

each as of 31/12 in € million



Source: RAG-Stiftung

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. Further details about the accounting methods can be derived from the notes to the financial statements.

The balanced provision for taxes was increased in the year 2018 by € 24.9 million. Other provisions mainly include provisions for services received but not yet billed.

The liabilities of € 1,554.6 million mainly include the three exchangeable bonds on Evonik shares of € 1,500 million, obligations due to affiliated companies of € 46.1 million, primarily affiliated for tax purposes, and tax liabilities of € 2.9 million.

● Liabilities predominantly characterised by Evonik exchangeable bonds

Significant non-financial issues

EMPLOYEES

The number of employees at the end of 2018 was 21; in the previous year, it was 18. The average number of employees during the year was 20.

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.

- Modern occupational healthcare management for our employees

Risks and opportunities report

- Systematic monitoring and controlling of opportunities and risks

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 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: 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.

● Risk management organised with clearly defined responsibilities

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 financial position and financial performance. 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”.

● Risk classification according to probability of occurrence and degree of impact


Probability of occurrence	Description
0% – 32%	Rather unlikely
33% – 65%	Possible
66% – 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 financial position or financial performance
Moderate	Moderate negative impact on the financial position or financial performance
Significant	Significant negative impact on the financial position or financial performance

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

RISK CLASSIFICATION MATRIX

PROBABILITY OF OCCURRENCE	66 % to 100 %	Low	Medium	High
	33 % to 65 %	Low	Medium	Medium
	0 % to 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:

- High investment risk RAG – but manageable

The RAG-Stiftung and RAG AG concluded a controlling and profit-and-loss transfer agreement (BGAV) 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 statutory monitoring requirements. This means that according to Section 107, Paragraph 3 of the German Stock Corporation Act (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 RAG AG’s Supervisory Board. The RAG-Stiftung is kept informed by 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 the RAG Group’s business activities and the cash outflows for perpetual obligations from 2019. They are dependent on development in costs and official approvals for the planned optimisation measures in the field of pit water management. Developments in interest rates and costs are decisive factors determining the amount of provision required at the RAG Group. 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 other perpetual obligations are not sufficient. These can therefore – just like losses in value of RAG AG’s

financial assets – affect the RAG-Stiftung’s annual result via the controlling and profit transfer agreement. From today’s perspective, we assume that, from 2019 to 2021, the controlling and profit-and-loss transfer agreement to balance RAG AG’s earnings will probably have to be used. This is mainly due to higher charges as a result of the persistently low interest rates and the resulting higher interest expenses for provisions.

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, following the end of German coal production, the accounting countermeasures available to RAG have been significantly reduced. As a result, we allocate the probability of occurrence of the risks described to the category “probable”. Overall, we therefore continue to classify this risk as a “high risk”. Nonetheless, despite this classification, we believe that the risk is manageable.

● End of German coal production limits scope for accounting countermeasures

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 Industries 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. RAG-Stiftung employees support the chairman of the Supervisory Board in his analysis.

● Medium Evonik investment risk

The RAG-Stiftung’s stake in Evonik Industries AG of around 64% remains a key asset. For every change of one euro in the Evonik share price, there is a change in the assets of the RAG-Stiftung of around € 300 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.

● Exchangeable bonds to reduce concentration risk

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.

Overall, the Board of Executives of Evonik comes to the following assessment: the risks identified across the Group, taking into account the measures taken and planned, pose no threat to the existence of Evonik as a whole, either individually or combined; this includes Evonik Industries AG as the Group holding company. This assessment is shared by the RAG-Stiftung.

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 in the mid-range, we see the probability of occurrence of this risk as "possible". Overall, we therefore continue to classify the Evonik investment risk as a "medium risk".

Vivawest investment risk:

● Low Vivawest investment risk

The RAG-Stiftung has a direct stake of 30% in Vivawest GmbH. RAG AG also holds an additional 18.2% of the shares in the company. Vivawest's business risks therefore also impact directly and 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 by regular reports, and checks the effectiveness of the risk management system using analyses of the risks and measures.

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

The distribution of profits the RAG-Stiftung receives from Vivawest are a not insignificant 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 continue to classify the Vivawest investment risk as "low risk".

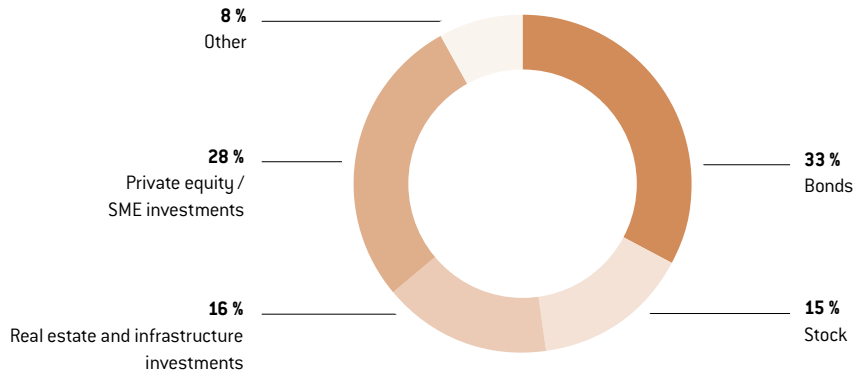
Investment risks:

● Medium investment risks

By resolution of 5 December 2016, the RAG-Stiftung's Board of Trustees approved and agreed to occasional adjustments to the general investment guidelines for the RAG-Stiftung (KARL) in 2008. The KARL guidelines set the standards for investment – with the exception of investments in Vivawest and Evonik – and define the principles of the investment policy as well as investment risk controlling.

As of the end of 2018, 33% of the RAG-Stiftung's financial assets were invested in bonds, around another 15% in shares and 16% in real estate and infrastructure investments. Altogether, some 28% were attributable to international private equity investments and SME investments. Around 8% were liquidity and "other investments". The latter relates partly to our volatility investments. This asset allocation results in a high interest sensitivity: rising market interest rates lead to negative market value changes, falling rates in contrast to price gains.

STRUCTURE OF FINANCIAL ASSETS (31/12/2018)



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, documented and reported to the Board of Executives, while the current risk of the 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, derivative financial instruments can also be used at the RAG-Stiftung in the RAGS FundMaster special fund.

● Monitoring of financial assets is an integral part of daily business

As of the end of 2018, around 40% of our 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 have to be in accordance with the RAG-Stiftung's general investment guidelines (KARL). The capital investment company is also obliged to ensure that these investment guidelines are adhered to at all times. All liquid 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.

● 40% of financial assets invested in special assets

Of the remaining approximately 60% of financial assets, some are held directly in liquid securities. The rest are attributable to non-liquid investments in real estate and infrastructure funds on the one hand, and private equity funds and direct company investments on the other.

● Generally very broad diversification for illiquid investments

Private equity funds as well as real estate and infrastructure investments 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 illiquid investments as it does to all our financial assets. The RAG-Stiftung invests in different managers, different segments of the private equity market, different size categories, and different regions. In particular, it invests consistently in order to achieve a wide diversification across the individual fund ages or “vintage years” to reduce risk. Similarly in the case of real estate and infrastructure investments, different managers are tasked with investing in different countries, regions and cities, and different classes of real estate (residential, office, hotel, high street, logistics, specialist stores, etc.).

The statements on limited liquidity also apply to the investments in SMEs by RAG-Stiftung Beteiligungsgesellschaft mbH. The management attempts 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.

The RAG-Stiftung uses a professional service provider, RMC Risk-Management-Consulting GmbH, Frankfurt, to assess and calculate investment risks.

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 continue to classify the investment risk as a “medium risk”.

Perpetual obligations risk:

● Medium 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. On the one hand, this agreement regulates the guarantees made by the states (and a third of which by the federal government) in the case that the assets of the RAG-Stiftung are not sufficient to finance the perpetual obligations and, on the other, defines the perpetual obligations of the mining operations of RAG AG. 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.

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 that 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. Under Section 4, Paragraph 2 of the agreement on perpetual obligations, RAG AG shall develop a concept for the long-term optimisation of pit water management. On the basis of this concept, steps were taken to apply for the necessary measures so as

to subsequently implement them. Applications for approvals are delayed or have not yet been granted. However, approvals are a mandatory prerequisite for the implementation of the necessary withdrawal activities.

The economic value of the perpetual obligations as of the end of 2018 is, simplified, the present 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 future developments in price and interest rates, in addition to the development of the assessment bases. As of 31 December 2018, a risk-free seven-year average interest rate of 1.79% (previous year: 2.05%) and a price development of 2.07% p.a. (previous year: 1.73%), i.e. a real interest rate of -0.28% (previous year: 0.32%) were calculated on the basis of the zero-coupon interest rate swap provided by the German central bank for a term of 30 years. Discounting with a negative interest rate, however, leads to a negative cash value which cannot be interpreted economically or leads to the cash value of the perpetual obligations no longer being a burden but an asset value. As the results therefore become absurd, at least by the time a negative real interest rate is reached, a viable solution had to be found for such a scenario which reflects a true and fair view of the financial position and financial performance of the Company.

● Negative interest rates required a change in the calculation of perpetual obligations

For this reason, the calculation of perpetual obligations has been changed since the year under review: instead of the zero-coupon interest rate, the HGB interest rate is applied in accordance with Section 253, Paragraph 2 of the German Commercial Code (HGB). This seven-year average interest rate for a term of 30 years amounts to 2.51% at the end of the year under review (31 December 2018). The expected price increase for the same term of 2.07% p.a. results in a real interest rate of 0.44%. When calculating the perpetual annuity, this corresponds to a factor of approximately 227 (previous year: 312) of the assessment basis.

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 continue to classify the risk arising from the perpetual obligations as a “medium risk”.

Overall assessment of the risk and opportunities situation

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 good performance of the Evonik share price and from a successful investment.

● Future fund outflows as a result of perpetual obligations are covered by future fund inflows from today's perspective

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

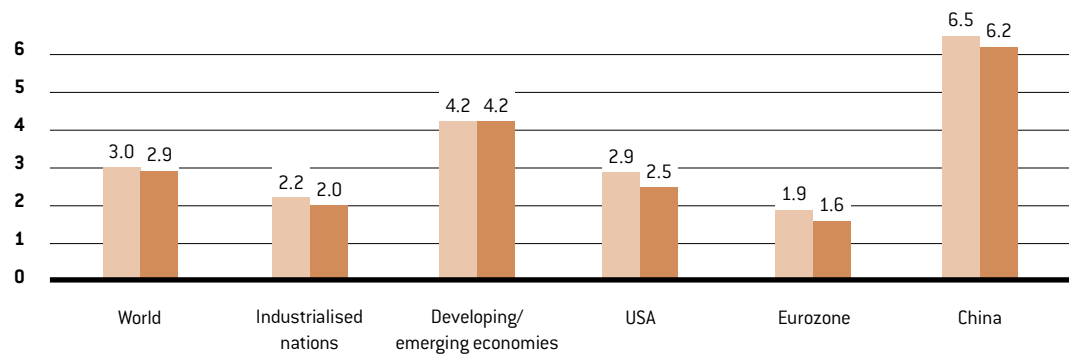
- **Gloomy environment for the global economy in 2019**

Based on the World Bank's forecasts, we expect the global economic environment to develop more slowly in 2019 than in the 2018 financial year. The US government's protectionist measures will probably continue to weigh on world trade and global value chains in 2019, meaning that industrial production and thus also the global economy will be impaired. Furthermore, the deterioration in financing conditions due to the anticipated continuation of the monetary tightening by the US Federal Reserve will continue to dampen growth in the highly indebted emerging markets in particular. Overall, we anticipate weaker global economic growth of 2.9% in 2019, compared to real GDP growth of 3.0% in 2018.

GDP GROWTH RATES, WORLD AND COUNTRIES FOR 2018 AND 2019

in %

2018 2019



Source: World Bank, Global Economic Prospects, January 2019

- **Slower pace of growth and political burdens in Western Europe**

We assume that the pace of expansion in Western Europe will gradually slow down, mainly due to the weakness of the manufacturing sector in Germany, France and Italy. In addition, the foreign trade headwind is likely to increase. On the other hand, continued monetary policy stimulus measures and robust private consumption are supporting factors. Uncertainty regarding future economic relations between the European Union and the United Kingdom (UK) is likely to persist in 2019 and dampen economic performance, particularly in the UK.

The projection for the global economy is subject to increasing uncertainty, which is why we see the risk that an escalation of trade conflicts will noticeably slow down global economic activity. A further weakening of the Chinese economy could significantly slow global growth. In addition to this, any escalation of the already heightened political risks in the European Union would stifle economic momentum.

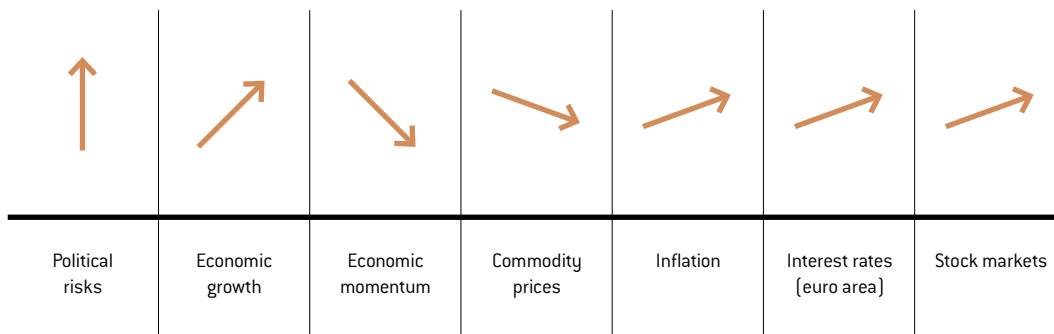
Making a forecast for the development of capital markets is difficult and fraught with uncertainty: investments are a particular challenge in times of interest rates kept low for political reasons and high asset prices. It is not possible to make any serious estimates regarding the future developments of various geopolitical crises. Moreover, individual events can significantly increase volatility levels and trigger chain reactions across different regions and asset classes, as there is currently a high degree of nervousness on the markets. Finally, there are early indications that uncertainty on the capital markets may arise both within the framework of the normalisation of US monetary policy and within the framework of the risks arising from the ongoing trade disputes. The consequences could be sudden corrections on the financial markets or an increased reversal of capital flows, which would burden many emerging markets in particular and further slow down the global economy.

● **Uncertainties shape prospects for the capital markets in 2019**

According to our estimates, global inflation will increase only moderately due to the expected weaker growth momentum of the global economy and the relatively stable development of commodity prices. Therefore, despite all the political and thus also economic uncertainty, we expect interest rates in the eurozone to rise moderately at best in 2019 and, given the significantly reduced base at the end of 2018, share prices to rise moderately. An interest rate increase could negatively impact the performance of our bond investments.

● **Key parameters signal headwind**

EXPECTED DEVELOPMENT OF KEY GLOBAL PARAMETERS FOR 2019



- Impact on earnings from RAG AG not excluded for 2019

As in the previous year, we expect a dividend of € 1.15 per share (distribution in June 2019) at Evonik Industries AG. The distribution by Vivawest GmbH for 2018 is expected to be the same as that of the previous year. It cannot be ruled out that there is an impact on the earnings for the RAG-Stiftung arising from the profit-and-loss transfer agreement with RAG AG. The distribution of RAG-Stiftung Beteiligungsgesellschaft mbH in 2019 will exceed the distribution from the previous year. We expect investment income of the RAG-Stiftung in 2019 to be on a par with 2018.

- Projected increase in the provision for perpetual obligations of approximately € 340 million in 2019

Overall we expect a balanced budget for the RAG-Stiftung in 2019. We will likely be able to increase the provision for perpetual obligations from our operating business by around € 340 million. The utilisation of the provision by payments for perpetual obligations to RAG AG in the amount of around € 300 million had the opposite effect.

Report on events after the end of the reporting period

Events of particular importance that occurred after the end of the reporting period are listed in the Notes under “Report on events after the reporting period”.

Essen, 13 March 2019

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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BALANCE SHEET OF THE RAG-STIFTUNG

as of 31 December 2018

ASSETS

in € million	Notes to the annual financial statements	31/12/2018	31/12/2017
A. Fixed assets	(1)		
I. Intangible assets		0.0	0.0
II. Real estate, plant and equipment		0.3	0.4
III. Financial assets		7,430.6	6,487.6
		7,430.9	6,488.0
B. Current assets			
I. Receivables and other assets	(2)	1,476.2	192.6
II. Securities	(3)	476.9	520.0
III. Cash in hand, central bank balances, bank balances and cheques	(4)	100.0	0.1
		2,053.1	712.7
C. Prepaid expenses		0.0	0.0
Total assets		9,484.0	7,200.7

LIABILITIES

in € million	Notes to the annual financial statements	31/12/2018	31/12/2017
A. Equity	[5]		
I. Endowment capital		2.0	2.0
		2.0	2.0
B. Provisions	[6]		
1. Provisions for pensions and similar obligations		11.0	7.1
2. Tax provisions		79.9	55.0
3. Provision for perpetual obligations		7,786.4	5,272.4
4. Other provisions		31.9	30.1
		7,909.2	5,364.6
C. Liabilities	[7]	1,554.6	1,814.1
D. Deferred income		18.2	20.0
Total equity and liabilities		9,484.0	7,200.7

DEVELOPMENT OF FIXED ASSETS OF THE RAG-STIFTUNG, ESSEN

Appendix to the notes to the annual financial statements as of 31 December 2018

ACQUISITION AND PRODUCTION COSTS					
in € million	As of: 1/1/2018	Additions	Disposals	Transfers	As of: 31/12/2018
A. Fixed assets					
I. Intangible assets					
Acquired concessions, industrial property rights and similar rights and values as well as licences to such rights and values	0.0				0.0
	0.0	0.0	0.0		0.0
II. Real estate, plant and equipment					
Other equipment, office and plant equipment	0.6	0.1	0.1		0.6
	0.6	0.1	0.1		0.6
III. Financial assets					
1. Shares in affiliated companies	3,166.3	591.8	117.9		3,640.2
2. Holdings	30.0	20.4			50.4
3. Securities held as fixed assets	3,283.6	518.4	52.1		3,749.9
4. Advance payments	10.0	2.5	10.0		2.5
	6,489.9	1,133.1	180.0		7,443.0
	6,490.5	1,133.2	180.1		7,443.6

DEPRECIATION AND AMORTISATION						CARRYING AMOUNTS		
						Changes to total depreciation and amortisation in relation to		
As of: 1/1/2018	Depreciation and amortisation	Write-ups	Additions	Disposals	Transfers/ other changes	As of: 31/12/2018	As of: 31/12/2018	As of: 31/12/2017
0.0	0.0					0.0	0.0	0.0
0.0	0.0					0.0	0.0	0.0
0.2	0.1			0.0		0.3	0.3	0.4
0.2	0.1			0.0		0.3	0.3	0.4
0.1						0.1	3,640.1	3,166.2
0.0						0.0	50.4	30.0
2.2	12.3			2.2		12.3	3,737.6	3,281.4
							2.5	10.0
2.3	12.3			2.2		12.4	7,430.6	6,487.6
2.5	12.4			2.2		12.7	7,430.9	6,488.0

INCOME STATEMENT OF THE RAG-STIFTUNG

from 1 January to 31 December 2018

in € million	Notes to the annual financial statements	2018	2017
1. Sales revenue	(8)	0.4	0.2
2. Other operating income	(9)	465.6	11.6
3. Personnel expenses	(10)	10.1	6.2
4. Amortisation of intangible assets and depreciation of real estate, plant and equipment		0.1	0.1
5. Other operating expenses	(11)	945.4	463.2
6. Investment income	(12)	+464.5	+425.2
7. Income from other securities and from loans held as financial assets	(13)	59.1	43.2
8. Interest income	(14)	+ 2.6	+ 2.3
9. Write-downs of financial assets and securities classified as current assets	(15)	12.3	1.4
10. Income taxes	(16)	– 23.8	– 9.9
Earnings after taxes		0.5	1.7
11. Other taxes	(16)	– 0.5	– 1.7
Net profit (+) or loss (–) for the year		0.0	0.0

RAG-Stiftung management bodies

BOARD OF TRUSTEES

Armin Laschet, MdL

Premier of the State of North Rhine-Westphalia

Annegret Kramp-Karrenbauer, MdL

(until 28 February 2018)

Premier of the State of Saarland

(until 28 February 2018)

Tobias Hans, MdL (from 1 March 2018)

Premier of the State of Saarland

(from 1 March 2018)

Brigitte Zypries, MdB (until 14 March 2018)

Acting Federal Minister of Economic Affairs and Energy

(until 14 March 2018)

Peter Altmaier, MdB

Federal Minister of Economic Affairs and Energy

(from 14 March 2018)

Acting Federal Minister of Finance

(until 14 March 2018)

Olaf Scholz (from 14 March 2018)

Federal Minister of Finance

(from 14 March 2018)

Michael Vassiliadis

Deputy Chairman of the Board of Trustees
of the RAG-Stiftung

CEO of IG BCE

Dr Jürgen Großmann

Chairman of the Board of Trustees of the RAG-Stiftung
Shareholder of Georgsmarienhütte Holding GmbH

Dr Burckhard Bergmann

Member of various supervisory boards

Ralf Hermann

Former member of the works council of the Marl joint
operation of Evonik Industries AG

Ludwig Ladzinski

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

Prof Norbert Lammert

Former President of the German Parliament
Chairman of the Konrad Adenauer Foundation

Heiko Maas

Federal Minister of Foreign Affairs

(from 14 March 2018)

Federal Minister of Justice and Consumer Protection

(until 14 March 2018)

Thomas Kufen

Mayor of the City of Essen

Dr Andreas Reichel

Member of the Board of Executives of E.DIS AG

Monika Schulz-Strelow

Management consultant

THE BOARD OF EXECUTIVES

Dr Werner Müller (until 23 May 2018)

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

Bernd Tönjes (from 24 May 2018)

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

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 2018

Name	Company headquarters		Including shares pursuant to Section 16 AktG			Financial year	Equity in € million ^a	Net profit or loss for the year in € million ^a	
			Direct in %	Indirect in %	Total in %				
Consolidated affiliated companies									
1	AHT GROUP AG	Essen	DE		97.62	97.62	2018	2.6	0.5
2	BDC Dorsch Consult Ingenieurgesellschaft mbH	Berlin	DE		100.00	100.00	2018	1.3	- 0.1
3	DOC S.r.l.	Milan	IT		100.00	100.00	2018	0.7	0.5
4	Dorsch Business Development JLT	Dubai	AE		100.00	100.00	2018	- 1.6	0.0
5	Dorsch Consult (India) Private Limited	Mumbai	IN		85.00	85.00	2018	1.6	0.2
6	Dorsch Consult Asia Co. Ltd.	Bangkok	TH		95.00	95.00	2018	0.7	0.0
7	Dorsch Consult Asia Holding Co. Ltd.	Bangkok	TH		99.98	99.98	2018	0.0	0.0
8	Dorsch Consult Egypt LLC	Cairo	EG		100.00	100.00	2018	- 0.3	0.0
9	Dorsch Consult Verkehr und Infrastruktur GmbH	Wiesbaden	DE		100.00	100.00	2018	- 1.1	0.0
10	Dorsch GmbH	Vienna	AT		100.00	100.00	2018	- 0.3	- 0.3
11	Dorsch Holding GmbH	Offenbach am Main	DE		100.00	100.00	2018	51.0	8.2
12	Dorsch International Consultants GmbH	Munich	DE		95.00	95.00	2018	6.8	- 0.2
13	Dorsch Qatar LLC	Doha	QA		49.00	49.00	2018	33.8	10.5
14	Event Space Engineering Hong Kong Ltd.	Hong Kong	HK		100.00	100.00	2018	0.4	0.2
15	HAHN Automation GmbH	Rheinböllen	DE		64.00	64.00	2018	9.4	3.6
16	HAHN AUTOMATION Inc.	Hebron	US		100.00	100.00	2018	- 1.1	- 2.4
17	HAHN Beteiligungs-GmbH	Rheinböllen	DE		100.00	100.00	2018	1.5	0.1
18	HAHN CO-INVEST GmbH	Bergisch Gladbach	DE		90.00	90.00	2018	3.5	0.3
19	HAHN CO-INVEST GmbH & Co. KG	Bergisch Gladbach	DE	90.00		90.00	2018	34.7	1.4
20	HAHN Group GmbH	Rheinböllen	DE		100.00	100.00	2018	114.1	4.1
21	HAHN Robotics GmbH	Reinheim	DE		60.00	60.00	2018	0.4	0.3
22	HAHN Robshare GmbH	Reinheim	DE		60.00	60.00	2018	- 0.4	- 0.4
23	Hefi SAS	Strasbourg	FR		80.00	80.00	2018	- 0.7	0.1
24	HEIDELBERG INSTRUMENTS Mikrotechnik GmbH	Heidelberg	DE		100.00	100.00	2018	19.2	3.4
25	HMS GmbH	Halle (Saale)	DE		75.00	75.00	2018	0.3	0.1
26	IES International Events Service GmbH	Büdingen-Wolferborn	DE		65.00	65.00	2018	0.0	0.3
27	Masco Group S.r.l.	Milan	IT		80.00	80.00	2018	105.0	3.0
28	Maxburg Beteiligungen GmbH & Co. KG	Grünwald ^a	DE	97.40		97.40	2018	70.2	37.8
29	Maxburg Beteiligungen II GmbH & Co. KG	Grünwald ^a	DE	96.64		96.64	2018	117.9	- 0.5
30	Maxburg Beteiligungen III GmbH & Co. KG	Munich ^a	DE	97.40		97.40	2018	80.0	- 1.5
31	MGG-Beteiligung Verwaltungs GmbH & Co. KG	Bochum ^a	DE		100.00	100.00	2018	0.1	0.0
32	Olsa S.p.A.	Milan	IT		100.00	100.00	2018	2.8	2.0
33	Olsa S.A.S	Sannois	FR		100.00	100.00	2018	0.9	0.3
34	Olsa USA LLC	West Chester	US		100.00	100.00	2018	0.3	0.0
35	Orgatent AG	Großwangen	CH		80.00	80.00	2018	2.1	0.3

Name	Company headquarters		Including shares pursuant to Section 16 AktG			Financial year	Equity in € million ^a	Net profit or loss for the year in € million ^a	
			Direct in %	Indirect in %	Total in %				
36	Pell Frischmann Consultants Ltd.	London	GB		100.00	100.00	2018	2.0	0.8
37	Pell Frischmann Consulting Engineers Ltd.	London	GB		100.00	100.00	2018	18.7	2.7
38	Projektgesellschaft Zollverein – Im Welterbe 10 mbH & Co. KG	Essen ^a	DE	100.00		100.00	2018	35.9	0.8
39	Qvest Media FZ LLC	Dubai	AE		100.00	100.00	2018	5.0	– 1.7
40	Qvest Media GmbH	Cologne	DE		100.00	100.00	2018	9.7	0.3
41	Qvest Media GmbH	Schaffhausen	CH		100.00	100.00	2018	0.9	0.1
42	Qvest Media Group GmbH	Cologne	DE		75.00	75.00	2018	119.5	8.6
43	Qvest Media Pte. Ltd.	Singapore	SG		100.00	100.00	2018	– 1.7	– 0.6
44	RAG AKTIENGESELLSCHAFT	Essen	DE	94.90	5.10	100.00	2018	285.4	PTA
45	RAG Anthrazit Ibbenbüren GmbH	Ibbenbüren	DE		100.00	100.00	2018	27.0	PTA
46	RAG Beteiligungs-GmbH	Essen ^{ab}	DE		100.00	100.00	2018	22.0	PTA
47	RAG-Beteiligung Verwaltungs GmbH & Co. KG	Düsseldorf	DE	100.00		100.00	2018	0.0	0.0
48	RAG Deutsche Steinkohle AG	Essen ^a	DE		100.00	100.00	2018	15.4	PTA
49	RAG Finanz-GmbH & Co. KG	Essen ^a	DE		100.00	100.00	2018	83.2	8.5
50	RAG Konzernrevision GmbH	Herne ^a	DE		100.00	100.00	2018	0.6	PTA
51	RAG Mining Solutions GmbH	Herne ^a	DE		100.00	100.00	2018	1.0	PTA
52	RAG Montan Immobilien GmbH	Essen	DE		100.00	100.00	2018	21.7	0.7
53	RAG-S Private Equity GmbH & Co. KG	Essen	DE	100.00		100.00	2018	990.9	57.6
54	RAG-S Real Estate GmbH	Essen	DE	100.00		100.00	2018	98.9	2.2
55	RAG-Stiftung Beteiligungsgesellschaft mbH	Essen	DE	100.00		100.00	2018	1,060.2	50.0
56	RAG Verkauf GmbH	Herne ^a	DE		100.00	100.00	2018	1.3	PTA
57	Rethink Robotics GmbH	Rheinböllen	DE		100.00	100.00	2018	34.6	– 0.2
58	RÖDER ARCHITECTURE TECHNOLOGY (SHANGHAI) CO., LTD.	Shanghai	CN		100.00	100.00	2018	6.2	1.4
59	ROEDER DE MÉXICO, S.A. DE C.V.	Toluca	MX		100.00	100.00	2018	– 0.5	0.0
60	RÖDER FRANCE STRUCTURES S.à.r.l.	Beauvais	FR		100.00	100.00	2018	– 0.7	0.1
61	ROEDER ITALIA S.r.L.	Brixen	IT		100.00	100.00	2018	0.0	0.0
62	Röder 000	Moscow	RU		90.00	90.00	2018	9.1	1.3
63	Röder Space Design & Engineering (Shanghai) Co. Ltd.	Shanghai	CN		65.00	65.00	2018	0.7	0.0
64	RÖDER (UK) Ltd.	Cambridgeshire	GB		100.00	100.00	2018	2.3	0.0
65	Röder Yapi Sistemleri Sanayi Ticaret Limited Sirketi	Istanbul	TR		100.00	100.00	2018	0.1	– 0.6
66	Röder Zelt- und Veranstaltungsservice GmbH	Büdingen-Wolferborn	DE		100.00	100.00	2018	3.5	PTA
67	Röder Zeltsysteme und Service GmbH	Büdingen-Wolferborn	DE		100.00	100.00	2018	17.0	– 1.1
68	Roschmann Glas GmbH	Gersthofen	DE		100.00	100.00	2018	1.2	0.7
69	Roschmann Holding GmbH	Gersthofen	DE		76.00	76.00	2018	1.1	2.8
70	Roschmann IDL GmbH	Gersthofen	DE		100.00	100.00	2018	0.1	0.0

Name	Company headquarters		Including shares pursuant to Section 16 AktG			Financial year	Equity in € million ^a	Net profit or loss for the year in € million ^a
			Direct in %	Indirect in %	Total in %			
71 Roschmann Konstruktionen aus Stahl und Glas GmbH	Gersthofen	DE		100.00	100.00	2018	18.1	1.9
Roschmann Konstruktionen aus Stahl und Glas Schweiz								
72 AG	Zofingen	CH		80.00	80.00	2018	0.1	0.1
73 Roschmann Steel and Glass Constructions Inc.	New Haven	US		80.00	80.00	2018	5.5	2.5
74 RSBG Infrastructure Ltd.	London	GB		85.00	85.00	2018	8.1	3.3
75 RSBG INVESTMENT HOLDING LIMITED	London	GB		100.00	100.00	2018	59.9	3.0
76 Stilmas S.p.A.	Milan	IT		100.00	100.00	2018	9.4	4.3
77 Stilmas Shanghai Water Treatment System Co. Ltd.	Shanghai	CN		100.00	100.00	2018	6.5	0.0
78 Stilmas USA LLC	West Chester	US		100.00	100.00	2018	0.8	0.0
79 TBP S.C.S.	Luxembourg	LU	90.00		90.00	2018	32.5	- 1.4
80 WALDORF TECHNIK GmbH	Engen	DE		70.00	70.00	2018	3.6	1.7
81 Wemo Automation AB	Värnamo	SE		100.00	100.00	2018	4.8	0.7
82 WEMO Automation GmbH	Reinheim	DE		100.00	100.00	2018	1.7	0.1
83 Windkraft Brinkfortsheide GmbH	Marl	DE	80.00	20.00	100.00	2018	4.6	0.4
84 Windkraft Lünen GmbH	Essen	DE		100.00	100.00	2018	0.6	0.1
Non-consolidated affiliated companies (equity-accounted)								
85 Evonik Industries AG	Essen	DE	64.28		64.28	2018	5,969.9	- 63.3
86 Vivawest GmbH	Essen	DE	30.00	43.20	73.20	2018	1,393.4	308.0
Associated companies (equity-accounted)								
87 GAW Beteiligungs GmbH	Graz	AT		25.00	25.00	2017/2018	17.1	2.7
88 logport ruhr GmbH	Duisburg	DE		50.00	50.00	2018	1.4	0.0
89 Zeltbau Och GmbH	Ronneburg	DE		20.00	20.00	2017	0.0	0.0
Non-consolidated affiliated companies								
90 40-30 Centre SAS	Seyssinet-Pariset	FR		52.00	52.00	2018	0.1	0.0
91 40-30 Développement SA	Seyssinet-Pariset	FR		85.00	85.00	2018	9.0	0.0
92 40-30 SAS	Seyssinet-Pariset	FR		100.00	100.00	2018	1.4	0.6
93 4way Consulting Ltd.	Warwick	GB		100.00	100.00	2018	1.3	0.9
94 4way Holding Ltd.	London	GB		100.00	100.00	2018	0.2	0.0
95 Alfa Tech Consulting Engineers Inc.	San Jose	US		70.00	70.00	2017	8.3	3.0
96 Alfa Tech Project Delivery Inc.	San Jose	US		100.00	100.00	2018	n/a	n/a
97 ASUP Beteiligungs Verwaltungs GmbH	Munich	DE		100.00	100.00	2017	0.0	0.0
98 Bergbau-Verwaltungsgesellschaft mit beschränkter Haftung	Essen	DE		100.00	100.00	2017	0.1	0.0
99 Conflexia S.à.r.l.	Luxembourg	LU		100.00	100.00	2017	105.8	0.0
100 Conseco International Ltd.	London	GB		100.00	100.00	2018	- 0.3	- 0.1
101 Decad (Asia) Inc.	Makati City	PH		100.00	100.00	2017	0.0	0.0
102 Desco (2011) Ltd.	London	GB		100.00	100.00	2017	2.6	0.9
103 Desco (Design & Consultancy) Ltd.	London	GB		100.00	100.00	2018	3.0	1.1

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			Direct in %	Indirect in %	Total in %			
104 Desco Qatar Mechanical and Electrical Consulting Engineers WLL	Doha	QA		49.00	49.00	2017	0.3	- 0.3
105 Deutsche Montan Technologie für Rohstoff, Energie, Umwelt e. V. (DMT e. V.)	Essen	DE				2017	13.9	0.0
106 Deutsche Montan Technologie Verwaltungs GmbH	Essen	DE		100.00	100.00	2017	26.5	- 0.6
107 DMT-Gesellschaft für Lehre und Bildung mbH	Bochum	DE		100.00	100.00	2017	7.7	0.0
108 Dorsch International Austria GmbH	Vienna	AT		100.00	100.00	2018	- 0.3	0.0
109 Dorsch Saudi Arabia Holding GmbH	Frankfurt am Main	DE		100.00	100.00	2018	0.0	0.0
110 Entwicklungsgesellschaft Gladbeck-Brauck mbH	Gladbeck	DE		66.67	66.67	2018	0.0	0.0
111 Enviroearth SAS	Le Puy-Sainte-Réparate	FR		75.10	75.10	2017	1.6	0.6
112 Erbkönig Preziosen GmbH	Munich	DE		83.00	83.00	2017	1.2	0.0
113 European Consulting Group FZ-LLC	Ras Al Khaimah	AE		80.00	80.00	2018	n/a	n/a
114 FORO TÉCNICO, S.L.	Sant Cugat del Vallès	ES		100.00	100.00	2018	0.5	0.0
115 FP INDIA PROJECT MANAGEMENT CONSULTANCY SERVICES PRIVATE LIMITED	Mumbai	IN		100.00	100.00	2017	1.3	0.4
116 FRISCHMANN PRABHU INDIA DESIGN SERVICES PRIVATE LIMITED	Mumbai	IN		100.00	100.00	2017	0.3	- 0.2
117 Froschkönig Preziosen GmbH	Erbes-Büdesheim	DE		100.00	100.00	2017	1.1	0.0
118 GeKu Automatisierungssysteme GmbH	Diepenau	DE		80.00	80.00	2018	4.5	1.7
119 GenSys GmbH	Taufkirchen	DE		70.00	70.00	2018	1.0	0.3
120 GenSys Inc.	San Francisco	US		100.00	100.00	2017	0.1	0.0
121 GenSys K.K.	Tokyo	JP		100.00	100.00	2017	0.1	0.1
122 Gesamtverband Steinkohle e.V.	Essen	DE				2017	0.3	0.0
123 Gründerzentrumgesellschaft Prosper III mbH	Bottrop	DE		94.00	94.00	2018	- 0.2	- 0.2
124 HAHN AUTOMATION AG	Schwarzenburg	CH		100.00	100.00	2018	0.3	0.1
125 HAHN AUTOMATION Co. Ltd.	Kunshan	CN		100.00	100.00	2018	0.6	0.4
126 HAHN AUTOMATION d.o.o.	Zagreb	HR		100.00	100.00	2018	0.2	0.1
127 HAHN AUTOMATION S. de R.L.	Santiago de Querétaro	MX		100.00	100.00	2018	0.0	0.0
128 HAHN Automation s.r.o.	Uvaly	CZ		60.00	60.00	2018	0.9	0.4
129 HAHN Cobots Inc.	Wilmington	US		100.00	100.00	2018	n/a	n/a
130 HAHN ENERSAVE GmbH	Wiehl	DE		80.00	80.00	2018	0.4	0.2
131 HAHN OTOMASYON Ltd.	Istanbul	TR		100.00	100.00	2017	- 0.1	0.0
132 HAHN Plastics Inc.	Hebron	US		100.00	100.00	2018	n/a	n/a
133 Heidelberg Instruments (Shenzhen) Co. Ltd.	Shenzhen	CN		100.00	100.00	2017	- 0.2	0.0
134 Heidelberg Instruments Service Japan, K.K.	Tokyo	JP		100.00	100.00	2017	1.2	- 0.1
135 Heidelberg Instruments Service Korea Ltd.	Daejeon	KR		100.00	100.00	2017	0.9	0.5

Name	Company headquarters		Including shares pursuant to Section 16 AktG			Financial year	Equity in € million ^a	Net profit or loss for the year in € million ^a
			Direct in %	Indirect in %	Total in %			
136 Heidelberg Instruments Service Taiwan Corp.	Hsinchu	TW		100.00	100.00	2017	1.0	0.2
137 Heidelberg Instruments, Inc.	Los Angeles	US		100.00	100.00	2017	1.7	0.7
138 Invotec Engineering Inc.	Miamisburg	US		70.00	70.00	2018	4.4	1.9
139 Invotec GmbH	Villingen-Schwenningen	DE		100.00	100.00	2018	n/a	n/a
140 KGS Beteiligungsverwaltungs GmbH	Munich	DE		100.00	100.00	2018	n/a	n/a
141 KGS Holding GmbH	Munich	DE		91.00	91.00	2018	n/a	n/a
142 KGS Software Gesellschaft für Systemanalyse und Engineering GmbH & Co. KG	Neu-Isenburg	DE		100.00	100.00	2017	0.0	1.5
143 KGS Verwaltungs GmbH	Munich	DE		100.00	100.00	2018	n/a	n/a
144 Landschaftsagentur Plus GmbH	Essen	DE		100.00	100.00	2017	1.2	0.6
145 Leslie Jones Architects Limited	London	GB		100.00	100.00	2018	2.5	1.1
146 Leslie Jones Holdings Limited	London	GB		100.00	100.00	2018	2.6	1.2
147 Maltego Technologies GmbH	Munich	DE		100.00	100.00	2017	0.0	0.0
148 Maxburg Beteiligungen III Beteiligungsverwaltungs GmbH	Munich	DE		100.00	100.00	2017	0.0	0.0
149 MBC Group Limited	London	GB		100.00	100.00	2018	1.4	0.5
150 McBains Consulting Ltd.	London	GB		100.00	100.00	2018	4.1	0.5
151 McBains Cooper Consulting Limited	London	GB		100.00	100.00	2018	0.0	0.0
152 McBains Cooper Hellas Technical Consulting SA	Kifisia	GR		100.00	100.00	2017	0.1	0.0
153 McBains Cooper International Limited	London	GB		100.00	100.00	2018	0.0	0.1
154 McBains Cooper Mexico SA de CV	Mexico City	MX		100.00	100.00	2018	n/a	n/a
155 McBains Cooper Mexico Services SA de CV	Mexico City	MX		100.00	100.00	2018	n/a	n/a
156 McBains Limited	London	GB		100.00	100.00	2018	3.7	1.2
157 montanSOLAR Erste Projektgesellschaft mbH	Ensdorf	DE		100.00	100.00	2017	0.0	0.0
158 montanSOLAR GmbH	Ensdorf	DE		54.00	54.00	2017	0.5	0.1
159 montanWIND Planungs GmbH & Co. KG	Ensdorf	DE		100.00	100.00	2017	0.0	0.5
160 montanWIND Planungs Verwaltungs GmbH	Ensdorf	DE		100.00	100.00	2017	0.0	0.0
161 montanWIND Projekt 1 GmbH & Co. KG	Sulzbach	DE		100.00	100.00	2017	0.0	0.0
162 montanWIND Windpark Erkershöhe GmbH & Co. KG	Merchweiler	DE		100.00	100.00	2017	0.0	0.0
163 montanWIND Windpark Fröhn GmbH & Co. KG	Riegelsberg	DE		100.00	100.00	2017	0.0	0.0
164 montanWIND Windpark Verwaltungs GmbH	Ensdorf	DE		100.00	100.00	2017	0.0	0.0
165 Multi Automation Ltd.	Washington	GB		100.00	100.00	2017	-0.1	-0.3
166 Orwin Engineering Services Ltd.	Washington	GB		100.00	100.00	2017	-0.3	0.0
167 Orwin Ltd.	Washington	GB		100.00	100.00	2018	0.7	0.5
168 Paterva Proprietary Limited	Pretoria	ZA		51.00	51.00	2018	1.8	2.7
169 Peerless Systems Ltd.	Washington	GB		100.00	100.00	2017	-0.2	0.0
170 Pell Frischmann Brown Beech Consulting Engineers Ltd.	London	GB		100.00	100.00	2018	0.0	0.0
171 Pell Frischmann Information Technology Ltd.	London	GB		100.00	100.00	2018	0.6	0.0
172 Pell Frischmann Ltd.	London	GB		100.00	100.00	2018	-0.1	0.1
173 PERLKÖNIG Perlen & Schmuck & Zubehör GmbH	Erbes-Büdesheim	DE		100.00	100.00	2017	1.4	1.3
174 PG Projektentwicklungsgesellschaft Grimberg mbH & Co. KG	Essen	DE		100.00	100.00	2017	1.9	-2.6

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175 PG Projektentwicklungsgesellschaft Grimberg Verwaltungsg-GmbH	Essen	DE		100.00	100.00	2017	0.0	0.0
176 Piranja IT Security GmbH	Munich	DE		100.00	100.00	2018	n/a	n/a
177 Piranja IT Security Holding GmbH	Munich	DE		92.00	92.00	2018	n/a	n/a
178 Pixel Holding GmbH	Munich	DE		92.00	92.00	2017	0.9	0.0
179 Pixel Verwaltungs GmbH	Munich	DE		100.00	100.00	2017	8.5	0.0
180 Projektgesellschaft Zollverein – Im Welterbe 10 Verwaltungsg-GmbH	Essen	DE	100.00		100.00	2018	0.0	0.0
181 PSTW SAS	Forbach	FR		90.00	90.00	2017	0.0	0.0
182 RSBGI Limited	London	GB		85.00	85.00	2018	0.0	0.0
183 Qvest Media ApS	Copenhagen	DK		100.00	100.00	2017	-0.1	-0.1
184 Qvest Media Ltd.	Henley-on-Thames	GB		100.00	100.00	2017	0.0	0.0
185 Qvest Media South Europe S.L.	Madrid	ES		100.00	100.00	2017	0.1	0.1
186 RAG Finanz-Verwaltungs-GmbH	Essen	DE		100.00	100.00	2018	0.0	0.0
187 RAG-S Lending S.à.r.l.	Munsbach	LU	100.00		100.00	2018	n/a	n/a
188 RAG-S PE Verwaltungs-GmbH	Essen	DE	100.00		100.00	2018	0.0	0.0
189 RODER Atlantic Halls Ltd.	Huntingdon	GB		100.00	100.00	2018	n/a	n/a
190 RODER Atlantic Ltd.	Huntingdon	GB		100.00	100.00	2018	n/a	n/a
191 RÖDER Espana S.L.	Dos Hermanas	ES		51.00	51.00	2018	n/a	n/a
192 RODER HTS KG (UK) Ltd.	Huntingdon	GB		100.00	100.00	2018	n/a	n/a
193 RODER HTS Ltd.	Huntingdon	GB		100.00	100.00	2018	n/a	n/a
194 RODER HTS (UK) Ltd.	Huntingdon	GB		100.00	100.00	2018	n/a	n/a
195 Saudi Consulting Services International GmbH	Frankfurt am Main	DE		100.00	100.00	2018	0.0	0.0
196 Schnaitt Internationale Messe- und Ladenbau GmbH	Bergheim	DE		100.00	100.00	2018	3.6	1.5
197 Securepoint GmbH	Lüneburg	DE		70.00	70.00	2017	4.0	1.5
198 SecurView Inc.	Edison	US		55.00	55.00	2018	n/a	n/a
199 SecurView Systems Private Limited	Pune	IN		99.00	99.00	2018	n/a	n/a
200 Solaranlagen Blechhammer GmbH & Co. KG	Ensdorf	DE		100.00	100.00	2017	0.0	0.0
201 Solarpark Lauchhammer 1 GmbH & Co. KG	Ensdorf	DE		100.00	100.00	2017	0.0	0.0
202 Solarpark Niersteheide GmbH & Co. KG	Ensdorf	DE		100.00	100.00	2017	0.0	0.0
203 Solarpark Quellenbusch GmbH & Co. KG	Ensdorf	DE		100.00	100.00	2017	0.0	0.0
204 Solarpark Schacht Eugen GmbH & Co. KG	Neunkirchen	DE		100.00	100.00	2017	0.0	0.0
205 SwissLitho AG	Zürich	CH		70.00	70.00	2018	1.0	-0.4
206 Tenado GmbH	Bochum	DE		100.00	100.00	2017	0.5	0.5
207 Tenado Holding GmbH	Munich	DE		84.50	84.50	2017	0.7	0.0
208 Tenado Verwaltungs GmbH	Munich	DE		100.00	100.00	2017	0.6	-0.2
209 Waldorf Technik Inc.	Geneva	US		100.00	100.00	2017	-0.3	0.0
210 Whiteley Murphy Ltd.	Washington	GB		80.00	80.00	2017	0.0	0.0
211 Windpark Bitschberg Entwicklungs UG (haftungsbeschränkt)	Nonnweiler	DE		100.00	100.00	2017	0.0	0.0
212 Windpark Hünxe GmbH	Hünxe	DE		60.00	60.00	2017	2.3	-0.1
213 Windpark Sengert Entwicklungs UG (haftungsbeschränkt)	Nonnweiler	DE		100.00	100.00	2017	0.0	0.0

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Associated companies									
214	40-30 Benelux	Rotselaar	BE		30.00	30.00	2018	n/a	n/a
215	40-30 Iberica	Madrid	ES		30.00	30.00	2018	0.0	0.0
216	40-30 SEA Ltd.	Singapore	SG		20.00	20.00	2017	-0.5	0.0
217	40-30 UK Ltd.	Crawley	GB		35.00	35.00	2017/2018	0.0	0.0
218	Alfa Tech Troon Pacific	San Jose	US		50.00	50.00	2018	n/a	n/a
219	BAV Aufbereitung Herne GmbH	Herne	DE		49.00	49.00	2017	1.3	0.1
220	CPV Sun 26 SARL	PérOLS	FR		50.00	50.00	2018	n/a	n/a
221	DAH ⁺ GmbH	Duisburg	DE		50.00	50.00	2017	0.2	-0.2
222	DiaMedCare AG	Basel	CH		30.00	30.00	2017	3.2	-0.7
223	ELE-RAG Montan Immobilien Erneuerbare Energien GmbH	Bottrop	DE		50.00	50.00	2017	0.0	0.0
224	ENNI RMI Windpark Kohlenhuck GmbH	Moers	DE		33.33	33.33	2017	4.1	0.2
225	Entwicklungsgesellschaft Entwicklungsagentur CreativRevier Heinrich Robert GmbH	Hamm	DE		20.00	20.00	2017	0.0	0.0
226	Entwicklungsgesellschaft Entwicklungsagentur CreativRevier Heinrich Robert GmbH	Essen	DE		48.00	48.00	2017	0.0	0.0
227	Entwicklungsgesellschaft Entwicklungsagentur CreativRevier Heinrich Robert GmbH	Herten	DE		48.00	48.00	2017	0.0	0.0
228	Factory Works GmbH	Berlin	DE	25.23		25.23	2017	0.0	-2.8
229	GP+Q GmbH	Dortmund	DE		50.00	50.00	2017	0.1	0.0
230	HAHN Automation R&D GmbH	Wiehl	DE		50.00	50.00	2018	0.2	0.1
231	Norafin Verwaltungs GmbH	Mildenau	DE		28.85	28.85	2017	21.8	1.0
232	Prasad Wemo Robot Systems Private Limited	Ammedabad	IN		40.00	40.00	2017	0.1	0.0
233	Projekt Ewald GmbH & Co. KG	Essen	DE		50.00	50.00	2017	0.2	0.0
234	Projekt Ewald Verwaltung GmbH	Essen	DE		50.00	50.00	2017	0.0	0.0
235	Projektgesellschaft Gneisenau mbH	Dortmund	DE		49.00	49.00	2017	0.0	0.0
236	Projektgesellschaft „Radbod“ mbH	Hamm	DE		33.33	33.33	2017	0.0	0.0
237	S.A.E.T.I. S.A.	Algiers	DZ		33.00	33.00	2018	n/a	n/a
238	Safety & Technical Supplies Holding GmbH	Munich	DE		46.62	46.62	2017	9.5	0.0
239	SOLUTION ENR SARL	PérOLS	FR		50.00	50.00	2018	n/a	n/a
240	Windkraft Lohberg GmbH	Dinslaken	DE		33.33	33.33	2017	1.2	0.2
241	Windpark Hünxer Heide GmbH	Hünxe	DE		33.33	33.33	2017	3.6	-0.1
Other companies									
242	Constantia LUX Parent S.A.	Luxembourg	LU		11.31	11.31	2016	929.4	-0.5
243	Deutsche Immobilien Chancen Real Estate GmbH	Frankfurt am Main	DE	33.33		33.33	2018	n/a	n/a
244	Entwicklungsgesellschaft Neu-Oberhausen mbH-ENO Gesellschaft für Wirtschaftsförderung Duisburg mbH –	Oberhausen	DE		0.16	0.16	2017	0.1	-0.2
245	GFW Duisburg	Duisburg	DE		5.00	5.00	2017	0.7	0.0
246	Gründerfonds Ruhr GmbH & Co. KG	Essen	DE	7.69	7.69	15.38	2018	n/a	n/a
247	Innovation City Management GmbH	Bottrop	DE		10.00	10.00	2017	0.4	0.0
248	Joblinge gemeinnützige AG Ruhr	Essen	DE	18.18		18.18	2018	n/a	n/a
249	Kitov Systems Ltd.	Kafr Qasim	IL		27.21	27.21	2018	n/a	n/a
250	Landesgartenschau Kamp-Lintfort 2020 GmbH	Kamp-Lintfort	DE		5.56	5.56	2017	0.4	-0.1

Name	Company headquarters		Including shares pursuant to Section 16 AktG			Financial year	Equity in € million ^a	Net profit or loss for the year in € million ^a
			Direct in %	Indirect in %	Total in %			
251 RACER Benchmark Group GmbH	Landsberg am Lech	DE		18.18	18.18	2017	0.1	0.0
252 Stadtmarketing Herne GmbH	Herne	DE		3.00	3.00	2017	0.5	- 0.2
253 Wasserverbund Niederrhein Gesellschaft mit beschränkter Haftung	Moers	DE		8.00	8.00	2017	11.8	0.9
254 Win Emscher-Lippe Gesellschaft zur Strukturverbesserung mbH	Herten	DE		0.83	0.83	2017	0.3	- 0.2
Evonik								
Non-consolidated affiliated companies								
255 BK-Wolfgang-Wärme GmbH	Hanau	DE		100.00	100.00	2018	2.3	0.5
256 CPM Netz GmbH	Essen	DE		100.00	100.00	2018	0.0	PTA
257 CyPlus GmbH	Hanau	DE		100.00	100.00	2018	8.4	PTA
258 Degussa International, Inc.	Wilmington	US		100.00	100.00	2018	1,317.8	23.7
259 DSL Japan Co., Ltd.	Tokyo	JP		51.00	51.00	2018	12.7	3.3
260 Egesil Kimya Sanayi ve Ticaret A.S.	Istanbul	TR		51.00	51.00	2018	13.6	12.6
261 EGL Ltd.	Milton Keynes	GB		100.00	100.00	2017	0.0	0.0
262 Evonik (Philippines) Inc.	Taguig-Stadt	PH		99.99	99.99	2018	0.1	- 0.1
263 Evonik (SEA) Pte. Ltd.	Singapore	SG		100.00	100.00	2018	385.7	16.0
264 Evonik (Shanghai) Investment Management Co., Ltd.	Shanghai	CN		100.00	100.00	2018	3.1	0.2
265 Evonik (Thailand) Ltd.	Bangkok	TH		100.00	100.00	2018	7.5	1.9
266 Evonik Acrylics Africa (Pty) Ltd.	Johannesburg	ZA		100.00	100.00	2018	1.8	- 0.4
267 Evonik Advanced Botanicals S.A.S.	Parcay Meslay	FR		100.00	100.00	2018	- 1.1	- 0.4
268 Evonik Aerosil France S.A.R.L.	Salaise-sur-Sanne	FR		100.00	100.00	2018	3.0	0.2
269 Evonik Africa (Pty) Ltd.	Midrand	ZA		100.00	100.00	2018	13.8	2.3
270 Evonik Agroferm Zrt.	Kaba	HU		100.00	100.00	2018	22.3	2.2
271 Evonik Amalgamation Ltd.	Milton Keynes	GB		100.00	100.00	2018	0.3	0.0
272 Evonik Animal Nutrition GmbH	Essen	DE		100.00	100.00	2018	8.4	- 2.9
273 Evonik Antwerpen NV	Antwerp	BE		100.00	100.00	2018	423.4	18.8
274 Evonik Argentina S.A.	Buenos Aires	AR		100.00	100.00	2018	13.4	3.0
275 Evonik Australia Pty Ltd.	Mount Waverley	AU		100.00	100.00	2018	4.1	0.6
276 Evonik Bangladesh Ltd.	Dhaka	BD		100.00	100.00	2018	0.1	0.1
277 Evonik Beteiligungs-GmbH	Frankfurt am Main	DE		100.00	100.00	2018	0.7	PTA
278 Evonik Brasil Ltda.	São Paulo	BR		100.00	100.00	2018	190.4	6.6
279 Evonik Canada Inc.	Calgary	CA		100.00	100.00	2018	42.4	12.3
280 Evonik Catalysts India Pvt. Ltd.	Dombivli	IN		100.00	100.00	2018	19.8	3.0
281 Evonik Catering Services GmbH	Marl	DE		100.00	100.00	2018	0.3	PTA
282 Evonik Chemicals Ltd.	Milton Keynes	GB		100.00	100.00	2018	106.0	4.0
283 Evonik Chile SpA	Santiago	CL		100.00	100.00	2018	0.4	- 0.2
284 Evonik Colombia S.A.S.	Medellín	CO		100.00	100.00	2018	0.2	0.0
285 Evonik Corporation	Parsippany	US		100.00	100.00	2018	2,962.0	- 2.0
286 Evonik Creavis GmbH	Essen	DE		100.00	100.00	2018	5.0	PTA

Name	Company headquarters		Including shares pursuant to Section 16 AktG			Financial year	Equity in € million ^a	Net profit or loss for the year in € million ^a	
			Direct in %	Indirect in %	Total in %				
287	Evonik Cyro Canada Inc.	Burlington	CA		100.00	100.00	2018	11.0	0.0
288	Evonik Cyro LLC	Wilmington	US		100.00	100.00	2018	195.3	59.8
289	Evonik Dahlenburg GmbH	Dahlenburg	DE		100.00	100.00	2018	1.8	PTA
290	Evonik Degussa (China) Co., Ltd.	Beijing	CN		100.00	100.00	2017	89.0	68.8
291	Evonik Degussa Africa (Pty) Ltd.	Midrand	ZA		100.00	100.00	2018	10.3	0.0
292	Evonik Degussa GmbH	Essen	DE		100.00	100.00	2018	4,943.4	PTA
293	Evonik Digital GmbH	Essen	DE		100.00	100.00	2018	3.0	PTA
294	Evonik Dr. Straetmans GmbH	Hamburg	DE		100.00	100.00	2018	15.7	PTA
295	Evonik Dutch Holding B.V.	Amsterdam	NL		100.00	100.00	2018	42.2	0.0
296	Evonik East Africa Limited	Nairobi	KE		100.00	100.00	2017	0.0	0.0
297	Evonik Ecuador S.A.	Quito	EC		100.00	100.00	2018	0.7	-0.1
298	Evonik España y Portugal, S.A.U.	Granollers	ES		100.00	100.00	2018	28.0	1.8
299	Evonik Fermas s.r.o.	Slovenská Ľupča	SK		100.00	100.00	2018	22.0	3.0
300	Evonik Fibres GmbH	Schörfling	AT		100.00	100.00	2018	14.4	1.9
301	Evonik Finance B.V.	Amsterdam	NL		100.00	100.00	2018	248.7	2.9
302	Evonik Foams Inc.	Wilmington	US		100.00	100.00	2018	55.8	5.1
303	Evonik Forhouse Optical Polymers Corporation	Taichung	TW		51.00	51.00	2018	13.0	0.0
304	Evonik France S.A.S.	Ham	FR		100.00	100.00	2018	51.7	0.3
305	Evonik Functional Solutions GmbH	Essen	DE		100.00	100.00	2018	19.9	PTA
306	Evonik Goldschmidt Rewo GmbH	Essen	DE		100.00	100.00	2018	37.0	-18.0
307	Evonik Goldschmidt UK Ltd.	Milton Keynes	GB		100.00	100.00	2018	24.0	2.2
308	Evonik Gorapur GmbH	Wittenburg	DE		100.00	100.00	2018	1.3	PTA
309	Evonik Gorapur Verwaltungs-GmbH	Wittenburg	DE		100.00	100.00	2018	25.4	3.7
310	Evonik Guatemala, S.A.	Guatemala City	GT		100.00	100.00	2018	1.0	0.0
311	Evonik Gulf FZE	Dubai	AE		100.00	100.00	2018	1.0	0.4
312	Evonik Hong Kong Ltd.	Hong Kong	HK		100.00	100.00	2018	11.7	1.5
313	Evonik India Pvt. Ltd.	Mumbai	IN		100.00	100.00	2018	19.2	3.8
314	Evonik Industries de Mexico, S.A. de C.V.	Mexico City	MX		100.00	100.00	2018	63.2	5.8
315	Evonik International AG	Zürich	CH		100.00	100.00	2018	2.9	0.3
316	Evonik International Costa Rica, S.A.	Santa Ana	CR		100.00	100.00	2018	2.0	1.0
317	Evonik International Holding B.V.	Amsterdam	NL		100.00	100.00	2018	4,957.7	188.8
318	Evonik International Trading (Shanghai) Co., Ltd.	Shanghai	CN		100.00	100.00	2018	0.5	0.4
319	Evonik IP GmbH	Gründau	DE		100.00	100.00	2018	63.0	113.9
320	Evonik Iran AG	Tehran	IR		100.00	100.00	2018	1.3	0.2
321	Evonik Italia S.r.l.	Pandino	IT		100.00	100.00	2018	11.3	0.8
322	Evonik Japan Co., Ltd.	Tokyo	JP		100.00	100.00	2018	115.8	23.5
323	Evonik Korea Ltd.	Seoul	KR		100.00	100.00	2018	25.4	7.3
324	Evonik LCL Limited	Milton Keynes	GB		100.00	100.00	2017	0.0	0.0
325	Evonik LIL Limited	Milton Keynes	GB		100.00	100.00	2018	2.6	0.1
326	Evonik Limited Egypt	Cairo	EG		100.00	100.00	2018	0.1	0.0
327	Evonik Logistics Services GmbH	Marl	DE		100.00	100.00	2018	0.5	PTA
328	Evonik Malaysia Sdn. Bhd.	Kuala Lumpur	MY		100.00	100.00	2018	2.2	0.8

Name	Company headquarters		Including shares pursuant to Section 16 AktG			Financial year	Equity in € million ^a	Net profit or loss for the year in € million ^a	
			Direct in %	Indirect in %	Total in %				
329	Evonik Materials Corporation	Wilmington	US		100.00	100.00	2018	134.0	- 17.0
330	Evonik Materials GmbH	Marl	DE		100.00	100.00	2018	14.1	PTA
331	Evonik Materials Netherlands B.V.	Utrecht	NL		100.00	100.00	2018	4.4	0.1
332	Evonik Membrane Extraction Technology Limited	Milton Keynes	GB		100.00	100.00	2018	- 5.8	0.2
333	Evonik Methionine SEA Pte. Ltd.	Singapore	SG		100.00	100.00	2018	428.7	- 20.7
334	Evonik Metilatos S.A.	Rosario	AR		100.00	100.00	2018	13.4	9.1
335	Evonik Mexico, S.A. de C.V.	Mexico City	MX		100.00	100.00	2018	10.5	1.6
336	Evonik Nutrition & Care GmbH	Essen	DE		100.00	100.00	2018	234.0	PTA
337	Evonik Oil Additives Asia Pacific Pte. Ltd.	Singapore	SG		100.00	100.00	2018	78.0	42.1
338	Evonik Oil Additives Canada Inc.	Morrisburg	CA		100.00	100.00	2018	7.0	5.5
339	Evonik Oil Additives GmbH	Essen	DE		100.00	100.00	2018	31.3	PTA
340	Evonik Oil Additives S.A.S.	Lauterbourg	FR		100.00	100.00	2018	16.6	3.6
341	Evonik Oil Additives USA, Inc.	Horsham	US		100.00	100.00	2018	42.1	16.9
342	Evonik Oxeno Antwerpen NV	Antwerp	BE		100.00	100.00	2018	82.0	- 7.3
343	Evonik Pakistan (Private) Limited	Karachi	PK		100.00	100.00	2018	0.1	0.0
344	Evonik Para-Chemie GmbH in Liqu.	Gramatneusiedl	AT		99.00	99.00	2018	- 9.3	- 0.5
345	Evonik Pension Scheme Trustee Limited	Milton Keynes	GB		100.00	100.00	2018	0.0	0.0
346	Evonik Performance Materials GmbH	Essen	DE		100.00	100.00	2018	243.5	PTA
347	Evonik Peroxid GmbH	Weißenstein	AT		100.00	100.00	2018	10.6	2.4
348	Evonik Peroxide Africa (Pty) Ltd.	Umbogintwini	ZA		100.00	100.00	2018	6.3	- 1.0
349	Evonik Peroxide Holding B.V.	Amsterdam	NL		100.00	100.00	2018	193.7	0.2
350	Evonik Peroxide Ltd.	Morrinsville	NZ		100.00	100.00	2018	19.1	2.0
351	Evonik Peroxide Netherlands B.V.	Amsterdam	NL		100.00	100.00	2018	15.4	0.8
352	Evonik Peroxygens Holding GmbH	Essen	DE		100.00	100.00	2018	62.4	0.0
353	Evonik Perú S.A.C.	Lima	PE		100.00	100.00	2018	3.0	0.0
354	Evonik Porphyrio NV	Herent	BE		100.00	100.00	2018	- 1.0	- 0.1
355	Evonik Projekt-Beteiligung Verwaltungs-GmbH	Essen	DE		100.00	100.00	2018	0.0	0.0
356	Evonik Projekt-Beteiligungs-GmbH & Co. KG	Essen	DE		99.00	99.00	2018	343.2	0.0
357	Evonik Re S.A.	Luxembourg	LU		100.00	100.00	2018	50.4	45.3
358	Evonik Real Estate GmbH & Co. KG	Marl	DE		100.00	100.00	2018	204.8	PTA
359	Evonik Real Estate Verwaltungs-GmbH	Marl	DE		100.00	100.00	2018	0.0	0.0
360	Evonik Resource Efficiency GmbH	Essen	DE		100.00	100.00	2018	284.5	PTA
361	Evonik Rexim (Nanning) Pharmaceutical Co., Ltd.	Nanning	CN		100.00	100.00	2018	18.5	3.4
362	Evonik Rexim S.A.S.	Ham	FR		100.00	100.00	2018	7.5	- 2.4
363	Evonik Risk and Insurance Services GmbH	Essen	DE		100.00	100.00	2018	1.3	PTA
364	Evonik Röhm GmbH	Essen	DE		100.00	100.00	2018	170.3	PTA
365	Evonik Schlüchtern GmbH	Schlüchtern	DE		100.00	100.00	2018	18.9	PTA
366	Evonik Servicios, S.A. de C.V.	Mexico City	MX		100.00	100.00	2018	0.0	1.4
367	Evonik Silica Belgium BVBA	Ostend	BE		100.00	100.00	2018	9.8	0.8
368	Evonik Silica Finland Oy	Hamina	FI		100.00	100.00	2018	16.0	1.3
369	Evonik Silquimica, S.A.U.	Zubillaga-Lantaron	ES		100.00	100.00	2018	12.0	1.0
370	Evonik Singapore Specialty Chemicals Pte. Ltd.	Singapore	SG		100.00	100.00	2018	1.0	0.0

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			Direct in %	Indirect in %	Total in %			
371 Evonik Speciality Organics Ltd.	Milton Keynes	GB		100.00	100.00	2018	249.0	0.0
372 Evonik Specialty Chemicals (Jilin) Co., Ltd.	Jilin	CN		100.00	100.00	2018	- 98.7	- 3.3
373 Evonik Specialty Chemicals (Nanjing) Co., Ltd.	Nanjing	CN		100.00	100.00	2018	78.0	5.0
374 Evonik Specialty Chemicals (Shanghai) Co., Ltd.	Shanghai	CN		100.00	100.00	2018	259.2	70.2
375 Evonik Specialty Silica India Pvt. Ltd.	Mumbai	IN		100.00	100.00	2018	21.3	0.3
376 Evonik Taiwan Ltd.	Taipei	TW		100.00	100.00	2018	5.9	4.0
377 Evonik Tasnee Marketing LLC	Riyadh	SA		75.00	75.00	2018	9.0	0.0
378 Evonik Technochemie GmbH	Essen	DE		100.00	100.00	2018	57.9	PTA
379 Evonik Technology & Infrastructure GmbH	Essen	DE		100.00	100.00	2018	303.0	PTA
380 Evonik Thai Aerosil Co., Ltd.	Bangkok	TH		100.00	100.00	2018	20.2	3.5
381 Evonik Tianda (Liaoyang) Chemical Additive Co., Ltd.	Liaoyang	CN		97.04	97.04	2018	33.1	4.1
382 Evonik Ticaret Ltd. Sirketi	Tuzla/Istanbul	TR		100.00	100.00	2018	8.0	3.3
383 Evonik Trustee Limited	Milton Keynes	GB		100.00	100.00	2018	0.0	0.0
384 Evonik UK Holdings Ltd.	Milton Keynes	GB		100.00	100.00	2018	687.0	- 3.6
385 Evonik United Silica (Siam) Ltd.	Rayong	TH		70.00	70.00	2018	18.8	3.8
386 Evonik United Silica Industrial Ltd.	Taoyuan Hsien	TW		100.00	100.00	2018	33.3	6.7
387 Evonik Venture Capital GmbH	Hanau	DE		100.00	100.00	2018	5.5	PTA
388 Evonik Vietnam Limited Liability Company	Ho Chi Minh City	VN		100.00	100.00	2018	2.6	0.6
389 Evonik Wellink Silica (Nanping) Co., Ltd.	Nanping	CN		60.00	60.00	2018	34.8	8.9
390 Evonik Wynca (Zhenjiang) Silicon Material Co., Ltd.	Zhenjiang	CN		60.00	60.00	2018	5.1	0.0
391 HD Ceracat GmbH	Frankfurt am Main	DE		100.00	100.00	2018	85.7	5.3
392 Insilco Ltd.	Gajraula	IN		73.11	73.11	2018	11.5	- 0.2
393 JIDA Evonik High Performance Polymers (Changchun) Co., Ltd.	Changchun	CN		84.04	84.04	2018	11.2	0.6
394 KMV Vermögensverwaltungs-GmbH	Marl	DE		100.00	100.00	2018	9.8	- 0.2
395 Laporte Nederland (Holding) B.V.	Amsterdam	NL		100.00	100.00	2018	37.2	5.9
396 LLC „Evonik Ukraine“	Kiev	UA		100.00	100.00	2017	16.7	4.8
397 MedPalett AS	Sandnes	NO		100.00	100.00	2018	3.4	2.2
398 Mönch-Kunststofftechnik GmbH	Bad König	DE		100.00	100.00	2018	0.5	PTA
399 Nilok Chemicals Inc. (i.L.)	Parsippany	US		100.00	100.00	2018	- 7.2	- 1.0
400 Nippon Aerosil Co., Ltd.	Tokyo	JP		80.00	80.00	2018	67.9	17.1
401 000 DESTEK	Podolsk	RU		65.25	65.25	2018	4.7	5.0
402 000 Evonik Chimia	Moscow	RU		100.00	100.00	2018	16.6	5.3
403 PKU Pulverkautschuk Union GmbH	Marl	DE		100.00	100.00	2017	1.9	1.0
404 PT. Evonik Indonesia	Cikarang Bekasi	ID		99.98	99.98	2018	4.7	- 1.5
405 PT. Evonik Sumi Asih	Bekasi Timur	ID		75.00	75.00	2018	10.9	0.4
406 Qingdao Evonik Silica Materials Co., Ltd.	Qingdao	CN		100.00	100.00	2018	35.9	1.9
407 RBV Verwaltungs-GmbH	Essen	DE		100.00	100.00	2018	889.8	11.9
408 RCIV Vermögensverwaltungs-GmbH	Essen	DE		100.00	100.00	2018	25.9	PTA

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			Direct in %	Indirect in %	Total in %				
409	Roehm Hong Kong Co., Limited	Hong Kong	HK		100.00	100.00	2018	0.0	0.0
410	Roha B.V.	Tilburg	NL		100.00	100.00	2018	1.7	0.0
411	RÜTGERS Dienstleistungs-GmbH	Essen	DE		100.00	100.00	2018	5.7	PTA
412	RÜTGERS GmbH	Essen	DE		100.00	100.00	2018	311.0	- 2.0
413	Rutgers Organics LLC	State College	US		100.00	100.00	2018	2.6	- 2.6
414	Silbond Corporation	Weston	US		100.00	100.00	2018	56.0	5.1
415	SKC Evonik Peroxide Korea Co., Ltd.	Ulsan	KR		55.00	55.00	2018	32.5	7.2
416	Stockhausen Nederland B.V.	Amsterdam	NL		100.00	100.00	2018	0.1	- 0.4
417	Stockhausen Unterstützungseinrichtung GmbH	Krefeld	DE		100.00	100.00	2018	0.0	0.0
418	Studiengesellschaft Kohle mbH	Mülheim	DE		84.18	84.18	2017	0.0	0.0
419	Westgas GmbH	Marl	DE		100.00	100.00	2018	8.1	PTA
Other companies									
420	ABCR Laboratorios, S.L.	Forcarei	ES		50.00	50.00	2017	7.8	1.2
421	ARG mbH & Co. KG	Duisburg	DE		19.93	19.93	2018	8.0	27.0
422	ARG Verwaltungs GmbH	Duisburg	DE		20.00	20.00	2018	0.0	0.8
423	CyPlus Idesa, S.A.P.I. de C.V.	Mexico City	MX		50.00	50.00	2018	21.0	- 5.4
424	Daicel-Evonik Ltd.	Tokyo	JP		50.00	50.00	2018	18.0	3.8
425	dev.log GmbH	Niederkassel	DE		50.00	50.00	2018	0.6	0.0
426	Evonik Headwaters LLP	Milton Keynes	GB		50.00	50.00	2018	0.0	0.0
427	Evonik Lanxing (Rizhao) Chemical Industrial Co., Ltd.	Rizhao	CN		50.00	50.00	2018	5.4	0.3
428	Evonik Treibacher GmbH	Treibach/ Althofen	AT		50.00	50.00	2018	11.3	0.8
429	HPNow ApS	Copenhagen	DK		21.19	21.19	2017	0.0	0.0
430	Idevo Servicios, S.A. de C.V.	Mexico City	MX		50.00	50.00	2018	0.2	0.1
431	LiteCon GmbH	Hönigsberg/ Mürzzuschlag	AT		49.00	49.00	2017	2.0	0.8
432	Neolyse Ibbenbüren GmbH	Ibbenbüren	DE		50.00	50.00	2018	18.0	1.0
433	OPTIFARM Ltd.	Great Chester- ford	GB		40.00	40.00	2018	0.0	0.0
434	RSC Evonik Sweeteners Co., Ltd.	Bangkok	TH		50.00	50.00	2017	2.4	0.4
435	Rusferm Limited	Nicosia	CY		49.00	49.00	2017	0.0	0.0
436	San-Apro Ltd.	Kyoto	JP		50.00	50.00	2018	9.0	3.4
437	Saudi Acrylic Polymers Company, Ltd.	Jubail	SA		25.00	25.00	2017	18.0	- 79.1
438	StoHaas Management GmbH i.L.	Marl	DE		50.00	50.00	2018	0.0	0.0
439	TÜV NORD InfraChem GmbH & Co. KG	Marl	DE		49.00	49.00	2017	2.1	0.2
440	TÜV NORD InfraChem Verwaltungsgesellschaft mbH	Marl	DE		49.00	49.00	2017	0.0	0.0
441	Umschlag Terminal Marl GmbH & Co. KG	Marl	DE		50.00	50.00	2018	0.4	0.2
442	Umschlag Terminal Marl Verwaltungs-GmbH	Marl	DE		50.00	50.00	2017	0.0	0.0
443	Veramaris (USA) LLC	Blair	US		50.00	50.00	2018	47.0	2.0
444	Veramaris V.O.F.	Delft	NL		50.00	50.00	2018	6.0	- 3.0
445	Vestaro GmbH	Munich	DE		49.00	49.00	2017	0.6	- 0.3

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in € million ^a	Net profit or loss for the year in € million ^a		
		Direct in %	Indirect in %	Total in %					
Vivawest									
Non-consolidated affiliated companies									
446	Aachener Bergmannsiedlungsgesellschaft mbH	Hückelhoven	DE		100.00	100.00	2018	23.0	PTA
	Artemis Stadt-sanierungsgesellschaft Objekt Benrath								
447	mbH & Co. KG	Essen	DE		94.90	94.90	2018	- 1.2	- 0.4
448	Bauverein Glückauf GmbH	Ahlen	DE		94.90	94.90	2018	11.2	PTA
449	EBV Gesellschaft mit beschränkter Haftung	Hückelhoven	DE		100.00	100.00	2018	85.7	PTA
	GSB Gesellschaft zur Sicherung von								
450	Bergmannswohnungen mit beschränkter Haftung	Essen	DE		68.75	68.75	2016	0.1	0.0
451	GSG Wohnungsbau Braunkohle GmbH	Cologne	DE		94.90	94.90	2018	46.9	PTA
452	Heinrich Schäfermeyer GmbH	Hückelhoven	DE		100.00	100.00	2018	10.2	PTA
453	HVG Grünflächenmanagement GmbH	Gelsenkirchen	DE		100.00	100.00	2018	3.5	PTA
	Lünener Wohnungs- und Siedlungsgesellschaft mit beschränkter Haftung								
454		Lünen	DE		94.90	94.90	2018	28.3	PTA
455	Mariensfeld Multimedia GmbH	Gelsenkirchen	DE		100.00	100.00	2018	0.2	PTA
456	Nordsternurm GmbH	Gelsenkirchen	DE		100.00	100.00	2018	0.0	PTA
457	Projektgesellschaft Tannenstraße mbH	Düsseldorf	DE		100.00	100.00	2018	0.3	PTA
458	Rhein Lippe Holding GmbH	Essen	DE		100.00	100.00	2018	537.7	PTA
	Rhein Lippe Wohnen Gesellschaft mit beschränkter Haftung								
459		Duisburg	DE		94.84	94.84	2018	147.5	PTA
460	RHZ Handwerks-Zentrum GmbH	Gelsenkirchen	DE		100.00	100.00	2018	0.1	PTA
	Siedlung Niederrhein Gesellschaft mit beschränkter Haftung								
461		Duisburg	DE		100.00	100.00	2018	42.7	PTA
462	SJ Brikett- und Extrazitfabriken GmbH	Hückelhoven	DE		100.00	100.00	2018	1.8	PTA
463	SKIBA Ingenieurgesellschaft für Gebäudetechnik mbH	Gelsenkirchen	DE		100.00	100.00	2018	0.1	PTA
464	SKIBATRON Mess- und Abrechnungssysteme GmbH	Gelsenkirchen	DE		100.00	100.00	2018	0.3	PTA
465	THS GmbH	Essen	DE		100.00	100.00	2018	228.4	PTA
466	THS Rheinland Beteiligungs GmbH & Co. KG	Essen	DE		94.12	94.12	2018	0.1	0.1
467	THS Rheinland GmbH	Leverkusen	DE		100.00	100.00	2018	20.5	PTA
468	THS Westfalen GmbH	Lünen	DE		100.00	100.00	2018	33.8	PTA
	Unterstützungseinrichtung „GSG/WBG“ Gesellschaft mit beschränkter Haftung								
469		Cologne	DE		100.00	100.00	2018	0.3	0.0
	Vestische Wohnungsgesellschaft mit beschränkter Haftung								
470		Herne	DE		94.90	94.90	2018	14.1	PTA
	Vestisch-Märkische Wohnungsbaugesellschaft mit beschränkter Haftung								
471		Recklinghausen	DE		100.00	100.00	2018	69.5	PTA

Name	Company headquarters		Including shares pursuant to Section 16 AktG			Financial year	Equity in € million ^a	Net profit or loss for the year in € million ^a
			Direct in %	Indirect in %	Total in %			
472 Vivawest Dienstleistungen GmbH	Gelsenkirchen	DE		100.00	100.00	2018	34.6	PTA
473 Vivawest Pensionen GmbH	Essen	DE		100.00	100.00	2018	0.0	PTA
474 Vivawest Ruhr GmbH	Essen	DE		100.00	100.00	2018	3.0	PTA
475 Vivawest Stiftung gemeinnützige GmbH	Gelsenkirchen	DE		100.00	100.00	2018	0.0	0.0
476 Vivawest Westfalen GmbH	Dortmund	DE	5.10	94.90	100.00	2018	-0.2	PTA
477 Vivawest Wohnen GmbH	Essen	DE		100.00	100.00	2018	39.1	PTA
478 Walsum Immobilien GmbH	Duisburg	DE		94.90	94.90	2018	24.5	PTA
479 Wohnbau Auguste Victoria GmbH	Marl	DE		100.00	100.00	2018	33.9	PTA
480 Wohnbau Westfalen GmbH	Dortmund	DE		100.00	100.00	2018	80.4	PTA
481 WohnRaumGesellschaft Düsseldorf Eller mbH	Munich	DE		100.00	100.00	2017	0.6	0.0
482 Wohnungsbaugesellschaft für das Rheinische Braunkohlenrevier Gesellschaft mit beschränkter Haftung	Cologne	DE		94.90	94.90	2018	28.8	PTA
483 Wohnungsbaugesellschaft mit beschränkter Haftung "Glückauf"	Moers	DE		100.00	100.00	2018	44.5	PTA
Other companies								
484 Deutsche Netzmarketing GmbH	Cologne	DE		2.56	2.56	2016	2.5	0.2
485 EBZ Service GmbH	Bochum	DE		8.19	8.19	2017	5.7	0.2
486 Hammer gemeinnützige Baugesellschaft mit beschränkter Haftung	Hamm	DE		5.42	5.42	2017	19.0	0.2
487 Im Kreuzfeld GmbH & Co. KG	Monheim am Rhein	DE		50.00	50.00	2018	n/a	n/a
488 Im Kreuzfeld Verwaltungsgesellschaft mbH i. G.	Monheim am Rhein	DE		50.00	50.00	2018	n/a	n/a
489 Rheinwohnungsbau Gesellschaft mit beschränkter Haftung	Düsseldorf	DE		5.00	5.00	2017	78.4	5.4
490 Stadthausprojekt Düsseldorf Tannenstraße GmbH	Düsseldorf	DE		26.00	26.00	2017	0.4	-0.1
491 Stadtmarketing-Gesellschaft Gelsenkirchen mbH	Gelsenkirchen	DE		2.39	2.39	2016	0.1	0.0
492 STEAG Kraftwerks-Grundstücksgesellschaft mbH	Duisburg	DE		5.20	5.20	2017	0.1	0.0
493 Wohnbau Dinslaken Gesellschaft mit beschränkter Haftung	Dinslaken	DE		46.45	46.45	2017	44.7	7.5
494 "WRW Wohnungswirtschaftliche Treuhand Rheinland-Westfalen Gesellschaft mit beschränkter Haftung"	Düsseldorf	DE		8.05	8.05	2007	6.4	0.3

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

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

^c 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.

Notes to the annual financial statements of the RAG-Stiftung 2018

GENERAL PRINCIPLES

The annual financial statements of the RAG-Stiftung for the financial year from 1 January to 31 December 2018, 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 both for the largest and the smallest group of companies in accordance with Section 11 et seq. of the German disclosure act (PublG) pursuant to Section 290, Paragraphs 2 – 5 HGB. The consolidated financial statements are published in the Federal Gazette under HR A no. 9004 at the Essen local court.

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.

Reporting is made in € million with one decimal place, with amounts rounded to below € 0.1 million being presented as € 0.0 million.

ACCOUNTING AND VALUATION PRINCIPLES

Intangible assets and real estate, plant and equipment are recognised at acquisition cost less depreciation, amortisation and impairment on the basis of the lower fair value. Depreciation and amortisation are calculated on a straight-line, pro-rata basis. The useful life is determined on the basis of the official depreciation tables and ranges from one year (low-value items) to 13 years (office furniture).

Low-value fixed assets with acquisition costs of up to € 250 are recognised as an expense in the year of acquisition. Low-value fixed assets whose net acquisition or production costs are greater than € 250 but do not exceed € 800 are immediately depreciated and recognised as a disposal.

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 advance payments are recognised at nominal value.

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. The calculation of the provisions for perpetual obligations is explained under other information. 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 with their respective expected maturity terms. With the amendment to commercial law on 17 March 2016, the average interest rate of the past ten financial years applies to provisions for pensions. The interest rate averaged over a seven-year period applies to pension-like obligations and all other provisions. Compounding and discounting effects arising from the change in the discount rate are always shown in the interest income. 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 pension obligations 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 (3.21%) 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 (2.75%), pension increases (1.80%) and company-specific fluctuation, as well as mortality and disability probabilities according to the 2018 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 tax 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 capital investment company; there is no limit here in the daily return. A special investment fund managed by Investment KG is limited in its daily return. Securities held as fixed assets with a carrying amount of € 205.8 million are shown above their fair value of € 174.9 million. Since the value is expected to recover by the end of the term of the securities, the decision was taken not to write them down to the fair value. Of the financial assets, € 2.0 million (previous year € 2.0 million) is allocated to endowment capital.

in € million	Carrying amount	Value as defined by Section 36 of the Investment Company Act (InvG)	Difference to the carrying amount	Distributions received in the financial year
Mixed fund	2,600.4	2,968.3	367.9	20.6
Real estate fund	380.4	397.0	16.6	11.5
Private debt investments	60.0	60.3	0.3	(-)
	3,040.8	3,425.6	384.8	32.1

2. Receivables and other assets

in € million	Maturity term			31/12/2017	of which with a maturity term of over 1 year
	up to 1 year	over 1 year	31/12/2018		
Receivables due from affiliated companies	1,130.0	-	1,130.0	20.0	-
Other assets	343.1	3.1	346.2	172.6	1.1
	1,473.2	3.1	1,476.2	192.6	1.1

Receivables due from affiliated companies are other assets of € 1,130.0 million (previous year € 20.0 million).

3. Securities

The securities are the shares in Evonik Industries AG intended for sale. Due to a pledge agreement, € 9.7 million of securities are limitedly available due to the options issued on Evonik shares.

4. Cash in hand, central bank balances, bank balances and cheques

This relates entirely to credit balances at banks.

5. Equity

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

6. Provisions

Provisions for pensions and similar obligations

The difference for provisions for pensions and similar obligations between the recognition of provisions in accordance with the corresponding average market interest rate of the past ten financial years and the recognition of provisions in accordance with the corresponding average market interest rate of the past seven financial years is € 1.8 million.

Provision for the financing of perpetual obligations

The provision for the financing of perpetual obligations amounts to € 7,786.4 million (previous year € 5,272.4 million) and is explained in more detail under “other information”.

Other provisions

in € million	31/12/2018	31/12/2017
Provisions for services rendered (received)	29.1	28.5
Provisions for the workforce	2.5	1.2
Provisions for audit costs	0.1	0.1
Other provisions	0.2	0.3
	31.9	30.1

7. Liabilities

in € million	Maturity term			Total 31/12/2018	Total 31/12/2017	of which with a maturity term of up to 1 year	of which with a maturity term of over 1 year
	up to 1 year	over 1 year	of which more than 5 years				
Bonds	–	1,500	500	1,500	1,600	600	1,000
(of which convertible)	(–)	(1,500)	(500)	(1,500)	(1,600)	(600)	(1,000)
Trade payables	0.3	–	–	0.3	0.3	0.3	–
Liabilities to affiliated companies	44.8	1.3	–	46.1	187.1	186.0	1.1
Other liabilities	6.0	2.2	–	8.2	26.7	26.2	0.5
(of which from taxes)	(2.9)	(–)	(–)	(2.9)	(25.2)	(25.2)	(–)
associated with social security)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
	51.1	1,503.5	500.0	1,554.6	1,814.1	812.5	1,001.6

Bonds include three non-subordinated and unsecured exchangeable bonds on Evonik shares, one of € 500.0 million (previous year € 500.0 million) with a term to 18 February 2021, one of € 500.0 million (previous year € 500.0) with a term to 16 March 2023, and another exchangeable bond issued in the reporting year of € 500.0 million with a term to 2 October 2024. The bonds can be exchanged for existing registered shares of Evonik Industries AG. Liabilities due to affiliated companies comprise other liabilities of € 46.1 million (previous year € 187.1 million).

NOTES TO THE INCOME STATEMENT

8. Sales revenue

Sales revenue results from service agreements and can be apportioned from entirely within Germany.

9. Other operating income

Other operating income primarily includes income of € 463.0 million (previous year € 9.1 million) from the sale of securities held as current assets, and income of € 1.2 million (previous year € 0.6 million) from the disposal of fixed assets. This item also includes income of € 0.3 million (previous year € 0.1 million) not related to the accounting period from the reversal of provisions, as well as income of € 0.0 million (previous year € 0.0 million) from currency translation.

10. Personnel expenses

in € million	2018	2017
Wages and salaries	7.8	5.0
Social security	0.3	0.3
Welfare benefits and support	2.0	0.9
(of which for pension schemes)	(2.0)	(0.9)
	10.1	6.2

AVERAGE NUMBER OF EMPLOYEES OVER THE YEAR

	2018	2017
Salaried employees	20	18
	20	18

11. Other operating expenses

Other operating expenses include expenses arising from the allocation of € 911.8 million (previous year € 430.6 million) to the provision for perpetual obligations. This item also includes expenses from the currency translation amounting to € 0.0 million (previous year € 0.0 million).

12. Investment income

in € million	2018	2017
Income from equity interests	464.5	425.2
(of which from affiliated companies)	(462.7)	(423.5)
	464.5	425.2

Income from affiliated companies comprise the Evonik Industries AG dividend at € 363.4 million (previous year € 363.8 million), the dividend of Vivawest GmbH at € 36.4 million (previous year € 36.4 million), the dividend of RAG-Stiftung Beteiligungsgesellschaft mbH at € 23.8 million (previous year € 11.7 million), the dividend of Maxburg Beteiligungen GmbH & Co. KG at € 37.8 million (previous year € 11.1 million), the dividend of Windkraft Brinkfortsheide GmbH at € 0.3 million (previous year € 0.3 million) and the dividend of HAHN CO-INVEST GmbH & Co. KG. at € 1.0 million (previous year € 0.2 million).

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

This item includes income from other long-term securities amounting to € 59.1 million (previous year € 43.2 million).

14. Interest income

in € million	2018	2017
Other interest and similar income from third parties and companies with which there is a participatory relationship	4.2	4.9
Other interest and similar income from affiliated companies	(-)	1.1
Other interest and similar income	4.2	6.0
Interest and similar expenses due to third parties and companies with which there is a participatory relationship	0.3	1.8
Interest expenses from the compounding of provisions	1.3	1.9
Interest and similar expenses	1.6	3.7
	2.6	2.3

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

Unscheduled write-downs of € 12.3 million (previous year € 1.4 million) were incurred in financial assets during the reporting year.

16. Taxes

in € million	2018	2017
Income taxes	23.8	9.9
Other taxes	0.5	1.7
	24.3	11.6

Expenses for income taxes relate to the allocation to the provision for income taxes for the current year and previous years. Other taxes include the allocation to the VAT provision for the current year and previous years as well as non-deductible input taxes.

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 € 1,524.4 million arising from temporary differences of the balance sheet items “Property, plant and equipment”, “Other assets”, and “Provision for perpetual obligations”, were balanced with deferred tax assets of € 3,063.7 million arising from temporary differences of the balance sheet items “Receivables due from affiliated companies arising from perpetual obligations” and “Provisions for pensions”, meaning that there are net assets of € 1,593.3 million, which are not recognised with the capitalisation option not being exercised.

OTHER INFORMATION

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 € 1.1 million (previous year € 0.9 million). € 1.1 million of this is attributable to affiliated companies. We estimate the risk of utilisation as low here because the borrower is not expected to default.

Other financial obligations

in € million	31/12/2018	31/12/2017
Obligations arising from letting and leasing agreements with a maturity term of over one year	9.7	10.2
Other financial obligations	55,100.9	69,048.6
(of which due to affiliated companies)	(55,100.9)	(69,048.6)
Obligations in connection with investments in financial assets	428.8	415.0
(of which due to affiliated companies)	(428.8)	(415.0)
	55,539.4	69,473.8

Other financial obligations are primarily 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.

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 side letter of 16/21 December 2010, the RAG-Stiftung releases RAG in its internal relationship 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/polder measures, measures for groundwater purification, groundwater monitoring and post-closure obligations at contaminated sites and measures for the implementation of pit water management.

Provisions existing at RAG for this purpose were continued in accordance with the principles of proper accounting in the version applicable at the time of the coal policy agreement (HGB old version) until the final closure of the coal mining operations. For groundwater purification, the obligation is calculated on the basis of the annual current or planned operating expenses, including depreciation, on the basis of a perpetual annuity (interest rate 5.5%: roughly 18 times the assessment basis). The obligation for permanent mine-related damage is a perpetual annuity on the basis of the average indexed expenditure of the last five years (interest rate 5.0%: corresponds to 20 times the assessment basis). The corresponding cover funds are collected at RAG in the amount of these obligations in the form of liquid assets and transferred to the RAG-Stiftung in accordance with the payment agreement under Section 2, Paragraph 2 of the agreement on perpetual obligations. This means that, from 31 December 2018, RAG has a further claim against the RAG-Stiftung due to the transfer of the cover funds. Up to 31 December 2017, the claims against the RAG-Stiftung recognised by RAG comprised both the funding gap discounted to the respective balance sheet date as of 31 December 2018 – which was calculated with a risk-free interest rate on the basis of the KPMG report – as well as the measurement difference arising from the application of the German Balance Sheet Modernisation Act (BilMoG) as opposed to the old version of the HGB. The calculation of RAG's claim against the RAG-Stiftung up to 31 December 2017 was based on the zero-coupon interest rate swap and a future price increase.

As interest rates continue to fall, it is no longer economically possible to interpret the calculation of liabilities on the basis of a negative real interest rate. It was therefore necessary to change the calculation method, which is why commercial-law interest rates will be applied from the 2018 annual financial statements. This essentially applies to the calculation of perpetual annuities to determine RAG AG's equalisation claims against the RAG-Stiftung from the perpetuity obligations. The differences resulting from the change in the measurement of provisions for residual pollution and perpetual obligations – from measurement using the zero-coupon interest rate swap in the previous year to the interest rate based on HGB in the year under review – and their influence on the net assets, financial position and results of operations cannot be determined since a negative real interest rate is the result of using zero-coupon interest rate swaps in the year under review.

In the residual pollution report from 2006, so-called funding gaps were identified and recognised for the first time as of 31 December 2007. With the introduction of the German Balance Sheet Modernisation Act (BilMoG), the funding gaps presented in the residual pollution report were to be seen in three facets. Firstly, in the case of perpetual obligations, the so-called valuation difference arose due to

the different interest rates between the old version of the German Commercial Code (HGB) and the HGB after the BilMoG. Secondly, there was a funding gap between the calculations using the interest rate in accordance with the HGB after BilMoG and the zero-coupon interest rate swap in accordance with the residual pollution report. Thirdly, the residual pollution report also mentions further funding gaps, which have arisen from new circumstances or other assessment bases for existing obligations. Analogous to the circumstances in the residual pollution report, there is still a funding gap of RAG AG's claims in accordance with the obligations arising from perpetual obligations for pit water management as of 31 December 2018, which will be financed by the RAG-Stiftung from 2019 onwards. For the perpetual obligations of permanent mine-related damage/polder measures and groundwater purification, RAG AG's claim against the RAG-Stiftung initially corresponds to the above-mentioned valuation difference. In addition, for the perpetual obligations of permanent mine-related damage/polder measures and groundwater purification, RAG AG has had a further equalisation claim against the RAG-Stiftung since 31 December 2018 for the obligations accounted for by RAG without an equalisation claim until 2017 in accordance with the old version of the HGB, as provided for in the agreement on perpetual obligations.

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.

RAG AG has recognised the claim against the RAG-Stiftung resulting from the balancing of the perpetual obligations. The obligation, less the provision for perpetual obligations recognised as of 31 December 2018, 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

in € million	as of 31/12/2018	
	As of: Framework agreement	As of: 31/12/2018
Perpetual obligations		
Permanent mine-related damage	1,324	15,998
Groundwater purification	341	2,873
Pit water management	5,208	44,016
	6,873	62,887

The total obligation as of the balance sheet date amounts to € 62,887.3 million (previous year € 74,321.0 million). Of this, € 7,786.4 million (previous year € 5,272.4 million) is allotted to the provision for the obligation to RAG for the financing of perpetual obligations, and € 55,100.9 million (previous year € 69,048.6 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

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 2018 using the following parameters, which, with the exception of the change in interest rates (transition from risk-free interest rates to commercial interest rates), result primarily from the pursuance of the KPMG approach as part of the 2008 report:

- Instead of the zero-coupon interest rate swap, the HGB interest rate pursuant to Section 253, Paragraph 2 HGB is used to calculate the provisions (perpetual annuities). This seven-year average interest rate for a term of 30 years was 2.51% as of 31 December 2018 (previous year 2.05% based on zero-coupon euro interest rate swaps).
- As in the previous year, a separate price index reflecting the peculiarities of water-related burdens has been determined for perpetual obligations. This amounts to 2.07% (previous year: 1.73%). This results in a real interest rate of 0.44%. When calculating the perpetual annuity, this corresponds to a factor of approximately 227 (previous year 312) of the assessment basis.

The provisions recognised by RAG AG as of 31 December 2018 correspond to the provisions under commercial law for permanent mine-related damage and groundwater purification; these comprise the old portion under HGB and the valuation difference between the old version of HGB and BilMoG. The obligation for pit water management consists of the funding gap existing as of 31 December 2018.

RAG AG's provisions for permanent mine-related damage/polder measures, 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 a commercial 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/polder measures

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 2018 is calculated on the basis of a perpetuity with an interest rate of 2.51 % and a price and cost increase of 2.07 % (real interest rate: 0.44 %). The provision therefore stands at € 15,998.1 million. This provision includes the valuation difference of € 14,618.8 million arising from the application of BilMoG as opposed to HGB (previous version).

Groundwater purification, groundwater monitoring and post-closure obligations at former sites

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 2018, which was determined on the basis of a perpetual annuity with an interest rate of 2.51 % and a price and cost increase of 2.07 % (real interest rate 0.44 %) and amounts to € 2,872.8 million. This provision includes the valuation difference of € 2,649.9 million arising from the application of BilMoG as opposed to HGB (previous version).

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 therefore had to be allocated to ongoing operations and absolutely no provision was to be created. The provision for perpetual pit water management was a new fact in the residual pollution report, had to be formed for the period after the discontinuation of subsidised coal mining operations and was covered by an equalisation claim against the RAG-Stiftung. This provision is measured as of 31 December 2018 with the annually incurred operating expenses for pit water management currently due for the maintenance of production, 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 on the basis of a perpetual annuity with an interest rate of 2.51 %, and price and cost inflation of 2.07 % (real interest rate 0.44 %). At the end of the 2018 financial year, this provision was recognised with a value of € 44,016.4 million.

Future development of 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. In line with assumptions, a seven-year average interest rate for a 30-year term of 2.51 % (previous year zero-coupon interest swap of 2.05 %), calculated on the basis of the commercial interest rates published by the German central bank, and a price and cost increase of 2.07 % (previous year 1.73 %) was set for water-related perpetual obligations as per 31 December 2018, corresponding to a real interest rate of 0.44 % (previous year 0.32 % based on zero-coupon interest rate swaps). When calculating the present values of the perpetual annuities, this corresponds to a factor of approximately 227 (previous year: 312 basis zero-coupon interest rate swaps) of the assessment basis. The changes in the obligations compared with the previous year primarily result from the changed interest rates (commercial interest rates instead of zero-coupon interest rate swaps) and from 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 GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, of the annual financial statements are reported in the income statement:

in € million	2018	2017
a. Auditing services	0.1	0.1
b. Tax consultation services	(-)	(-)
c. Other services	0.1	0.1
Total fees charged for the financial year	0.2	0.2
Correction for the previous year (+)/from the previous year (-)	(-)	(-)
Total fees	0.2	0.2

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 2018 financial year amounts to € 1.8 million (previous year € 1.8 million).

The remuneration of former members of the Board of Executives and their surviving dependants amounts to € 2.6 million.

The remuneration of the Board of Trustees for the 2018 financial year amounts to € 0.2 million (previous year € 0.2 million).

Report on events after the reporting period

The RAG-Stiftung carried out capital increases for RAG-Stiftung Beteiligungsgesellschaft mbH, RAG-S Private Equity GmbH & Co KG and the newly founded IGI S.r.l. during the first two months of 2019 to refinance holding investments amounting to a total of around € 54.8 million.

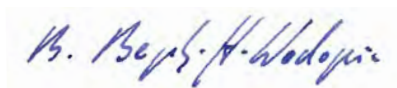
Aside from these, no other significant events affecting the RAG-Stiftung's financial position and financial performance occurred after 31 December 2018.

Essen, 13 March 2019

RAG-Stiftung
The Board of Executives



Tönjes



Bergerhoff-Wodopia



Dr Linssen

INDEPENDENT AUDITOR'S CERTIFICATE

To the RAG-Stiftung, Essen

AUDIT OPINIONS

We have audited the annual financial statements of the RAG-Stiftung, Essen – comprising the balance sheet as of 31 December 2018 and the income statement for the financial year from 1 January to 31 December 2018 as well as the notes to the annual financial statements, including the presentation of the accounting and valuation methods. Furthermore, we have audited the Management Report of the RAG-Stiftung for the financial year from 1 January to 31 December 2018.

According to our assessment, based on the findings gained in the audit,

- the accompanying annual financial statements comply with German commercial law in all material respects and, taking into account the German generally accepted accounting principles, give a true and fair view of the net assets and financial position of the Foundation as of 31 December 2018 and its results of operations for the financial year from 1 January to 31 December 2018 and
- the accompanying management report provides a true picture of the situation of the Foundation. In all material respects, this management report is consistent with the annual financial statements, complies with German statutory provisions and accurately presents the opportunities and risks of future development.

Pursuant to Section 322, Paragraph 3 (1) HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statements and the management report.

BASIS FOR THE AUDIT OPINIONS

We have conducted our audit of the annual financial statements and the management report 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). Our responsibilities under these rules and policies are described further in the section entitled “Auditors’ Responsibilities for the Audit of the Annual Financial Statements and the Management Report” of our certificate. We are independent of the Foundation in accordance with the German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our opinions on the annual financial statements and management report.

OTHER INFORMATION

The legal representatives are responsible for the other information.

The annual report is expected to be made available to us after the date of the certificate.

Our audit opinions on the annual financial statements and the management report do not extend to the other information and, accordingly, we provide neither an opinion nor any other form of audit conclusion.

In connection with our audit, we have the responsibility to read the other information and to assess whether the other information

- is materially inconsistent with the annual financial statements, the management report or our knowledge acquired during the audit, or
- appears to be otherwise substantially misrepresented.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The legal representatives are responsible for the preparation of the annual financial statements, which comply with German commercial law in all material respects and for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Foundation in accordance with German generally accepted accounting principles. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted accounting principles to enable the preparation of annual financial statements that are free from material misstatement, whether intentional or unintentional.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Foundation's ability to continue its business activities (going concern). Furthermore, they have the responsibility to state facts related to the continuation of business activities, if relevant. In addition, they are responsible for accounting for the continuation of business activities on the basis of the accounting principle, unless contrary to fact or law.

In addition, the legal representatives are responsible for the preparation of the management report, which collectively conveys an accurate picture of the situation of the Foundation, is in all material respects consistent with the annual financial statements, complies with German legal requirements and accurately reflects the opportunities and risks of future development. In addition, the legal representatives are responsible for the arrangements and measures (systems) that they considered necessary to enable the preparation of a management report in accordance with the applicable German statutory provisions and to be able to provide sufficient suitable evidence for the statements in the management report.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether intentional or unintentional, and whether the management report gives a true and fair view of the situation of the Foundation overall and is in all material respects consistent with the annual financial statements and the findings of the audit, in accordance with German legal requirements and correctly reflects the opportunities and risks of future development, and to issue an audit certificate, which includes our audit opinions on the annual financial statements and the management report.

Reasonable assurance gives a high degree of certainty, but no guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German generally accepted standards for the audit of financial statements as stipulated by the Institute of Auditors (IDW) will always uncover a material misstatement. Misstatements can result from any breach or inaccuracy and are considered material if they could reasonably be expected to influence, individually or collectively, the economic decisions of addressees made on the basis of these annual financial statements and management report.

During the audit, we exercise due discretion and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material misstatement, whether intentional or unintentional, in the financial statements and management report, and schedule and perform audit procedures in response to such risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk that material misstatements will not be detected is higher for violations than for inaccuracies, as violations may include fraudulent interaction, falsification, intentional incompleteness, misrepresentation or overriding of internal controls.
- we gain an understanding of the internal control system relevant for the audit of the annual financial statements and the provisions and measures relevant to the audit of the management report, so as to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such systems.
- we assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimates and related disclosures made by the legal representatives.
- we draw conclusions about the appropriateness of the accounting principle applied by the legal representatives for the continuation of business as well as, on the basis of the audit evidence obtained, whether there is material uncertainty related to events or circumstances that may raise significant doubts about the Foundation's ability to continue the business. If we conclude that there is material uncertainty, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and management report or, if these disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit certificate. However, future events or circumstances may result in the Foundation being unable to continue its business.

- We assess the overall presentation, structure and content of the annual financial statements including the information and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements provide a true and fair view of the net assets, financial position and results of operations of the Foundation in accordance with German generally accepted accounting principles.
- we assess the consistency of the management report with the annual financial statements, its legislation and the image it conveys of the situation of the Foundation.
- we conduct audits of the forward-looking statements presented by the legal representatives in the management report. On the basis of sufficient suitable audit evidence, we will in particular look closely at the significant assumptions on which the forward-looking statements presented by the legal representatives are based, and assess the proper derivation of the forward-looking statements from these assumptions. We do not issue an independent audit opinion on the forward-looking statements and the underlying assumptions. There is a significant, unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss the planned scope and timing of the audit with the responsible individuals, as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Düsseldorf, 13 March 2019

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