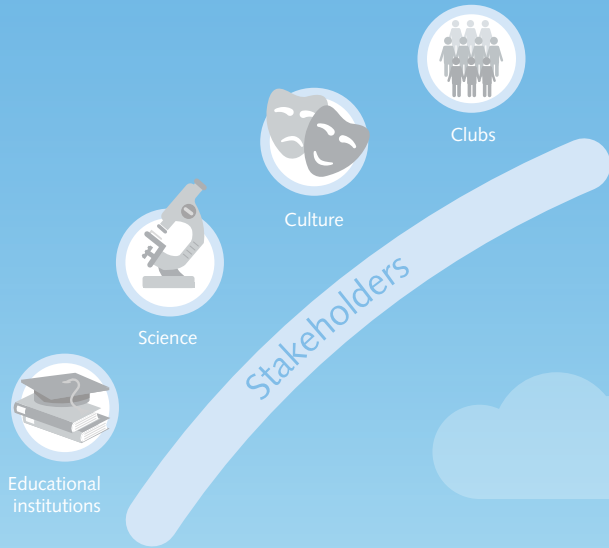


393*

ANNUAL REPORT 2016

The RAG-Stiftung



Board of Trustees

Ex-officio members (5)
Additional members (9)

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

→ Pages 26 and 61

appoints the supervisor
informs the supervisor

Starting point

Discontinuation of subsidised coal mining (end of 2018)

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

Shareholding

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

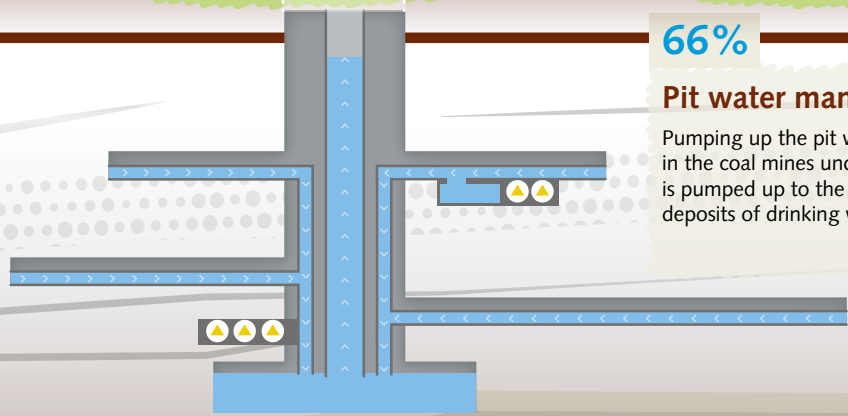
→ Pages 24–25



Perpetual obligations

The perpetual obligations of the coal mining activities of RAG Aktiengesellschaft (also referred to as "inherited liabilities with unlimited duration"), which will be financed by the RAG-Stiftung starting in 2019, are measures that will continue to be required in perpetuity even after coal mining has been discontinued.

→ Pages 10–11



66%

Pit water management

Pumping up the pit water from the coal mines underground is pumped up to the surface to create deposits of drinking water, for...

Management at a Glance

Founded 2007

BODIES

the Board of Executives and its business activities

the Board of Trustees of essential decisions

Board of Executives

Dr. Werner Müller
(Chairman)

Dr. Helmut Linssen
(Finance)

Bärbel Bergerhoff-Wodopia
(HR, Support)

→ Pages 2–9 and page 61



Government



People



Trade union



Capital market

Stakeholders

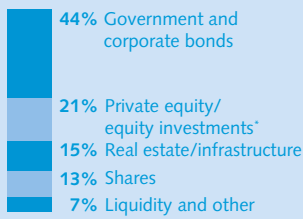
FINANCING

ES

million to
al mining

ft mbH (75%)

Investments



Amount (as of 31 Dec. 2016):

€4.7 billion

*Incl. RAG-Stiftung Beteiligungsgesellschaft mbH

Support in 2016:
€10.5 million

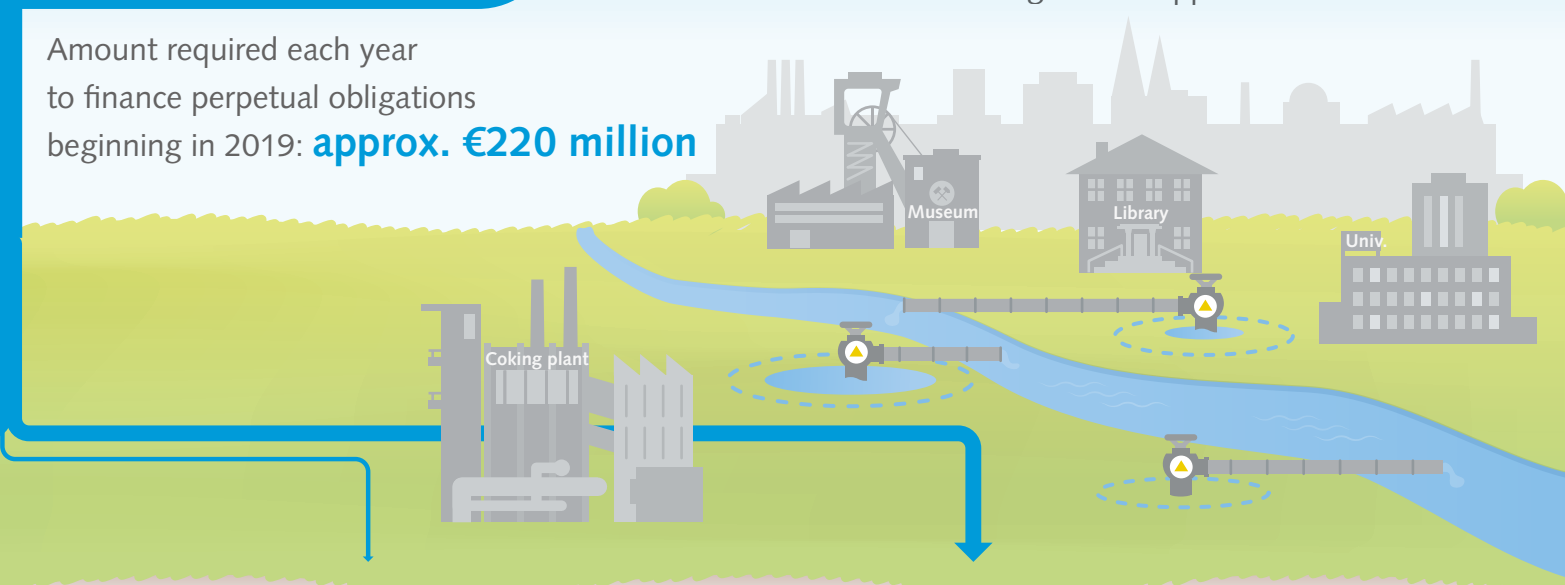
Support in 2017:
€13.5 million

Support for education, science and culture

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

Mining heritage & Transition support

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



5%

Ground water purification

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

29%

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.

ment

at has accumulated
nd. The pit water
in order to protect
or example.

Founded in 2007, the RAG-Stiftung ensures that RAG Aktiengesellschaft can discontinue subsidized hard coal mining in a socially acceptable manner by the end of 2018. Beginning in 2019, the RAG-Stiftung will finance the obligations resulting from the liabilities with unlimited duration that it has inherited from RAG's coal mining activities. The foundation will finance these obligations through the sale of shares in Evonik Industries AG, the income from holdings and the income from diversified capital investments.

Key figures

BALANCE SHEET

in EUR millions	31/12/2012	31/12/2013	31/12/2014	31/12/2015	31/12/2016
Fixed assets	1,779.3	3,062.9	3,571.4	4,522.6	5,200.8
Current assets	1,019.9	821.0	1,243.1	1,164.1	899.5
Total assets	2,799.2	3,883.9	4,814.5	5,686.7	6,100.3
Equity	2.0	2.0	2.0	2.0	2.0
Provisions	2,595.5	3,793.6	4,148.4	4,502.3	4,925.3
Liabilities	201.7	88.3	664.1	1,178.1	1169.6
Total liabilities	2,799.2	3,883.9	4,814.5	5,686.7	6,100.3

INCOME STATEMENT

in EUR millions	2012	2013	2014	2015	2016
Annual profit (= allocated to the provision for perpetual obligations)	194.7	1,190.6	351.1	334.3	392.8

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* €393
million

is the "annual profit" of the RAG-Stiftung foundation for financial year 2016. In line with its articles of association, the foundation will add this amount to its provision for perpetual obligations. This sum will help to cover the foundation's inherited liabilities with unlimited duration (see p. 10) resulting from the closure of German hard coal mines in 2018. These obligations include the management of pit water and surface water in the former coal mining regions. In 2015, over €334 million was added to the provision.



FOREWORD BY DR. WERNER MÜLLER

A small piece of eternity

When miners call out the traditional greeting “Glückauf!” to one another at the beginning of a shift, the greeting also always expresses their hope for the future: May good fortune open up paths for us underground—and may we return safe and sound to our families from the deep pit!

The RAG-Stiftung foundation has taken this miners' greeting to heart. “Glückauf Zukunft!” is the name of the initiative we have founded together with Evonik, RAG and the IG BCE in order to close down Germany's hard coal mining industry with the respect it deserves while also generating momentum for a bright future for the mining regions. That's because hard coal mining in Germany will be irrevocably over at the end of next year. And after the last two hard coal mines in Germany close in December 2018, a new future will begin: a future without hard coal.

Through “Glückauf Zukunft!” we are saying “Thank you!” to the miners for the tremendous contribution they have made to the upswing of our industrialized nation. As we all know, every end is also a beginning. And because this is so, I know that we can also look forward to the post-mining era with courage and confidence. We are making an important contribution to this future through our increasing support for education, research and culture in the former mining areas in the Ruhr and Saar regions.

The Board of Executives will be able to continue its successful work thanks to the resolution passed by the foundation's Board of Trustees in December 2016. The Board of Executives members' terms of office were extended for a further five years starting in December 2017. The Board will thus be able to continue its work in the strategic and operational direction in which the RAG-Stiftung has already made so much progress in recent years. In spite of the continuing phase of low

interest rates that has created huge challenges for all German foundations, we have once again managed our finances successfully in 2016 through hard work and ingenuity. This has enabled us to achieve an above-average increase in our net worth. The financial section of this Annual Report provides comprehensive information about this achievement.

In 2019 we will make the first payment honouring the perpetual obligations of the German hard coal mining industry, and we will continue these payments year after year. The taxpayers will not have to pay a cent. With this in mind, as well as the fact that the RAG-Stiftung is celebrating its tenth anniversary in 2017, we can say that we've already successfully created the first small piece of eternity. And with regard to the much longer part of eternity that still lies before us, I'm convinced that in 2019 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 of our history that will begin at that point.

But until then, we will continue to do our work conscientiously and wish one another “Glückauf!” as long as the miners are still going under the ground day after day in Germany.

In this spirit, the best of luck to you!

Sincerely,

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



*“We’ve already
successfully created
a small piece
of eternity.”*

DR. WERNER MÜLLER



DR. HELMUT LINSSEN
CHIEF FINANCIAL OFFICER

DR. WERNER MÜLLER
CHAIRMAN OF THE BOARD
OF EXECUTIVES

BÄRBEL BERGERHOFF-WODOPIA
HEAD OF HUMAN RESOURCES

* INTERVIEW

“We stand for reliability”

On 5 December 2016, the Board of Trustees extended the terms of office of the RAG-Stiftung's Board of Executives members for a further five years starting in December 2017. So this is a good time for retrospectives, insights and forecasts. Dr. Werner Müller, Bärbel Bergerhoff-Wodopia and Dr. Helmut Linssen shared their insights with the Hamburg-based journalist Oliver Driesen.

Dr. Müller, is the extension of your terms of office by five years until the end of 2022 also a go-ahead for the operational and strategic continuity of the foundation's work?

Dr. Werner Müller: I think it can be seen that way. We're especially glad this resolution was made without any discussions—as an expression of the sense of satisfaction the Board of Trustees obviously feels about our work over the past few years.

Dr. Linssen, is the confirmation you've received as the Chief Financial Officer a stabilizing factor for the increase of the foundation's capital in turbulent times? After all, from 2019 on you will have to use its revenue to finance the perpetual obligations.

Dr. Helmut Linssen: The extension is a sign of trust in our work. And, false modesty aside, we have in fact been quite successful. We've generated good returns during difficult times for investors—that's a feat that shouldn't be taken for granted. Our Board of Trustees apparently shares this view and trusts us to continue along this course.

Ms. Bergerhoff-Wodopia, it seems that the sponsors of the many educational, scientific and cultural projects that the foundation supports are also glad that you will continue to serve as the member of the Board of Executives responsible for such projects beyond 2017.

Bärbel Bergerhoff-Wodopia: That's understandable, because they too know that we value continuity in the projects we are funding. When we took on our positions in 2012, the foundation's annual budget for education, science and culture was €1.5 million. In 2017 that budget will be €13.5 million. The largest part of that will go toward education, because training positions have been lost in the former coal mining regions. Over many decades, the mining industry trained 100,000 young people in a wide variety of occupations and of-

fered them jobs after they had completed their training. We're trying to at least partially compensate for the disappearance of these training opportunities through our increased budget. In this area as well, we are a reliable partner.

Let's begin by taking another look at the development of the RAG-Stiftung, which was founded in June 2007. What does your personal interim balance sheet look like?

Müller: First of all, the foundation had to be set up. We had to develop guidelines for its capital investments and establish the procedures for its cooperation with the Board of Trustees. A few years later, and especially after 2012, when the new Board of Executives took office, it became



“One central conclusion of our study of the future of the Ruhr region is that we have to strongly enhance the attractiveness of this region.”

DR. WERNER MÜLLER

evident that the interest on the foundation's capital investments—especially the secure government bonds—was definitely decreasing and even approaching zero. We therefore had to look for new investment opportunities, and we found them. Right at the beginning of our term of →





Optimistic in spite
of low interest rates:
Dr. Helmut Linssen

→ office, we also achieved something that had been preceded by several unsuccessful attempts: launching Evonik on the stock exchange. And, as Ms. Bergerhoff-Wodopia has already mentioned, we also anchored our social-policy role in the former coal mining regions as a supporter of education, science and culture. This development work, which has on the whole been successful, also obliges us to continue our work in the future.

Ms. Bergerhoff-Wodopia, in December 2012, when you were elected to the foundation's Board of Executives, you also became a member of the Supervisory Board of RAG AG, the company where you began your career in 1970. Could we say that your career has anchored the foundation in the "productive" part of the German hard coal mining industry?

Bergerhoff-Wodopia: It's probably self-evident that if you work for so many years in various functions at RAG, you develop a special relationship with the company. One reason why this experience is helpful is that you become familiar with the company's point of view from the inside. But I think that all three members of the Board of Ex-

ecutives have a close relationship with hard coal—and without this close relationship the foundation, and our shared mission, wouldn't exist at all.

To compensate for the income that was lost because of the interest crisis, you incorporated innovative tools into your investment strategy—for example, buying shares in profitable Mittelstand companies (German SMEs and larger family-owned companies). For that reason, the RAG-Stiftung Beteiligungsgesellschaft (investment company) is drawing increased public attention. Can you tell us something about that?

Linssen: In 2013 we decided to change our capital investment guidelines. That was crucial, because it opened up further investment opportunities for us—for example, buying shares in companies. Since then, we've been doing that in three different ways: firstly, by acquiring private equity funds; secondly, through an independently operating private equity company in Munich, where we have a veto right because we alone finance it; and thirdly, via our own investment company. This company focuses on acquiring shares in Mittel-



"I would like to see interest rates rising slightly in Germany as well, though a bit more slowly than in the USA."

DR. HELMUT LINNSEN

stand companies in the areas of automation, mechanical engineering and industrial services. Most of them are the market leaders of their sectors. For us, diversification is a crucial tool. We've developed our own investment company to maturity, together with an experienced manager.

Let's return to the past year. One of its highlights was certainly the well-attended Future Forum at the former Zollverein mine in June 2016, during which you presented your study of the future of the Ruhr district. But wasn't its title, "The Fateful Decade", rather melodramatic?

Müller: This study deals with the risks, but primarily also with the development opportunities, of the former coal mining region in the Ruhr district, which was focal point of the study. One central conclusion of the study is that we have to strongly enhance the attractiveness of this region. As a result, today we are already the region with the densest network of universities in Germany. However, we also want to make sure that the graduates of these universities stay in this region rather than migrating to Hamburg, Munich or Berlin. We want them to begin their careers and start their families here. We'll be missing the boat if we don't achieve significantly more successes in this area in the next ten years. This is roughly the time frame within which we have to operate. The experts we've consulted have made that very clear to us. And that's why we believe our portentous title is justified.

Bergerhoff-Wodopia: In the former mining regions in particular, we have to support the existing initiatives that Mr. Müller has described. That's what we're doing—for example, by granting numerous scholarships at various universities. When a certain scholarship is offered to students over a period of many years, it creates a certain sense of loyalty to the city where the university is located. We have to take advantage of levers like these.

The end of hard coal mining as a phase of reflection concerning the region's origins and its entry into the future—is that the guiding principle of the "Glückauf Zukunft!" programme? I'm referring to the programme with which the foundation and its partners will provide support during the period until the last mines close at the end of 2018.

Bergerhoff-Wodopia: Exactly. On the one hand, we're honouring tradition—by modernizing the German Mining Museum in Bochum (DBM), for

example. It has started to show its age in recent years. We want to make it interesting again for the generations that come after us. Some €15 million of the €28 million that we are providing to the "Glückauf Zukunft!" programme will be used to modernize the museum. The German government and the state of North Rhine-Westphalia have also committed themselves to help fund the project, because the DBM is a Leibniz research museum. But in addition to the mining tradition, the "Glückauf Zukunft!" programme focuses primarily on the future-oriented projects.

Your partners in the "Glückauf Zukunft!" programme are the IG BCE trade union and your own strategic equity investments, Evonik Industries and RAG.

Müller: The four participating institutions already decided in 2014 that during the period until 2018 the mining industry should not simply disappear without a trace. After all, mining has been the engine of every kind of industrialization in Germany, and it's not entirely irrelevant that it has also formed the nucleus of postwar Europe. The rebuilding of Europe after World War II would not have been possible without the tremendous achievements of the miners and the mining companies. We want to honour those achievements once again by means of many impressive events. And we're very pleased that our basic idea—that the coal-producing regions owe a tremendous debt of gratitude to the mining industry—has attracted additional supporters. In this connection I should mention the Brost Foundation and the Krupp Foundation, which are working with us. To give you a specific example, they are helping to finance the expansion of the Albers Museum in Bottrop. Many other large and small institutions are also joining our shared effort to bid a respectful farewell to the mining industry and head into the future with optimism.

In addition to the special programme "Glückauf Zukunft!" you are also promoting tradition-related and future-oriented projects in NRW and the Saarland. You're placing your strongest emphasis on the area of education, and in 2016 you devoted €6 million of a total of €10.5 million in funding to this area alone. What were your reasons for doing that?

Bergerhoff-Wodopia: Because there are young people in this region who need an initial boost →

€13.5

**MILLION
IS THE AMOUNT**

the RAG-Stiftung plans to spend in 2017 on support projects.

DEBITS AND CREDITS

Starting in 2019, expenditures will amount to approximately **€220** million set against revenue of about **€400** million.

→ in order to complete an official qualification programme or gain a foothold in the apprenticeship market. In the past, the mining industry offered vocational opportunities to many of these young people. It can no longer do that today. That's why we've created, among other things, support programmes for promising young people which already help pupils in lower secondary education (classes 5 through 8) to discover their individual talents. I've visited many schools, and I've found young people who have lots of talents but few opportunities to achieve a good school-leaving qualification if they don't get some help. Most importantly, this group also includes many children from immigrant families. I believe we have an important mission to give these young people a good start in life.

A look at the RAG-Stiftung's Annual Report for 2016 shows that the costs of the perpetual obligations have once again increased. Why?

Linssen: This problem is entirely a matter of financial calculations. Theoretically, the perpetual obligations could continue endlessly. In 2006 the KPMG assessment concluded that the perpetual obligations would amount to about €6.9 billion from 2019 on. Some calculations show that even though our expenditures have remained more or

less the same, our perpetual obligations could rise to €100 billion or even higher. This is a consequence of the low interest rate and has nothing to do with the liquidity of our foundation. As far as we can humanly judge, our liquidity is more than sufficient to cover the annual cost of our perpetual obligations, which will amount to about €220 million per year starting in 2019. Today our revenue already exceeds €400 million annually, and in all probability that amount will further increase in the period until 2019. Nonetheless, we are also taking into account the fact that the low-interest phase will probably continue. As a result, in the years ahead we must not only continue to be frugal and financially sound—we must also be innovative.

And yet, an external observer might get cold feet when contemplating a scenario in which interest rates continue to fall and your perpetual obligations increase exponentially. In the face of such a scenario, what makes you optimistic that you won't be facing an unbridgeable financial shortfall?

Müller: Logic and common sense. As Mr. Linssen has explained, €220 million in expenditures is set against €400 million in revenue. It's also worth remembering that today we already have a net



“If our expenditures remain stable, we could continue operating our business for more than 70 years after 2019 even if we no longer have any revenue coming in.”

DR. WERNER MÜLLER



Continuing a steady course:
Dr. Werner Müller



Opportunities through education:
Bärbel Bergerhoff-Wodopia,
Head of Human Resources

“We are giving an initial boost to young people from families with little education—youngsters who need support for their schooling and whose hidden talents have not yet been developed.”

BÄRBEL BERGERHOFF-WODOPIA

worth of roughly €16 billion. If our expenditures remain stable, we could continue operating our business for over 70 years after 2019 even if we no longer have any revenue coming in. But, unlike these theoretical scenarios, in real life we will continue to receive a considerable amount of revenue from 2019 on as well. In all likelihood—and our independent auditors have examined our prognoses very thoroughly—this very positive development will continue. And if anyone still has cold feet, please remember that we ultimately have a guarantee of support from the state, even though I don't think we'll ever have to make use of it.

In your opinion, how should the financial policy of the European Central Bank and the financial markets develop in order to permit the foundation's work to rest on a solid foundation during your next term of office until 2022?

Linssen: Actually, the EU's member states should carry out structural reforms and reduce their state debts. This is not a popular proposal. Instead, the ECB is making unlimited liquidity available in order to get the economy going again after the financial crisis. The ECB is currently making great allowances for the southern European countries, and for that reason it will certainly continue its special measures until the end of 2017. But I would like

to see interest rates rising slightly in Germany as well, though a bit more slowly than in the USA. If that were to happen, the pressure on investors would no longer be going only in the direction of real estate, shares and private equity. I'd also like to see interest-bearing investments becoming more significant in investment portfolios.

It's clear that this period is not very predictable. What will be the guiding principle of your future work at the RAG-Stiftung?

Bergerhoff-Wodopia: Above all, I want us to effectively give back to the young generation in the former coal mining regions some of the wealth that the mining industry has generated. By setting up our support activities in past years we have set our course for achieving this aim.

Linssen: I want our responsible management of our revenue and our net worth to continue. Solidity in every respect, and lots of creativity in order to generate the revenue we need. We've shown that they are not mutually exclusive.

Müller: I want us to be able to stand the test when we face the consequences of the end of coal mining from 2019 onward. At that point, theory will become practice, and we will have to finance the water maintenance measures economically and in cooperation with the public authorities. ←

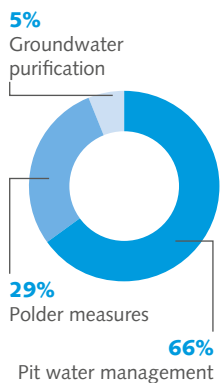


New pumps for the mines

RAG's new pit water concept is a major element of the post-mining era of the Ruhr region. Although the water will still be pumped up from the depths, its level will be allowed to rise in a controlled manner. To make this possible, an all-new well technology is being installed in locations such as Bochum.

PERPETUAL OBLIGATIONS

Distribution of the costs of around €220 million per year, beginning in 2019

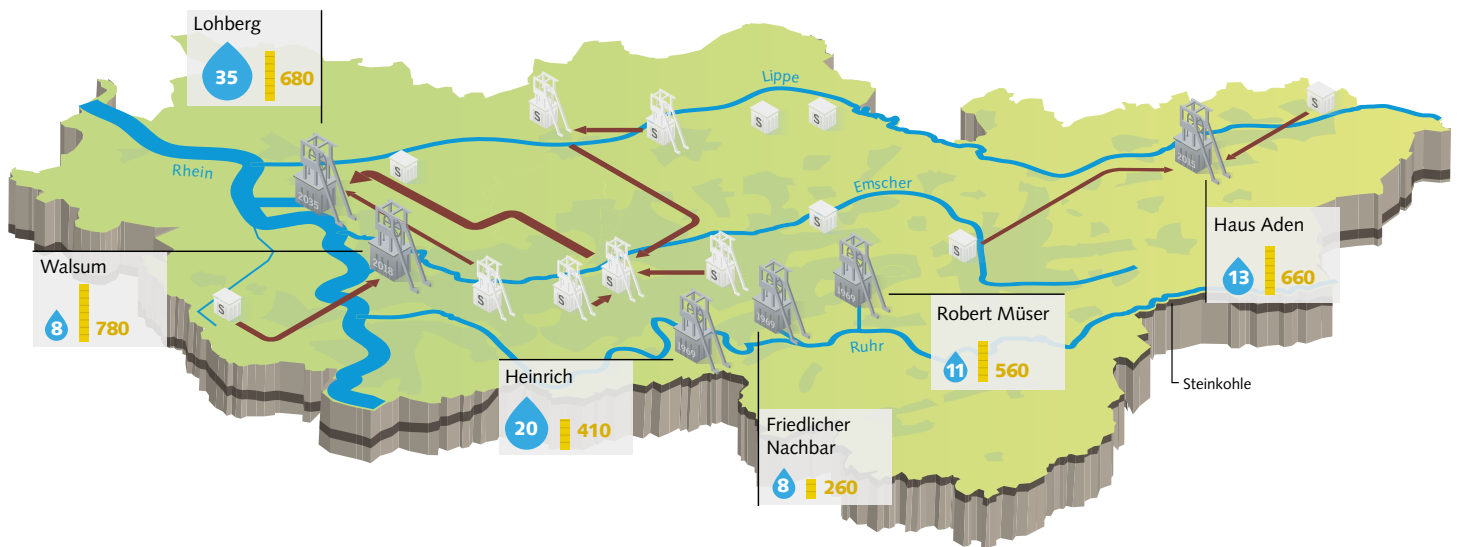


The winding tower of the former Carolinen-glück mine in Bochum is a historic monument from the mid-19th century, when fortress-like brick structures instead of steel frames were built for the transport of the mine cages. However, the tower, which might be the oldest surviving example in the Ruhr region, has contained all-new technology since 2015. A green steel frame rises to the ceiling and fills up almost the entire interior of the tower. On the floor there are two huge pipes that lead underground. A bright yellow pulley of impressive dimensions hangs from the upper part of the frame. "It can lift up to 250 tons," says Dr. Michael Drobniowski, Head of Pit Water Management at RAG.

250 tons corresponds to the weight of about 120 delivery vans. At first glance one can't really

tell why so much lifting power is needed. But, as Drobniowski explains, "Right now we're standing at the top of an open shaft that goes down for several hundred metres." Hanging at the bottom of this old mining shaft are two "double-flow submersible motor pumps", or simply "submersible pumps". Each pump is 12 metres high and one metre in diameter, and weighs around 20 tons. The pumps hang from massive pipes that can withstand the pressure of 80 bar at which the pit water is pumped from the depths to the surface. That's why the pulley has to be able to lift huge weights, consisting not only of the pump but also of hundreds of metres of pipes and the column of water that they contain.

Submersible pumps such as those at the Carolinen-glück mine are currently being installed at



RUHR REGION PIT WATER CONCEPT

KEY



Central water management (with year of its installation)



The water management system will be shut down, but the mine will remain a secured location



Underground channelling of pit water through the existing tunnel system



Planned amount of pit water in millions of m³/a



Secured location



Planned head of pumps in m

many locations. They symbolize the end of the conventional pit water management that was needed when the coal mines were still in use. Back then, “normal” centrifugal pumps were located deep underground to ensure that the shafts and faces didn’t fill up with water. However, this old infrastructure will become superfluous when the post-mining era begins at the end of 2018. Submersible pumps will then regulate the water level in the Ruhr region.

The Ruhr region still has 13 water management locations, including one at the Carolinenglück mine, which was shut down in 1964. The “perpetual obligation” of pit water management (see box) will be funded by the RAG-Stiftung beginning in 2019. The technology experts from RAG will continue to look after the pumps. These engineers are planning to substantially reduce the number of water management locations. As the pit water rises, underground rivers will form in the old mining labyrinths. The water underneath Bochum, for example, will flow westward through the Zollverein mine in Essen. As a result, in 2020 the pumps in the Carolinenglück mine will no longer be needed there and will be reinstalled elsewhere. From that point on, the old mine in Bochum will only be a secured location, which means that the shaft will be modified so that a submersible pump can be re-installed there at any time if this ever becomes necessary. After all, one never knows what may happen “in perpetuity”. This concept is being implemented on the basis of the regulations laid down by Germany’s mining law and in close coordination with the pertinent authority, which, in Bochum, is the Arnsberg district government.

Once the RAG concept has been implemented, pit water will no longer be channelled into 240 kilometres of rivers in the Ruhr region, including the entire Emscher drainage system. Because only six active water management locations will then be left (see map), much less energy will be needed for pit water management than is the case today. The costs will also drop, because 13 old shafts and the corresponding underground spaces will no longer have to be kept open. The new submersible pumps will be controlled and maintained from above ground. ←

WORK FOR ALL ETERNITY

The RAG-Stiftung is funding the coal mining industry’s “perpetual obligations”. These obligations consist of water management measures that will be permanently continued in the Ruhr region, Ibbenbüren and the Saarland after the mines are shut down.



PIT WATER MANAGEMENT

The pit water that seeps into underground hard coal mines has to be continuously pumped to the surface. This pit water will be allowed to rise in a controlled manner after the last mine is closed at the end of 2018. Submersible pumps will keep the water at a predefined level in order to prevent the contamination of drinking water reservoirs.



GROUND WATER PURIFICATION

Pollutants will have to be perpetually removed from the ground water, especially in the mining areas previously used by the mining industry’s by-product facilities such as former coking plants. The contamination caused by these plants extends too deep into the ground for the soil to be cleaned up or replaced. That’s why the ground water in the affected areas is being permanently monitored, contained and locally purified.



POLDER MEASURES

Centuries of mining have also changed the local landscape. Entire regions have sunk, in some cases by as much as 25 metres. In these areas, the surface water from streams and rivers, for example, has to be continuously regulated, now and in the future, to prevent it from collecting in the depressions. Special pumping facilities have to be operated and maintained and bodies of water must be deepened to ensure that the water is drained off.



COSTS

The RAG-Stiftung estimates that it will have to spend €220 million per year on the perpetual obligations, starting in 2019. Pit water management alone will account for around two thirds of these costs. The RAG-Stiftung is dedicated to permanently paying for these perpetual obligations in order to reduce the costs for the public sector, and thus for the taxpayers. The perpetual obligations do not include the handling of surface damage due to mining.



FUTURE INITIATIVE

This is “Glückauf Zukunft!”

The end of the hard-coal mining industry in Germany also marks a new beginning. That’s the message of “Glückauf Zukunft!”. In solidarity with their social partner IG BCE, the RAG-Stiftung, RAG AG and Evonik Industries AG are bidding farewell to Germany’s hard-coal mining industry. They are honouring the mining industry’s historic achievements and promoting new ideas, initiatives, and projects that are shaping the future.

The programme at a glance



Advisory Council

Twelve prominent experts from the fields of science, culture, sport and state and municipal politics are advising and supporting the initiative. The chairman is the former director of the broadcaster WDR, Fritz Pleitgen

THE PROJECT'S FOCAL AREAS



Funding volume

The RAG-Stiftung is making a total of approximately €30 million available for “Glückauf Zukunft!”. The largest single project (€15 million) is the renovation of the German Mining Museum



The journalist Fritz Pleitgen, who was born in Duisburg, is a fan of the Ruhr region

* 5 QUESTIONS FOR FRITZ PLEITGEN

“Images that stay with you”

Former WDR director Fritz Pleitgen talks about his commitment as the Chairman of the Advisory Council of “Glückauf Zukunft!”.

Mr. Pleitgen, what role is the Advisory Council playing in “Glückauf Zukunft!”?

The Advisory Council has a double role. On the one hand, its job is to make recommendations, especially for the parts of the programme for 2018 that will spark public interest. On the other hand, its members are expected to publicize the message of “Glückauf Zukunft!” through their contacts. The council members are respected representatives from national, state, and local politics and the areas of science, culture, and sport. They serve as ambassadors in the Ruhr region and beyond it.

As the Chairman of the Advisory Council, what would you like to achieve?

I'd like to ensure that the Ruhr region is perceived in Europe as a powerful and future-oriented region for a long time to come—as it was when the coal mining industry was flourishing! The Ruhr region's reputation has always lagged far behind what it actually deserves. My fervent wish is to completely change that. “Glückauf Zukunft!” has the potential to contribute substantially to this change.

Why are you so committed to this region?

I was born in Duisburg, and I spent several years of my childhood in Essen before we were evacu-

ated. Even though I now live on the outskirts of Cologne, I feel very closely connected with the Ruhr region and its people. It's my homeland. As a journalist, I've often reported from this region, especially during the difficult periods experienced by the mining and steel industries.

I liked the slogan “Glückauf Zukunft!” from the very start. It's the concentrated essence of a big idea: honouring the past while looking confidently toward the future.

You were the Managing Director of RUHR.2010 GmbH between 2007 and 2010. What lessons are you bringing from this celebration of the Capital of Culture to “Glückauf Zukunft!”?

The success of RUHR.2010 was due to the fact that the cities in the region put their exemplary community spirit into practice. All of them pulled together. In “Glückauf Zukunft!” we'll also do everything we can to get everyone in the region involved. The best way to achieve this is to have broadly based projects that appeal to people's emotions. By means of many projects, “Glückauf Zukunft!” will make sure the people in the region feel involved. We're going to create images that stay with you.

Integration, education, history, new beginnings—“Glückauf Zukunft!” is active in many areas. Which project or area of activity is especially dear to your heart?

All of the projects are important to me. Ultimately it's the complete work of art that will be crucial. The themes that are especially dear to my heart are those that I've dealt with for decades as a journalist: migration and integration. I regard both of them as the biggest and most complex challenges that democratic societies are facing in our time. In this regard, the Ruhr region can become a pioneering example for all of Europe. Solidarity is a central value of miners, and the Ruhr region has already achieved outstanding success in the field of integration in the past. At the moment, there is no overall model anywhere in Europe that the individual countries can use to orient themselves and work together to solve the current challenges. Developing well-functioning models of integration for larger areas would earn tremendous respect for “Glückauf Zukunft!” and the Ruhr region all over the world. That's why I'm placing my bets on the project “Glückauf Neighbours—a model integrated neighbourhood”.

←



LOOKING BACK: THE FUTURE FORUM 2016

Ten years that will set the course

The next ten years will determine the Ruhr region's future. That was clear at the high-calibre Future Forum of the RAG-Stiftung and RAG held at the former Zollverein mine on 9 June 2016. The participants of the forum, which was part of the "Glückauf Zukunft!" programme, discussed ideas presented in "The Fateful Decade", a study of the future.

What does the future hold for the Ruhr region? How can the region attract well-qualified workers? What conditions are needed to induce young families to settle in the region marked out by the Lippe, Emscher and Ruhr Rivers instead of following the siren call of popular big cities such as Berlin, Hamburg, Leipzig, and Munich? How should the region assert itself in the competition between the regions? These questions are being asked by politicians, businesspeople, scientists and the public in the Ruhr region—all the more intensely because of the approaching end of the German hard-coal mining industry in 2018, which will be a historic turning point.

The Future Forum 2016 in Essen, which was attended by about 400 guests from Germany and abroad representing all of these social categories, offered a suitable framework for presenting and discussing possible answers. At the opening cere-

mony, Dr. Werner Müller, the Chairman of the Board of Executives of the RAG-Stiftung, provided the basis for the ensuing discussion by presenting a copy of "The Fateful Decade" to Hannelore Kraft, the Minister President of North Rhine-Westphalia. This study, which was commissioned by the RAG-Stiftung, examines ways to generate future momentum for the Ruhr region and the Saarland. Hannelore Kraft and Michael Vassiliadis, Chairman of the IG BCE trade union, emphasized the urgency of the challenges addressed by the study. Seven of the theses about the future that are formulated in the study offer recommendations for action.

For example, Thesis 4 (see foldout) is: "The Ruhr region must present itself as a young region in order to enhance its appeal and its desirability." That was confirmed by most of the participants of the panel titled "The young generation, the Ruhr

New ideas: Board of Executives Chairman Dr. Werner Müller presented the study to Minister President Hannelore Kraft





Intensive dialogue:
All of the guests shared
the enthusiasm of
Chief Human Resources
Officer Bärbel
Bergerhoff-Wodopia
(left).

region and the quality of life". As Bernd Tönjes, Chairman of the Executive Board of RAG AG, put it, "If we want the Ruhr region to continue to be a good place to live, we have to talk to young people." The urban developer Annamaria Deiters-Schwedt emphasized that the region needs a clear profile in order to win the loyalty of young people and benefit from their creative potential. She pointed out that many cities in the Ruhr region still have a vague public image, in spite of the fact that many experts argue that it has a lot to offer to young people.

Expert observers have identified the Ruhr region's educational institutions as one of its specific problems in spite of their diversity. They say Germany's educational institutions are geared to the needs of the middle class; in the Ruhr region in particular, many schools' curricula are far removed from social reality. "In this region we need to specifically address socially disadvantaged young people," said Bärbel Bergerhoff-Wodopia, Member of the Board of Executives of the RAG-Stiftung, who is actively promoting such projects. The education experts at the forum presented examples of best practice to illustrate their many proposals for opening up educational opportunities. "Schools in challenging circumstances can compensate for local disadvantages through innovations," said Dr. Ilse Kamski, who carries out education research at the Technical University of Dortmund.

But can innovative new technologies develop and young start-ups be successful in a region that was formerly dominated by major coal and steel empires? Future-oriented jobs are currently being created through digitalization and the Internet of Things, also known as Industry 4.0. The participants of another panel at the Future Forum discussed the region's economic opportunities in this field. "The Ruhr region is better suited than any

other region to make the connection between the digital economy and traditional industry a reality," said Garrelt Duin, NRW's State Minister for Economic Affairs. He is not alone in this view. Duin pointed out that "things" are what the Internet of Things needs above all—and that the Ruhr regions' economy has plenty of experience with manufacturing industry.

"If we had not had immigration and successful integration in the Ruhr region, I would be standing before you today not as a mayor but as a village chief," said Thomas Kufen, the Mayor of Essen, to summarize the Ruhr region's history. The fourth panel of the Future Forum dealt with an urgent current issue: the integration of refugees and migrants. There is great public concern about the prospect of new disadvantaged neighbourhoods developing in the cities. Christa Reicher, a professor of urban development and public works at the Technical University of Dortmund, called on municipal authorities to create not only think tanks but also "do tanks" that implement the good ideas that already exist.

The closing round of the Future Forum focused on the Ruhr region's image and the way it is represented in the media. According to Prof. Oliver Scheytt, the former Managing Director of RUHR.2010 GmbH, the media still publish many misinterpretations that create false images. The panel concluded that a better image can develop only through the publication of positive and engaging stories. Not enough stories of this kind are being told in the Ruhr region today. At the same time, such stories have to accurately reflect real life.

The Ruhr region has produced many promising initiatives—but the time we have to act on these beginnings is not unlimited. The first thesis of the future study, "The next ten years will be crucial", is a warning. ←

400 INVITED GUESTS AND EXPERTS

attended the Future Forum 2016 of the RAG-Stiftung and RAG at the Zollverein World Heritage Site in Essen.



FUTURE STUDY

Seven theses for the future of the Ruhr region

In the future study commissioned by the RAG-Stiftung, the experts' recommendations were combined into seven key theses.

The next ten years will be crucial

The Ruhr region is embarking on a fateful decade. Globalization, digitalization, demographic change, social polarization and huge integration challenges are putting massive pressure on the Ruhr region to proactively assert itself as a unified region in a competitive international environment.

Only cooperation releases vitality

The Ruhr region is being paralyzed by the ongoing competition between its cities. This competition must be overcome. Only if the cities cooperate and decide on a division of labour, while presenting themselves as a unified entity, will the region develop the strength and vitality it needs in order to assert itself in the competition between regions — in Germany and at the international level.

Prosperity requires immigration

Immigration and integration can counteract the processes of aging and hollowing out and restore economic vitality to the region.

The Ruhr region: The address of the young generation

The Ruhr region must present itself as a young region in order to enhance its appeal and its desirability.

An appealing mix of tradition and modernity

To enhance its appeal, the Ruhr region needs a future-oriented guiding principle and an image that complements the traditional symbolism of coal and steel.

A vibrant educational system supports social stability

Education counteracts social disintegration within the region and enhances the region's appeal to the rest of the world. That's why education in the region must be outstanding as well as widely available.

Digitalization is essential for re-industrialization

Digitalization is revolutionizing the economy as a whole while opening up new market opportunities for entire regions. With its wealth of industrial experience and its substantial expertise in structural change, the Ruhr region can take advantage of this revolution to redevelop a flourishing economy and regain its position as a leading economic region.



THE GERMAN MINING MUSEUM IN BOCHUM

A museum reinvents itself

A dry and dusty atmosphere? No, thanks! As part of the "Glückauf Zukunft!" programme, the RAG-Stiftung supports the modernization of the German Mining Museum in Bochum. Future visitors will find a museum that is youthful and interactive.

€15

MILLION

in funding will be provided by the RAG-Stiftung for the renovation and modernization of the Mining Museum.

The German Mining Museum in Bochum (DBM) has a proud heritage and exciting themes—and it will soon be much more attractive for young visitors as well. The museum, which opened in 1930, is currently being renovated from top to bottom. Once the renovation is complete, the museum will be able to present its messages and its collections in a much more modern setting.

Even before the renovation, about 400,000 people visited the DBM every year. The museum was established in order to preserve mining history and show visitors how hard coal is extracted in a re-created model mine. Today it's doing even more. It documents the worldwide extraction of all mineralogical resources, from prehistoric times until the present. Its inventory includes technological exhibits, extensive mineralogy collections, and unique historical items. It is the world's most important mining museum, and the German research museum of the Leibniz Association for Geological Resources. The Centre for the Documentation of Mining History (montan.dok) comprises the Mining Archive in Bochum, the library, the photography collection, and the museum's collections. The

montan.dok centre offers the most important research infrastructure for German and international scholars of mining history.

The RAG-Stiftung is providing €15 million to renovate the museum and funding two of the four new museum tours. These projects will be finished and open to visitors when Germany's hard-coal mining industry closes down in 2018. Especially after the renovation, the museum will be the place where visitors can still experience hard-coal mining up close. The renovation of the main building, which began in early 2017, will take two years. Parallel to this, work is proceeding on the updated permanent exhibitions. The museum will stay open during the entire construction period. In the re-created model mine, visitors can experience mining processes directly. They can "descend" into the pit by means of a simulated mine elevator and climb to the top of the winding tower to enjoy a panoramic view of the Ruhr region's mining district. The "DBM+" exhibition in the museum's award-winning extension building will supplement the existing exhibitions during the renovation period.

An old building with a new concept: Redesigned tours that are state-of-the-art (left) will make the time-honoured DBM cool again.





Innovation begins in the mind: In open dialogue, planners and neighbourhood residents work together to develop ideas for improving their communities.



GLÜCKAUF NACHBARN

Models for improving neighbourliness

Vital neighbourhoods, good neighbours and successful integration: The “Glückauf Nachbarn” project generates strategies for neighbourhoods in the former mining area. RAG Montan Immobilien and VIVAWEST, the real estate firms that share responsibility with the RAG-Stiftung, are backing the project.

Germany’s hard-coal mining industry can look back on a history of successful integration. People from many countries worked together in the mines and lived together in the miners’ settlements. Building on this foundation, RAG Montan Immobilien and VIVAWEST are using “Glückauf Nachbarn – Model Integrated Neighbourhoods” to look for solutions to current challenges. The immigration of refugees to Germany is only one of these challenges. In this project, “integration” also refers to demographic change, education, local economies and barrier-free public facilities. The basic idea is that sustainable neighbourhood development can make an effective contribution to strengthening social cohesiveness.

“We believe our task is to play a pioneering role in approaches to this present-day social challenge, even after the termination of the hard-coal mining industry,” says Bernd Tönjes, Chairman of the Executive Board of RAG AG. The project is expected to deliver initial concrete results within two years. “We want to show what opportunities active neighbourhood development offers today for creating vital and liveable neighbourhoods through integration,” adds VIVAWEST Managing Director Claudia Goldenbeld.

In 2016, researchers and integration experts worked at a think tank to develop some initial theses concerning successful integration. Parallel to this, a historian researched the history of integration measures in the hard-coal mining industry and in the companies involved. This historical appraisal and the experts’ theses became the basis of the subsequent “workshop” phase. Since February 2017, four interdisciplinary international planning bureaus have been developing concrete recommendations.

The workshop’s approaches to solutions will be tried out in the Duisburg-Vierlinden estate, which is part of the VIVAWEST portfolio, and the Friedrich-Heinrich former mining complex in Kamp-Lintfort. The project includes far more than the renovation of buildings. The inclusion of a variety of perspectives and skills will generate completely new approaches that will serve as examples for densely populated districts all over Germany. Prof. Hans-Peter Noll, Managing Director of RAG Montan Immobilien, expressed high hopes for the project: “I believe that ‘Glückauf Nachbarn’ will play a crucial role in the revitalization of former mining locations and sustainable neighbourhood development.” ←



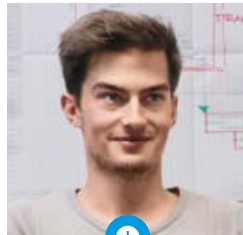
Stories that become history

Enabling future generations to imagine how the miners of the Ruhr district used to live and work—that’s the purpose of the research project “A digital memory bank: People in the mining industry”. To this end, the project is recording memories recounted by the region’s residents as part of the “Glückauf Zukunft!” initiative.



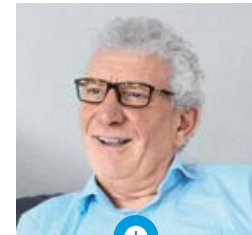
“We want future generations to know what kind of foundation we’re standing on here—especially what things were like after the war. We worked around the clock. That’s what was expected of us, to rebuild the country.”

KLAUS HÜLS, BORN IN 1938, WAS AN OVERMAN AT THE PROSPER MINE IN BOTTRUP AND SUBSEQUENTLY HEAD OF HR IN THE SAARLAND MINING INDUSTRY



“The further you get from the level, the less light there is. In some areas, you’d suddenly be standing up to your knees in water. It really was a completely different world.”

TILL LENSMANN, BORN IN 1995, TRAINED AS AN INDUSTRIAL ENGINEER AND WORKED AT THE AUGUSTE VICTORIA MINE IN MARL



“The first time I came back home after working in the mine, my mother asked me, ‘Have they switched off the showers at the mine, or what?’. After showering for a whole hour, you still weren’t completely clean.”

ULRICH SCHLEENER, BORN IN 1960, USED TO BE A MECHANICAL ENGINEER AT THE GENERAL BLUMENTHAL MINE IN RECKLINGHAUSEN

Try to imagine the wasteland of ruins left behind by the war. To rebuild everything, we had to toil six days a week, and on Sundays we even worked an extra shift. Klaus Hüls, who was an overman at the Prosper mine in Bottrop and then head of HR in the Saarland mining industry, wants to preserve experiences like these for future generations. So when he was asked to participate in the research project “A digital memory bank: People in the mining industry”, he said yes immediately. Hüls is one of over 100 people whose mining experiences were recorded in video interviews.

The hard-coal mining industry had a lasting impact on these districts— not only on the economy and the natural environment but also on local culture, personal viewpoints, and daily life. The mining industry is part of the identity of many people, even though some of them no longer have a direct connection with it. In the future, people who want to find out more about this era will have to depend on documents and other archive materials. That’s why the Stiftung Geschichte des Ruhrgebiets (Ruhr Region History Foundation) has cooperated with the German Mining Museum (DBM)

in Bochum since the autumn of 2014 to create a “digital memory bank”—a project that is part of “Glückauf Zukunft!”. After all, oral history—in other words, storytelling—is the most vivid way to document past events.

The video interviews enable us to hear the voices of the people who filled the mining industry with life: the cutter, the overman, the mining company director, the migrant who came as a “guest worker”, the wives of the miners’ families, and the representatives of the trade unions. All of them tell stories about their lives, daily activities, and experiences. All of the interviews have been reviewed by researchers and edited for presentation to the general public. The video sequences, which can be viewed on an Internet platform, are organized according to themes and supplemented with more detailed materials about the history of the hard-coal mining industry after 1945. The full-length interviews have been permanently stored in the Archive for Social Movements and in the Mining Archive/Centre for the Documentation of Mining History (montan.dok) of the DBM, where they are available for research purposes. ←



FÖRDERTURM DER IDEEN

Teamwork: More than 600 pupils from 21 cities participated in the competition.

Extracting the treasures of creativity

Young people are promoting their cities and their neighbourhoods, developing ideas for assistance projects, attractive residential areas, and modern leisure facilities. The “Förderturm der Ideen” (winding tower for ideas) pupil competition is tapping the tremendous creative potential of by the region’s schools.

Almost 100 project proposals were sent in by more than 600 participating pupils from 21 cities in the Ruhr region, the Saarland and Ibbenbüren in response to the call for ideas for the pupil competition “Förderturm der Ideen”. In the first half of the 2016/17 school year, 33 schools took part in the competition and developed imaginative and astonishingly innovative proposals. In sketches, videos, photographs and presentations, the pupils developed their ideas—and now they hope their ideas will be implemented.

Solidarity, integration, community and cooperation—these values were important for the region’s miners, and the organizers of the “Förderturm der Ideen” want them to play a key role in the competition as well. So they looked for project ideas that aimed to upgrade the pupils’ immediate environment. In this competition, pupils in Classes 5 through 12 were able to show that they care about their region and want to actively help shape its future. “Young people want to participate in the planning that affects their daily lives and their environment. They want to contribute their ideas, make their voices heard, and see their ideas implemented,” says Sylvia Löhrmann, the NRW Minister of Education, adding that “Förderturm der Ideen” takes advantage of this momentum. Sylvia Löhrmann and Ulrich Commerçon, the Saarland Minister of Education, are the patrons of the competition.

What would young people do if they were responsible for planning in the region? The submitted projects focus on sports facilities, playgrounds and youth centres, among other things. But the pupils were not thinking only of their own interests. Projects to help homeless people, ideas for integrating immigrants, ways to bring together young and old people, the conservation of mining traditions and the creation of new works of art—all of these projects aim at improving the pupils’ own environment and enhancing solidarity in their neighbourhoods.

In addition, numerous collections of materials have made the “Förderturm der Ideen” a means of enriching instruction in the schools. Many pupils have gone “the extra mile” to participate in the competition. They’ve conducted surveys, commissioned proposals from engineers and skilled workers, and conducted discussions with representatives of the municipal authorities to test whether their ideas can actually be realized.

In the early summer of 2017, the winners of the competition will be chosen by a group of experts including two high-calibre juries for NRW and the Saarland. The competition will not remain in the realm of fantasy, as the winning ideas will actually be implemented. The RAG-Stiftung is providing up to €500,000 in prize money.

You can find further information at www.foerderturm-der-ideen.de

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SCHOOLS

submitted innovative proposals and ideas to the “Förderturm der Ideen” competition.





PROMOTING EDUCATION

Language is the key

“Schulterschluss des Bergbaus” (Solidarity in the mining industry), an integration project for refugees that the RAG-Stiftung is financing with €1.5 million, has been a huge success. That’s why the project has been extended until summer 2017.

SOLIDARITY IN THE MINING INDUSTRY

Mission:
Promoting the integration of refugees in Germany

Support:
since 2016

Partner:
TÜV NORTH Education

A visit to the project in Kamp-Lintfort: NRW Minister President Hannelore Kraft and Michael Vassiliadis, Chairman of the IG BCE

The aim of the project is to enable refugees in Germany to permanently lead independent lives. To this end, the RAG-Stiftung founded the “Schulterschluss des Bergbaus” (Solidarity in the mining industry) project in March 2016 for 150 young men and women from crisis zones. The German technical inspection association TÜV NORTH Education took on the responsibility for implementing the project. The project was initially planned to last for ten months, but at the end of 2016 it was extended until summer 2017. It aims to help its participants achieve the best possible starting position for the next phase of their education.

“In this challenging social environment, we want to take on responsibility and also continue the time-honoured tradition of integration in the mining regions,” says Bärbel Bergerhoff-Wodopia, a member of the RAG-Stiftung’s Board of Executives. The education project was established in five former mining locations: Bergkamen, Herne, Ibbenbüren, Kamp-Lintfort and Völklingen-Fenne. The main focus is on teaching these young people German. “Language is the key to education, work, and a self-determined life,” says Bergerhoff-Wodopia. In addition, the refugees, most of whom are between 18 and 25, learn about the values of an open society and receive practical tips on applying for jobs and dealing with the authorities. They also do internships in local companies in order to learn how to orient themselves toward their future careers.

Socio-educational counselling is a fixed element of the programme. Project Coordinator Natalia Knispel says one of the challenges of the project was the question of how to handle the intercultural aspects. “Most of the refugees came from Syria, but there were also young people from Iraq, Iran and Eritrea. They all had different cultural experiences and points of view,” she explains. However, these challenges were dealt with successfully, thanks to psychological counselling and special training sessions, such as courses on gender issues.

Another obstacle was posed by the huge differences between the participants’ levels of education. Some of them had already begun or completed a training course or university degree in their home countries, whereas others were illiterate. To ensure maximum learning success for all the participants, two groups were formed.

“We’re glad we can lay the foundation for many young refugees’ successful integration into German society, thanks to the RAG-Stiftung,” says Hermann Oecking, a member of the board of TÜV NORTH Education. All the participants were highly motivated, and there were very few dropouts. Most of the participants leaving the programme did so because of personal successes. For example, the first ones left the programme early in order to begin a traineeship, an internship or a job.

Further refugee assistance projects are being planned for 2017. ←





Young people with brains to spare: Manal El Maroufi and Miles Wetekam are two of the first RuhrTalente.



PROMOTING EDUCATION

From each according to his ability

The RuhrTalente scholarship programme supports highly motivated pupils from underprivileged families. The project, which is supported by the RAG-Stiftung, was launched in December 2016.

Manal El Maroufi was one of the winners. "It's so cool to be here," says the 16-year-old pupil from Mülheim, who is one of the 50 "Ruhr talents". Manal, who is the daughter of Moroccan immigrants, fulfils the requirements for the support programme: she achieves outstanding grades at school and is also active outside the school environment. Her family lacks the means to provide their talented daughter with comprehensive support. "I'm the class president, and at parent-teacher meetings I translate for the Arabic speakers," she says. After she graduates from vocational school she will switch to a college preparatory school so that she can later on become an engineer. "However, I still don't know exactly where my strengths and weaknesses lie," she says. "That's why I'm glad that the RuhrTalente programme will offer me some orientation."

One of the most important goals of RuhrTalente is to help young people from the Ruhr region to realize their potential. The RAG-Stiftung is providing the programme with €1.7 million in initial funding. Bärbel Bergerhoff-Wodopia, a member of the RAG-Stiftung's Board of Executives, says, "RuhrTalente is an important new component of our educational system that enables young people to successfully rise up through the system."

The NRW Centre for Talent Promotion at the Westphalian University of Applied Sciences is in charge of implementing the programme. The programme coordinator, Robin Gibas, says it's impor-

tant for the young people to receive practical instruction as well as unusual insights. "We don't simply take our RuhrTalente pupils to see plays in the theatre; we also participate in the theatre workshop, look behind the scenes, and meet the leading actors," he says.

In addition to workshops, outings, and tours of factories and businesses, the pupils take courses on social customs and etiquette, attend cultural events at theatres and museums, and participate in seminars on politics and social commitment. "We offer the young people events that match their profiles so that we can optimally promote their special talents," says Gibas.

Another pupil receiving this targeted support is 18-year-old Miles Wetekam, who lives with his mother and will graduate from high school next year. "I hope that having a scholarship will help me clarify my thoughts about whether I should go on to study at a university or start a traineeship," he says. Miles, whose activities include serving on the Youth Council of his home town of Gladbeck, only knows at this point that he'd like to do something related to automobiles.

RuhrTalente is not a one-off. Interested young people can apply at any time, and scholarships are awarded three or four times per year. Upper Secondary pupils (Class 8 to school leaving) are eligible to apply. With up to 100 scholarship pupils in 2017, RuhrTalente is set to become the biggest scholarship programme in the Ruhr region. ←

RUHRTALENTE

Mission:
Supporting talented and committed pupils from underprivileged families and reinforcing the educational system in the Ruhr region

Support:
since 2016

Partner:
Westphalian University of Applied Sciences in Gelsenkirchen, Bocholt and Recklinghausen, Initiativkreis Ruhr



RESEARCH FUNDING

Knowing what the water's doing

One of the central components of the post-mining operations is the long-term and environmentally friendly management of the pit water in decommissioned mines. That's why scientists are conducting intense research to gain deeper insights into the processes that are going on underground. The RAG-Stiftung is funding one of these research projects.

EVALUATING PIT WATER RISING PROCESSES

Mission:
Researching the rise behaviour of pit water in European hard coal mining regions and developing prognoses

Funding:
2016 to 2019

Partner:
Technische Hochschule Georg Agricola, Bochum

The hydrogeologist Sebastian Westermann needs a lot of patience. Westermann, a Research Associate at the Research Institute of Post-Mining Activities at the TH Georg Agricola University of Applied Sciences in Bochum, is involved in a research project with a long name whose English translation is "Evaluation of pit water rising processes in the Ruhr region, Saarland, Ibbenbüren and other German mining regions and neighbouring regions in other European countries".

The research work in this project is very detailed. "In many hard coal mining regions, the mines were closed down years ago," Westermann says. "On the basis of existing data, we're looking at the rise of pit water and emissions of the mine gas methane, as well as possible reactions above ground." Their findings should help to optimize sustainable pit water management and thus provide added value for the RAG-Stiftung and the people living in the former mining regions.

To this end, the hydrogeologist and his small team are doing research all over Germany as well as in the UK, France and Poland in order to gather usable data. Every region and every mine can yield new insights that help the team to make forecasts that are as precise as possible about the rise of pit water in North Rhine-Westphalia and the Saarland.

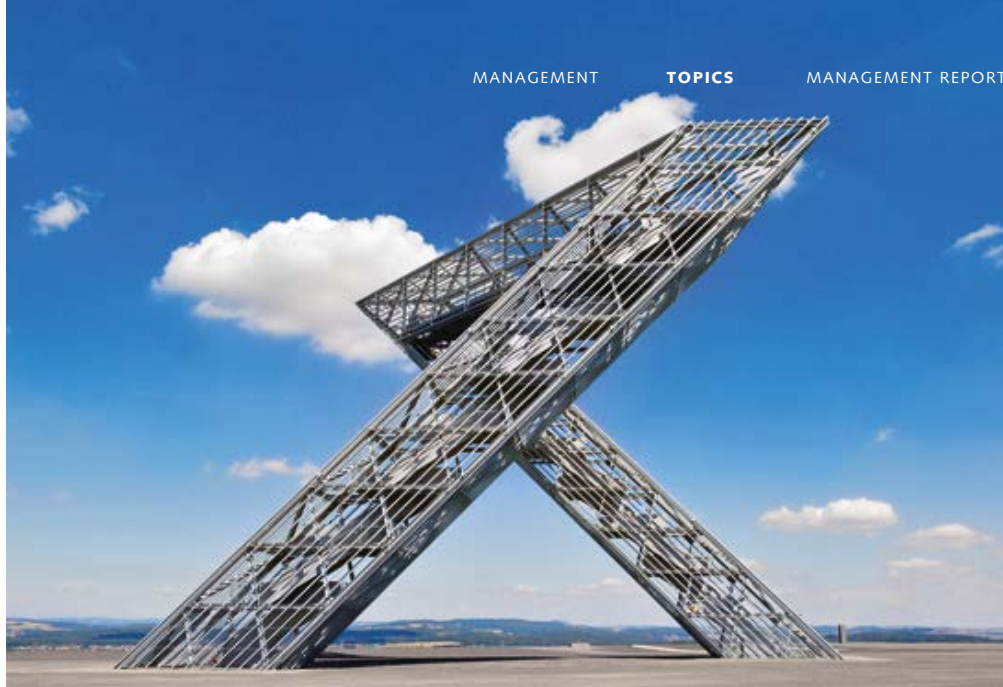
The rise of pit water depends on many local factors, and that's exactly what makes Westermann's work so interesting. "In Ibbenbüren, for example, there is no overburden. As a result, rain can penetrate the shafts and the underground roadways unimpeded. That's why the rise of pit water in the Westfeld area, where hard coal mining ended as early as 1979, was faster than it will be in the Ruhr region," he says.

The researchers have a wealth of data to rely on. Their first task is to find out exactly where hard coal was mined, and by whom. Next, they will try to find out whether the rise of pit water was documented and, if so, whether the data is still available. "Once this preliminary work has been done, the next step will be to build up trust. That's because nobody's going to say to us, 'Here's our data. Do what you want with it'," Westermann explains.

He is very satisfied with the work done by the project so far. "Through our contacts with fellow specialists all over the world, we've already been able to formulate some initial hypotheses. In the next step, we want to derive causal relationships from the data we have," he says. The post-mining experts hope the project will give them a deeper understanding of the physical laws governing the rise of pit water.



Patience is required: The hydrogeologist Sebastian Westermann is researching the behaviour of the pit water in mines.



“A skyscraper”:
The Saar Polygon, the
new landmark at the
Ensdorf spoil heap,
looks like a steel giant
walking.



SUPPORTING CULTURE

Show me the future!

The Saar Polygon at the Ensdorf spoil heap was opened in September 2016. Together with the new RAG representative office, it symbolizes the history of mining—and the transformation that is taking place in this region.

THE SAAR POLYGON

Mission:
A landmark that
symbolizes the past
and the future of the
mining region

Opening:
2016

Partner:
Förderverein
BergbauErbeSaar e.V.

The Saar Polygon, which was opened on 16 September 2016, is almost 30 metres high and weighs 250 tonnes. But even more impressive than its stunning dimensions is the site of this local landmark. The Polygon can be seen from afar, towering on top of a 150-metre-high spoil heap, the highest in the Saarland, whose local nickname is “Monte Duhamel”. Visitors who climb the 132 steps to the bridge are rewarded with a breath-taking view.

This was confirmed by many of the 600 guests who attended the opening ceremony. The guests included Annegret Kramp-Karrenbauer, Minister President of the Saarland; Anke Rehlinger, the State Minister of Agriculture; Bärbel Bergerhoff-Wodopia, Member of the RAG-Stiftung Board of Executives; and Peter Schrimpf and Dr. Jürgen-Johann Rupp from the Management Board of RAG AG. Two federal ministers, Heiko Maas and Peter Altmaier, had also come from Berlin.

The RAG-Stiftung provided key funding for the landmark’s construction. Additional funds came from companies in the region, the State of Saarland and numerous private donors, who could contribute €1,000 to sponsor one of the 265 steps of the staircase, for example.

The bold construction was conceived by the Berlin-based architecture firm Pfeiffer Sachse, which won the competition for ideas against 146

rivals. The expert jury that selected the firm emphasized the multifaceted nature of its proposal. The monument changes its appearance with the viewer’s perspective and reveals its inner structure when it is illuminated at night. It also evokes many associations with mining.

Bärbel Bergerhoff-Wodopia confirms these qualities: “The Polygon is multifaceted in the literal sense of the word. It not only represents the heritage and achievements of the miners but will also remind us in the future of the challenges that still face us in this ever-changing region.” Some of these challenges have already been met successfully. Residential and commercial areas have been built on the sites of former mines; watercourses and industrial areas have been re-naturalized. The visible symbol of this new beginning and this faith in the future is the Saar Polygon.

Another symbol of the transformation is the RAG representative office, which is located very close to the landmark in Duhamel and was opened at the same time. The office moved into a machine hall of the former Saar mine, which is now listed as a historic monument. The machine hall has been repurposed as a meeting point and a place of remembrance. The permanent exhibition “Mining. Our heritage” impressively displays the 260-year-old history of mining in the Saar region—and, like the Saar Polygon, unites the past with the post-mining era. ←



Evonik Industries AG, Essen:
Headquarters of operations in more than 100 countries



RAG Aktiengesellschaft, Herne:
Moving soon to new headquarters in Essen

* STRATEGIC SHAREHOLDINGS

Four aces up its sleeve

Thanks to its strategic shareholdings, the RAG-Stiftung stands on a secure foundation. Starting in 2019, RAG will begin to implement its perpetual obligations. This process will be largely financed by the revenue from another trio of companies.

Evonik Industries AG: Targeted acquisitions

The RAG-Stiftung holds almost 68 per cent of the shares in Evonik, a listed specialty chemicals company with headquarters in Essen. The received dividend payments are an important basis for financing the perpetual obligations, beginning in 2019. Evonik is one of the leading global companies in the specialty chemicals sector and operates with over 34,000 employees in more than 100 countries. Evonik's strategy focuses on profitable growth as a basis for enhancing corporate value.

The company is achieving growth through acquisitions as well as its ongoing operations. For example, Evonik acquired the special additives business of the US industrial gas producer Air Products for a purchase price of approximately €3.5 billion. The acquisition was announced in May 2016 and concluded on 3 January 2017. In 2016 Evonik generated sales of more than

€12.7 billion and earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) amounting to almost €2.2 billion, despite a challenging economic environment. The dividend of €1.15 per share that was paid out in 2016 was 15 per cent higher than the payout in 2015—a significant increase. The RAG-Stiftung expects the dividend to remain at an attractive level in the years ahead.

RAG AG: Plannable post-mining activities

When subsidized hard coal mining closes down at the end of 2018, the role played by RAG Aktiengesellschaft will also change significantly. Today RAG is already preparing for the tasks for which it will be solely responsible starting in 2019. RAG has been wholly owned by the RAG-Stiftung since 2007. After the closure of the last two mines, it will be responsible for the inherited liabilities with



VIVAWEST, Gelsenkirchen:
Provides homes for over 300,000 people

limited duration and the perpetual obligations (inherited liabilities with unlimited duration) of the mining industry in the Saarland and North Rhine-Westphalia. Its main tasks will include pit water management, offsetting the damage caused by mining, filling mine shafts and managing the subsequent use of former mining sites.

RAG Montan Immobilien GmbH, a RAG subsidiary, has been assigned the task of developing former mining sites as residential and commercial areas and as sites for generating alternative energy.

VIVAWEST: Vibrant neighbourhoods

VIVAWEST is one of the leading providers of residential housing in North Rhine-Westphalia. It provides homes for more than 300,000 people, with over 120,000 living units in 76 municipalities. The living units range from apartments to spacious one-family houses. In line with the motto “Living where your heart is”, VIVAWEST sets great store by creating vibrant neighbourhoods, developing urban districts and promoting community spirit.

In 2016 VIVAWEST's more than 2,000 employees generated sales of over €834 million and adjusted EBITDA of €347.6 million. The RAG-Stiftung is the biggest shareholder of VIVAWEST, which was formed in 2012 through the merger of Evonik Immobilien and THS. It holds 30 per cent of the shares in VIVAWEST. RAG holds another

18.2 per cent of the shares. VIVAWEST has its roots in the mining industry, and it operates accordingly: reliability, long-term operation and sustainability are among the company's basic principles.

Investment company: sustainable increase in value

RAG-Stiftung Beteiligungsgesellschaft mbH, which was founded in 2014 under the aegis of the RAG-Stiftung, invests in sustainably successful companies in the automation technology, specialist mechanical engineering and industrial services sectors. These companies operate in the future-oriented global market segments Life Sciences, Infrastructure and Industrial Technology. The investment company focuses its activities on high-quality further development and the sustainable increase of corporate value—without the financially motivated exit scenario that is characteristic of private equity investments.

Since its foundation, it has acquired six majority shareholdings which generate a total of approximately €500 million in sales and employ almost 4,000 men and women, as well as three strategic minority shareholdings, two of which are in listed public limited companies. In the fiscal year 2016, the RAG-Stiftung Beteiligungsgesellschaft acquired majority shares in the Dorsch Group and Qvest Media, two global market leaders in the areas of major project management and digital media technology respectively. ←

Report by the Chairman of the Board of Trustees



Dr Jürgen Großmann
Chairman of the Board of Trustees

Dear reader,

It was with good reason that the RAG-Stiftung chose 393 as the “number of the year”, which is presented on the front page for the first time in this annual report. It represents the annual profit of the foundation of around EUR 393 million in 2016. This means that, compared to the previous year, nearly EUR 60 million more could be put aside to continue financing perpetual obligations after the end of active coal mining.

However, against the background of our duty, every single number in the annual report is in fact a “number of the year” for the Board of Trustees of the RAG-Stiftung – a number which has been carefully registered and analysed. All 14 members of the board again performed their duties with dedication in 2016.

To this end, the Board of Trustees concerned themselves with the situation of the foundation, they were informed by the Board of Executives about a range of current topics and passed resolutions. All of this took place in two meetings – on 18 April and 5 December 2016. These resolutions include points on the consolidated and annual financial statements for 2015, the discharging of the Board of Executives and the approval of the budget for the RAG-Stiftung for 2017.

The Foundation's Board of Executives informed the Board of Trustees extensively, both in meetings and on the basis of quarterly reporting, about all developments relevant to the RAG-Stiftung. These included, on the one hand, the situation in the strategic holdings Evonik Industries AG, RAG Aktiengesellschaft, Vivawest GmbH and RAG-Stiftung Beteiligungsgesellschaft mbH. On the other, the Board of Executives also reported on the diversified financial assets and on issues relating to corporate governance and compliance systems in the Foundation group.

In the course of further developing investment guidelines, the percentage-based investment limits for non-liquid asset classes such as private equity and real estate/infrastructure

were raised. In view of the additional possibilities, I wish the Foundation's Board of Executives all the best in safeguarding the balance between corporate risk and safeguarding financial assets in accordance with the by-laws.

The Board of Executives also went on to explain to us the current situation of subsidised projects in the fields of education, science and culture. In the regions shaped by mining in Ruhr and Saar, there was again a higher budget available for these support programmes than in the previous year. I would also like to highlight the successful launch of the project “Glückauf Zukunft!”, to say a worthy goodbye to coal mining in 2018. We also approved an expanded special budget to support refugees again.

In its meeting on 5 December 2016, the Board of Trustees confirmed all members of the Foundation's Board of Executives for a further five years from December 2017. I am happy that this decision was made easy by the successes achieved in the current term of office, and I would like to express my thanks, on behalf of the Board of Trustees, for the constructive and trusting collaboration with the Board of Executives. Personally, I again look forward to the proven and active exchange between the Board of Trustees and the Board of Executives in the future.

There was a change in personnel on the Board of Trustees on 27 January 2017. I would like to thank Sigmar Gabriel for the positive and pleasant collaboration and warmly welcome his successor, Brigitte Zypries, to the Board of Trustees.

Wishing you all Glückauf!

Yours sincerely,

A handwritten signature in blue ink that reads "Jürgen Großmann".

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

Management report

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Basic principles of the Company

Corporate responsibility for the transition process in German coal mining and ensuring the development of the Evonik Group

ESTABLISHMENT, PURPOSE AND BUSINESS MODEL OF THE RAG-STIFTUNG

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

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

Business model for the sustainable financing of perpetual obligations from investment income and financial assets from 2019.

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.

RESPONSIBILITIES OF 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 are the following:

- ▲ Hannelore Kraft, MdL, Premier of the State of North Rhine-Westphalia
- ▲ Annegret Kramp-Karrenbauer, MdL, Premier of the State of Saarland
- ▲ Sigmar Gabriel, MdB, Federal Minister of Economic Affairs and Energy (until 27 January 2017)
- ▲ Brigitte Zypries, MdB, Federal Minister of Economic Affairs and Energy (from 27 January 2017)
- ▲ Dr Wolfgang Schäuble, MdB, Federal Minister of Finance
- ▲ Michael Vassiliadis, Chairman of the mining, chemical and energy industries trade union

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

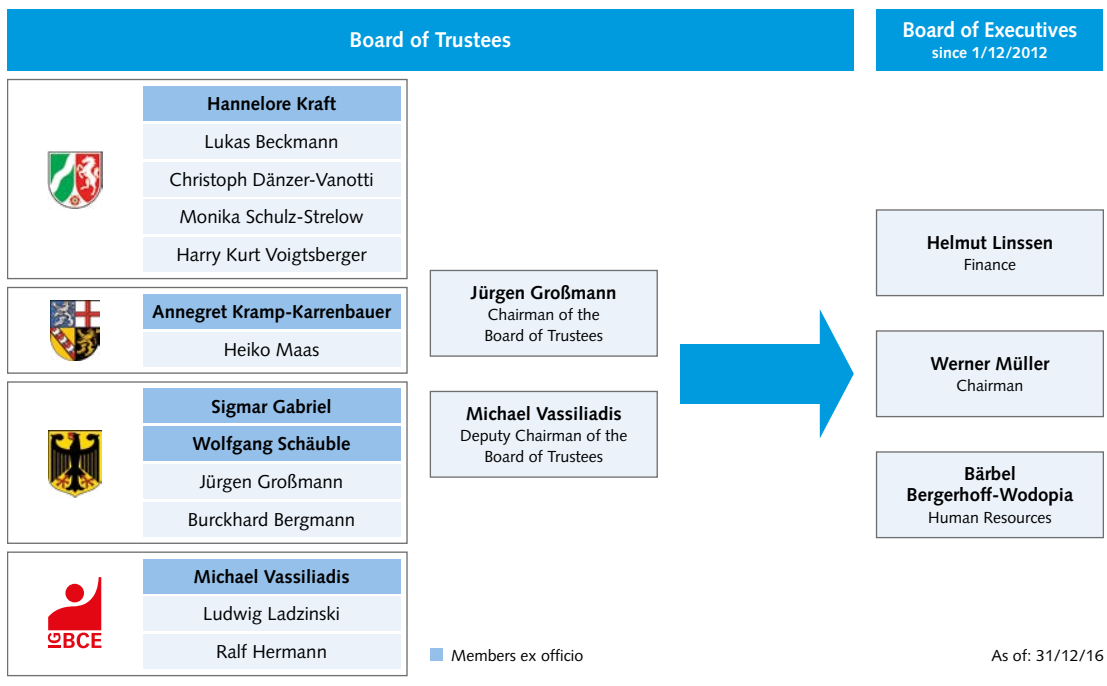
- ▲ Lukas Beckmann, Managing Director of GLS Treuhand e.V.
- ▲ Dr Burckhard Bergmann, former CEO of E.ON-Ruhrgas AG
- ▲ Christoph Dänzer-Vanotti, freelance lawyer
- ▲ Dr Jürgen Großmann, Shareholder of Georgsmarienhütte Holding GmbH
- ▲ Ralf Hermann, Chairman of the Group Works Council of Evonik Industries AG
- ▲ Ludwig Ladzinski, member of the Executive Board of the mining, chemical and energy industries trade union (IG BCE)
- ▲ Heiko Maas, Federal Minister of Justice and Consumer Protection
- ▲ Monika Schulz-Strelow, management consultant
- ▲ Harry Kurt Voigtsberger, Former Minister of State

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

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

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

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

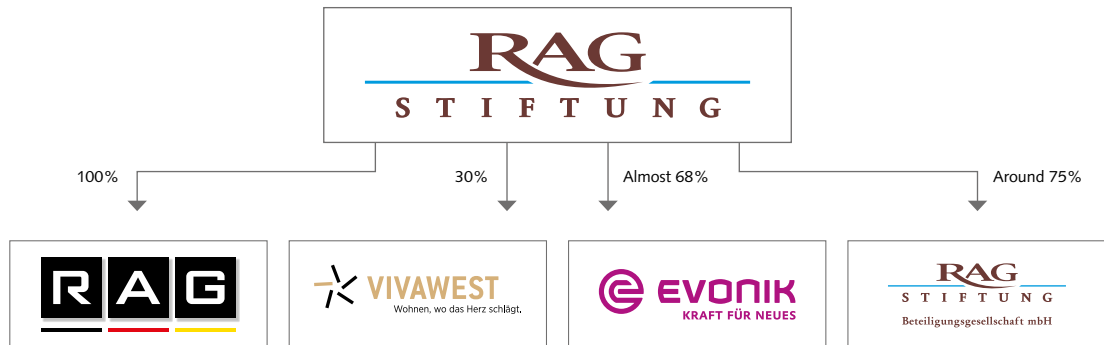


Four strategic core holdings

INVESTMENT PORTFOLIO

The RAG-Stiftung's strategic holdings are RAG Aktiengesellschaft (RAG AG), Herne; Evonik Industries AG, Essen; and Vivawest GmbH (Vivawest), Essen. RAG-Stiftung Beteiligungsgesellschaft mbH (RSBG) is also included in this category by the RAG-Stiftung.

THE RAG-STIFTUNG AND ITS STRATEGIC HOLDINGS



Directly held company shares are supplemented ...

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

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

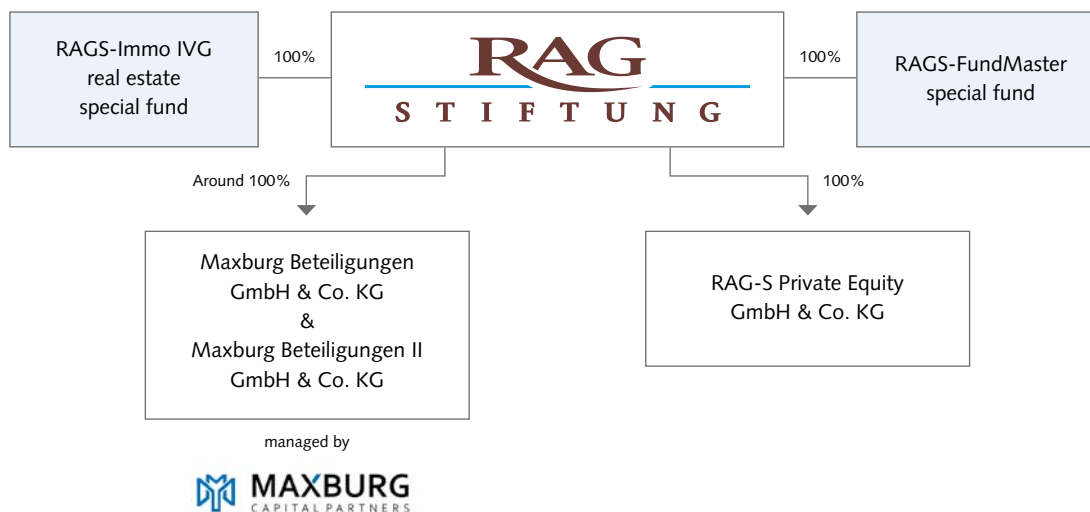
The RAG-Stiftung has a direct stake of 30% in Vivawest. With more than 120,000 apartments in its portfolio, Vivawest is one of Germany's largest housing providers.

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

The **RAG-Stiftung Beteiligungsgesellschaft mbH** is a traditional holding company. The RAG-Stiftung holds 74.99% of the shares, and the remaining 25.01% are held by the investment company of an experienced industrial manager. At the same time, this manager is one of the company's two managing directors. The investment strategy of RAG-Stiftung Beteiligungsgesellschaft mbH is to further expand the company as a holding company that acquires qualified minority or majority holdings in specialised, medium-sized engineering, automation and industrial service providing companies. The investment objective is to generate ongoing income and increase the value of the invested capital over the medium and long term.

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

VEHICLES OF THE RAG-STIFTUNG FOR FINANCIAL ASSETS



In the “**RAGS-FundMaster**” special fund managed by the capital investment company Deka Investment GmbH, assets worth approximately EUR 2.6 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.

Customised vehicles
for the management
of financial assets

In addition to this, investments in European real estate are made in the special real estate fund “**RAGS-Immo IVG**” managed by TRIUVA Kapitalverwaltungsgesellschaft mbH.

The RAG-Stiftung’s international private equity, infrastructure activities and 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.

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.

Economic report

Very successful 2016 financial year: substantial increase to capital stock to finance perpetual obligations

OVERALL STATEMENT ON THE COURSE OF BUSINESS

2016 was a very 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.

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

KEY PERFORMANCE INDICATORS: FORECAST AND ACTUAL VALUES

in EUR million	2016	Forecast for 2016	2015
Financial performance indicators			
Net profit or loss for the year	0.0	constant	0.0
Addition to provision for perpetual obligations	392.8	340	334.3

We were able to increase the provision for perpetual obligations by EUR 392.8 million to a current total of EUR 4,841.8 million due to higher income from equity investments and interest.

Clear, positive performance of our financial assets and private equity companies

With regard to our financial assets in the RAGS-FundMaster special fund, the various asset classes saw consistent positive performance in 2016: the global bond mandates yielded between just under 0% and 2% in a setting of historically low interest rates. Our emerging markets bond mandate gained 12%. Mandates for corporate bonds showed yields between nearly 5% and some 6%, the high-yield mandate with 8%. The European equity mandate generated a small positive increase in value, while the global equity mandates generated a performance of 12%. The real estate mandates yielded an average of 7%. Tactical investments were at 0%, not least as a result of their high proportion of German shares. Overall, a return of 4.5% was generated in the special fund.

By the same token, our private equity companies also saw positive developments. RAG-S Private Equity GmbH & Co. KG achieved a net profit for the year of almost EUR 10 million and hidden reserves there could be expanded, as with Maxburg KG.

ECONOMIC CONDITIONS

The anticipated stimulus remained absent from the global economy in 2016

The global economic conditions have developed slightly more slowly than expected in 2016. According to estimates by the World Bank, the global economy expanded in 2016 by around 2.3% – a slower pace than in the previous year (2.7%). Growth of 2.5% for the year under review was originally anticipated at the beginning of the year.

The weaker growth was due in particular to the very modest performance, notably during the first half of the year, in North America and the slowdown of economic activity in emerging markets.

European economic growth in 2016 continued as a result of the expansive monetary policy of the European Central Bank, the depreciation of the euro and strong consumer demand. At the same time, risks appeared again within the European banking system. The result of the referendum in the United Kingdom to no longer be a member of the European union added to the uncertainty. The economic situation in Germany in 2016 was characterised by solid and continuous economic growth. Compared with 2015, gross domestic product expanded by 1.9%, adjusted for prices, according to the German Federal Statistics Office. Private consumption, in particular, rose as a result of the positive situation on the labour market and rising real wages, as did state consumption, while the foreign trade sector had more of a dampening effect on the German economy, and industrial production demonstrated only modest growth.

2016: Robust growth in Europe and Germany but ...

The temporary slowdown in economic growth in the USA, which was particularly noticeable in the first and second quarters, was due to weak industrial production, low investment activity and the reduction in stock on hand. Furthermore, the strong US dollar weighed on exports. In contrast, private consumption remained a reliable bulwark of economic growth, benefiting particularly from the good situation on the labour market. Given the fact that the economy only began to see more robust growth in the second half of the year, the US Federal Reserve only raised interest rates once in 2016, although a total of four interest rate hikes were expected by market participants at the start of the year.

... weaker economic growth in the world's other large economic zones.

A range of factors was responsible for the lower growth levels seen in emerging markets: the slower increase in investment spending, declining industrial production and a worsening of the financial position due to capital outflows and currency depreciations. Although commodity prices recovered somewhat during the course of the year, the performance of commodity-exporting countries continued to be held back by overcapacities. The economy in Latin America remained in a recession, despite stark regional differences. The pace of growth in China continued to slow as a result of the transition to a new economic model focusing more on the domestic market. Chinese economic growth was stabilised above all by an expansive monetary and fiscal policy.

Industry situation of the strategic holdings

Coal

According to initial calculations from "Energy Balance for Germany", primary energy consumption in Germany was around 1.6% above the level of the previous year. Growth was largely due to the colder weather conditions compared with the previous year, as well as the leap year, the persistently positive economic performance and the population increase. The greater demand for energy as a result of the positive economic development, as well as the rise in population numbers, was checked by improvements in energy efficiency.

Proportion of energy produced from coal reduced further in 2016, domestic production fell again

The use of coal in power plants declined by 6.2% in 2016. In contrast, sales in the iron and steel industries remained on a par with the previous year. Overall, the share of coal in the entire energy consumption of 2016 decreased to 12.2% (previous year: 12.9%). While the percentage of energy coming from fossil fuels declined slightly overall, and the share of energy consumed coming from atomic power fell to 6.9% (previous year: 7.6%), the share of renewable energies increased slightly to 12.6% (previous year: 12.4%).

Of a total volume of coal of around 55.8 million tonnes coal equivalent in 2016, around 7% was attributable to domestic production of 3.9 million tonnes coal equivalent, which was generated exclusively by the RAG Group. The most important customers of RAG remain the power industry (82% of sales) and the iron producing industry (around 11% of sales). In addition to this, smaller volumes of coal amounting to around 0.3 million tonnes were supplied to the heating markets by the mining industry with no subsidies.

Speciality chemicals

The global development of Evonik's end customer industries varied greatly among the different regions and industries in 2016.

The demand for food and animal feed developed positively across all regions. The production of consumer and care products rose in Europe in a year-on-year comparison and also in Asia in particular as a result of rising demand in the up-and-coming middle class. In the vehicle manufacture and engineering sectors, year-on-year growth rates fell slightly, although they remained at a high level. The pace of growth in the construction industry in the USA, Latin America and occasionally in Asia slowed particularly as a result of modest investment activity compared with 2015, while it continued to increase in Europe. The general industry trend in Europe and North America remained weak overall with only small increases in production.

Evonik's average commodity prices fell again year-on-year as a result of the drop in crude oil prices, particularly at the beginning of 2016.

In 2016 and in comparison to the most important foreign currency for Evonik, the US dollar, the euro remained overall on a par with the average level of the previous year (USD 1.11 per euro) with an average exchange rate of USD 1.10 per euro.

Residential real estate in Germany

The German residential market continued to see a stable performance in 2016. The lower interest rate remained a major driving force behind the investment decision of institutional investors. The total transaction volume on the housing investment market in 2016 was approximately EUR 13.7 billion. Some 137,000 residential units changed hands; 54% of the volume in 2015. The significant financial leeway afforded as a result of low interest rates has also enabled an increasing number of private persons to purchase real estate for their own use or as a financial asset.

The demand for residential space is directly connected to the number of private households and their available income. Due to the continued decline in average household size, it is expected that there will be an increase of 2.1% in the number of households in Germany by 2030. Consequently, the number of private households in North Rhine-Westphalia is expected to increase by a further 5.3% by 2040.

Net basic rents for residential space has been rising moderately for several years. The Federal Statistics Office expects an increase of 1.5% in average current rents across Germany in 2016 compared with the previous year. Prices of new and re-rented accommodation rose much more sharply. At the end of 2016, the rent for newly built apartments was 4.1% higher on average across Germany than at the end of 2015. In the case of current apartments, the rent on offer is 3.9% higher, although they are subject to rent ceilings in many places. However, rents across Germany are performing in varying ways. While price ceilings have been reached in a number of cities, rents continue to rise in other places. At the same time, stagnation is becoming an issue in structurally weak regions.

Speciality chemicals in 2016 with heterogeneous performance according to segment and region – commodity prices fell again due to oil prices

The upswing on the German residential market continued in 2016

In 2016, approval was given for the construction of around 380,000 apartments in Germany. This was approximately 20% more than in the previous year. Completed buildings developed in line with building permits, with a time lag. 290,000 new residential units are expected to have been built in Germany during the whole of 2016. This means, however, that residential construction still falls short of the annual need of at least 350,000 apartments.

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

Capital market situation

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

The past year of 2016 was again not an easy year for the majority of investors. This applied in particular to European markets. Even the start to the stock-market year performed differently than expected. Global equity markets experienced the weakest start to a year in their history, with the DAX alone losing around 1,600 points in the first six weeks. The reason for price drops of nearly 16% was primarily a significant slowdown in economic growth in China. In addition, key economic data in the USA worsened at the start of the year, and, ultimately, sagging commodity prices, which are seen on the stock market as a negative indication for the economic performance of emerging markets, ensured further declining potential. Equity prices began to perform better as the oil price stabilised from the middle of February.

[Challenging year in 2016 on international capital markets ...](#)

Sentiment on the equity markets was cautiously positive in early summer. However, the focus quickly shifted to political events: major factors affecting the markets in 2016 included several terrorist attacks, the Brexit decision in the United Kingdom in June, OPEC's decision to cut supply and the surprising election of Donald Trump as president of the USA in November, as well as the failed Italian referendum in December. As most of the developments are to be looked at with concern, it is to be considered positive that almost every asset class ended 2016 with a moderately positive performance, despite a number of changes in trend.

[... as political turbulence and central bank policy dominated the markets.](#)

Together with these political events, central bank policy played a major role for capital markets in 2016, as was the case in 2015. In the USA, markets were supported by very good economic data, particularly in the second half of the year. The situation on the US labour market noticeably improved. The reduction in supply agreed by OPEC helped oil prices continue recovering. Against this backdrop, the US Federal Reserve finally carried out its long-awaited interest rate hike by 25 basis points from 0.5% to 0.75% in December. In contrast, the European Central Bank continued with its policy of quantitative easing during 2016. In December, the bond-buying programme was prolonged until the end of 2017, however, with a reduction in monthly purchases of EUR 20 billion from April 2017.

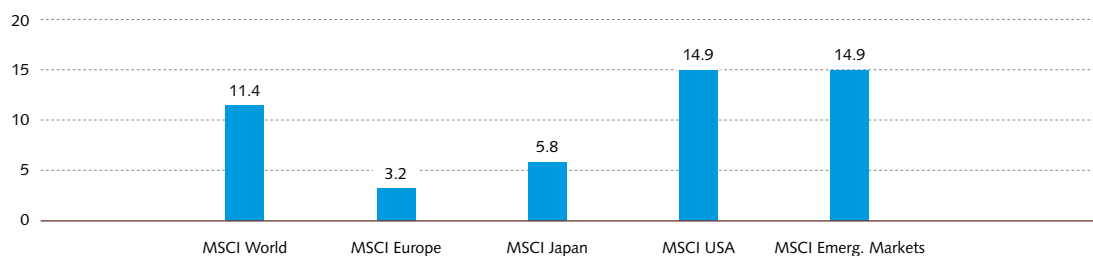
Stock markets and key currencies performed as follows in 2016:

Good year for stocks in 2016 but varying levels of performance in the individual regions

The international stock markets developed well in different ways in 2016. The MSCI¹ World gained 9.7% in local currency and 11.4% in euros. In Europe, the stock market (MSCI Europe) improved by 3.2% in euros, and in the eurozone by 5.3%. At 6.6%, Germany was above the weighted average. In Asia, the MSCI Japan lost around 0.4% in local currency, and gained 5.8% in euros. Despite the strong development of the US economy that only set in from summer, stock markets in the USA developed very positively over the whole year. The MSCI USA rose by 11.6% in US dollars and by 14.9% in euros. Shares in emerging markets (EM) developed differently: Asian EM shares gained 7.3% in local currency, and 9.7% in euros. Latin American EM stock gained 24.7% locally, and even gained 35.4% in euros.

PERFORMANCE OF STOCK MARKETS IN 2016 IN EUROS

in %



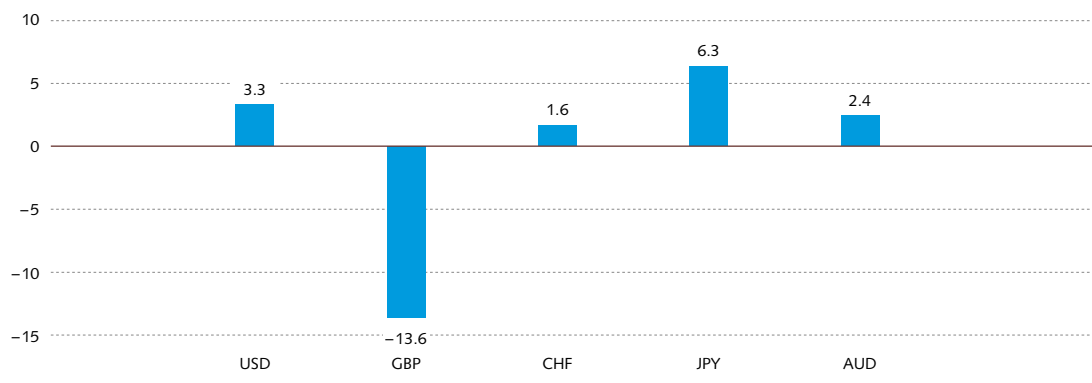
The euro continued to lose value against most currencies in 2016 – with the exception of the British pound.

The aims of the highly expansive monetary policy of the ECB are to boost the economy and stimulate inflation. A driver here is the weakening of the euro's external value. The euro lost 3.3% of its value against the US dollar in 2016 compared to the end of the previous year. Compared to the Swiss franc, the euro lost 1.6% of its value, and 6.3% of its value against the Japanese yen. The euro also saw its value decline compared to the currencies of commodity countries Canada and Australia as a result of rising commodity prices. Following the Brexit decision on 23 June 2016, however, the single European currency gained value against the British pound. The euro gained over 13% in value in a year-on-year comparison.

¹ 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 IN 2016

End of 2016 against the end of 2015 in %



Development of the bond markets in 2016 in detail:

Performance on the global bond markets in 2016 was very good on average (JPM¹ Global Bond Index), increasing by 2.9%. However, the negative development of the euro improved performance from the point of view of investors with the euro as their currency of investment. The JPM Global Bond Index achieved a positive performance in euros of 4.6%. However, it was only possible to realise this development if the portfolios were not hedged against currency risk in euros – which was the case for most investors.

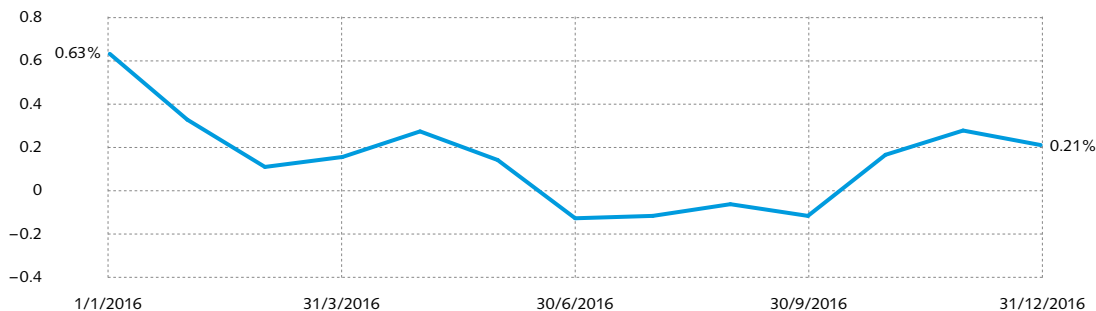
Comparatively good developments on global bond markets in 2016 – notably from a euro perspective

- ▲ Those who invested exclusively in federal bonds saw performance of 4.1% in 2016.
- ▲ Yields on the German ten-year benchmark bond fell significantly in the course of the year, even dipping below zero percent at one point (– 0.19% on 8 July 2016). A countermovement began towards the end of the year, although yields remained below the low level of the previous year. While the benchmark bond still yielded 0.63% at the end of 2015, the return at the end of 2016 was only 0.21%.
- ▲ The spreads of eurozone countries on the ten-year federal bonds trended differently in the course of the year: Greece narrowed from 776 basis points (bp) to 683 bp, Portugal widened from 190 bp to 355 bp in view of the political situation, Italy widened from 97 to 163 bp as a result of the rejection of constitutional reform and the resignation of prime minister Renzi. Only Spain remained virtually unchanged with 115 bp compared with 119 bp at the end of 2015. Eurozone bonds widely generated income of 3.1% in 2016.
- ▲ US Treasuries generated performance of 1.1%, in euros on the contrary 4.1%. Emerging market yields gained 9.4% in local currency and 13.2% in euros.
- ▲ The real interest rates in France and Germany over the ten-year period were minus 0.86% at the end of 2016 and therefore still below the previous year-end value of minus 0.39%. A 30-year maturity term generated a real interest rate of minus 0.22% at the end of 2016, well below the value of the previous year of 0.38%.
- ▲ Inflation swaps, i.e., the course of inflation expected by the market, were at the end of December 2016 in the euro area at 1.47% for ten years, i.e., slightly above the previous year's value of 1.28%.

¹ J.P. Morgan is a US financial services provider that calculates and publishes numerous international stock market indexes.

YIELD DEVELOPMENT OF THE TEN-YEAR FEDERAL BOND IN 2016

in %



DEVELOPMENT IN THE HOLDING COMPANIES

RAG

Satisfactory year
in 2016 with
developments
as forecast

The 2016 financial year for RAG met with expectations and was satisfactory given the regulations stipulated by the agreements on coal policy. The annual targets for production and sales in 2016 were met and corresponded to the agreed fall in subsidies. Sales revenue fell as expected, although, as per the Accounting Directive Implementation Act (BiRUG), this includes business transactions that, in the previous year, were reported under other operating income. The bottom line was balanced out in this financial year.

The programme of socially responsible workforce reduction in turn continued as planned during 2016, as a result of the use of both proven and advanced instruments.

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

The continuous optimisation of eliminating residual pollution and the processing of perpetual obligations is a long-term responsibility. RAG faces a fundamental restructuring in the process to change from a coal producer to a company dealing with the consequences of mining. The restructuring from the production phase until 2018 through the shutdown phase from 2019 to 2021 up to the perpetual phase from 2022 has been outlined as part of the project "Processes and IT 2020". The result is that the basic structure of the company will continue to be process-based, and consist of core, central and service areas with the allocated business processes. The organisational set-up of the "New RAG" will subsequently be designed and a transition concept for the migration developed.

Evonik

Strategically, the Evonik Group strengthened the growth segments of Nutrition & Care and Resource Efficiency, thereby further improving the prerequisites for future, profitable growth. With the acquisition of the speciality additives business of Air Products and Chemicals, Inc., Allentown (Pennsylvania, USA), the company's leading position on the attractive growth market for special additives was strengthened. Evonik expects demand for special additives to rise dramatically, and that the market for such additives will grow at a much faster pace than overall demand for chemical products. The planned acquisition of the silica business of J. M. Huber Corporation, Atlanta (Georgia, USA), is aimed at further boosting the Resource Efficiency segment. With this acquisition, the Board of Executives of Evonik intends to expand its silica business, gain new customers and boost its presence in key growth markets. The market for silica displays above-average and stable growth rates. The two newly acquired businesses (special additives, silica) have similar business models to Evonik and ideally complement the segments.

Maintained good operational business in 2016 – key strategic investments for future, profitable growth

Evonik's business operations performed well in a challenging economic environment overall. It was possible to achieve positive volume growth with high global demand for Evonik's products. However, sales prices were much lower, partly due to the passing on of falling commodity prices. Overall, sales revenue in the 2016 financial year declined by 6% to EUR 12.7 billion as a result of lower sales prices. At EUR 2.17 billion, adjusted EBITDA remained 12% below the previous year's high value. The decline came from the Nutrition & Care segment, as sales prices fell back from the high level of the previous year. The Resource Efficiency segment saw very positive developments, which led to a tangible improvement in its earnings. The Performance Materials segment contributed much higher earnings.

The adjusted EBITDA margin was, at 17.0%, at a good level, but did not achieve the excellent value of 18.2% from the previous year. The Group's earnings, determined in accordance with International Financial Reporting Standards (IFRS), fell by 15% to EUR 844 million. The Executive and Supervisory Boards again propose a dividend of EUR 1.15 per share to the general meeting of shareholders.

Evonik has a robust investment grade rating. In view of the announcement of the acquisition of the special additive business of Air Products, Moody's raised its rating in May 2016 to Baa1 (Standard & Poor's: unchanged at BBB+). With EUR 1,758 million, Evonik again generated a strong cash flow from operating activities. Free cash flow after deduction of cash outflows for fixed asset investments was, at EUR 810 million, at a high level. At the end of 2016, Evonik again had net financial assets. The acquisition of the special additive business of Air Products was financed by the issue of three bonds with an average interest rate of 0.35% in September 2016. After paying the purchase price and completing the transaction on 3 January 2017, Evonik again had net financial indebtedness.

Vivawest

The Vivawest Group's course of operating activities ran very successfully in the 2016 financial year. Carried by the robust earnings from the inventory management, and supplemented by the income and earnings from real estate sales, the financial expectations were exceeded once again. Due to consistently high rental performance in connection with fluctuation rate again lower than in the previous year, the vacancy rate at the end of the year fell again significantly, from the previous year's value of 3.2% to 2.7%, the lowest level in the history of Vivawest. Of this 2.7%, 1.4 percentage points are due to demand. Vivawest made use of the income losses avoided here to again increase maintenance expenditure to improve portfolio quality and thus was able to support the rental performance.

Very successful with operational business in 2016 again – vacancy rates fell sharply again

During the previous financial year, the Group generated sales revenue in accordance with IFRS of EUR 834 million. The Group's adjusted EBITDA came to EUR 348 million. This means that sales revenues were slightly above the forecast level, and the adjusted EBITDA exceeded the forecast by over EUR 10 million. Earnings after tax (EAT) of EUR 105 million were slightly above the previous year's value.

At EUR 218 million, the funds from operations (FFO = performance data from existing business after net interest income and tax expense, not taking into account the book profit from the disposal of investment properties), a performance indicator usual in the industry was slightly above the previous year's value of EUR 210 million. Aside from the EBITDA increase resulting from the inventory management, this development is also due to improvements in the net interest income paid.

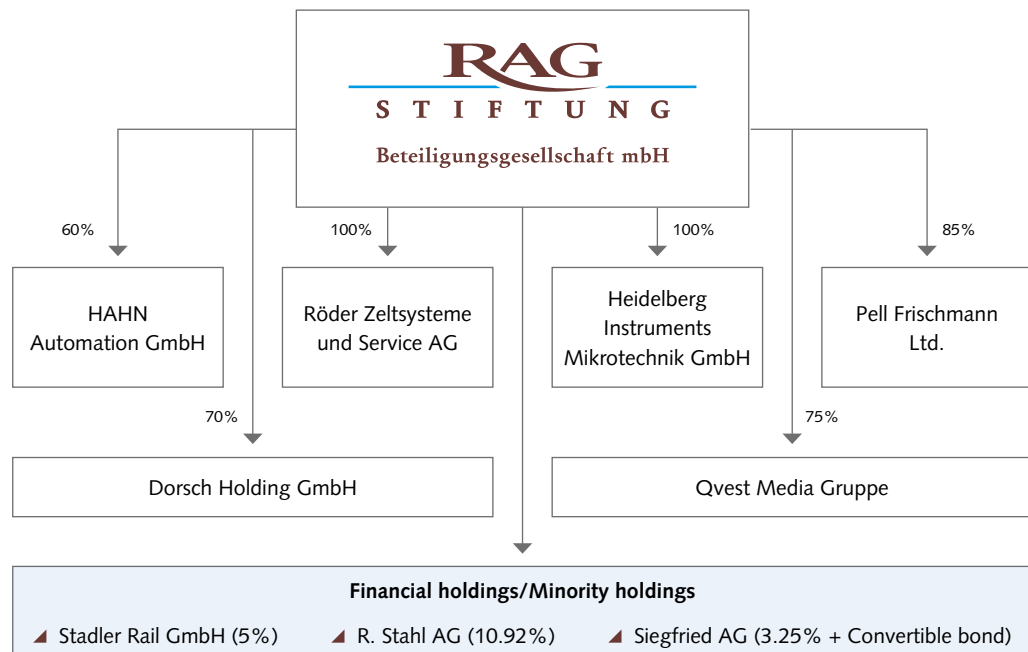
At EUR 3,693 million, net asset value (NAV), a key figure of economic equity, was higher and thus, at the end of 2016, well above the previous year's level by EUR 345 million. In addition to the market value of investment property, the NAV includes net financial indebtedness at the repayment value as 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 in the year under review was also driven by the market-related reduction of the discounting interest rate used to value real estate.

RAG-Stiftung Beteiligungsgesellschaft mbH (RSBG)

Good developments
also in 2016

The 2016 financial year was an good one for RSBG. Revenue of around EUR 19.1 million was generated from the holding companies. Net profit for the year came to EUR 12.9 million. Around EUR 240 million was invested over the course of 2016. At the end of 2016, RSBG held a majority stake in six companies. Minority stakes were held in a further three companies.

RAG-STIFTUNG INVESTMENT PORTFOLIO BETEILIGUNGSGESELLSCHAFT MBH ON 31/12/2016



EARNINGS POSITION

Income statement

RAG-STIFTUNG: INCOME STATEMENT

in EUR million	2016	2015	Change
Sales revenue	0.2	0.2	+0.0
Other operating income	4.7	0.5	+4.2
Personnel expenses	-6.0	-5.5	-0.5
Amortisation of intangible assets and depreciation of real estate, plant and equipment	-0.1	-0.1	+0.0
Other operating expenses	-427.0	-355.7	-71.3
Investment income	405.4	352.8	+52.6
Revenue from other securities and loans as fixed assets, including interest income and amortisation of financial assets and securities held as current assets	41.6	22.3	+19.3
Income taxes	-17.5	-11.9	-5.6
Earnings after taxes	+1.3	+2.6	-1.3
Other taxes	-1.3	-2.6	+1.3
Net profit (+) or loss (-) for the year	0.0	0.0	0.0

Other operating income of EUR 4.7 million in the year under review resulted from a covered call programme, amounting to EUR 2.5 million from selling call options for Evonik stock in the course of the year. Other income of EUR 0.8 million resulted from securities acquired below par falling due. On top of this came cost reimbursements and the reversal of provisions no longer required.

Of the EUR 6.0 million reported for personnel expenses, EUR 0.8 million were attributable to the addition to the provision for pensions and EUR 0.3 million for social security.

The other operating expenses amounting to EUR 427.0 million primarily concerned the addition to the provision for perpetual obligations of EUR 392.8 million (2015: EUR 334.3 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 EUR 10.5 million.

The investment income of EUR 405.4 million includes the dividend distribution of Evonik Industries AG of EUR 363.9 million and the profit distribution of Vivawest GmbH of EUR 36.4 million, each for the 2015 financial year. The previous year's values were EUR 316.4 million and EUR 36.4 million, respectively.

Investment income and other financial income much higher in 2016

The other financial income¹ was reported at EUR +41.6 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 EUR 19.3 million. With a carrying amount of EUR 2.2 billion at the end of 2016 (market value: EUR 2.6 billion), the majority 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.

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

Balanced budget
for 2016

Income taxes of EUR 17.5 million related to previous years and were largely attributable 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).

As in the previous year, the RAG-Stiftung ended the 2016 financial year with a balanced budget as a result of the system of creating provisions.

FINANCIAL POSITION

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

Financial management
is geared towards
financing the perpetual
obligations

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 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, 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
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 market values at the end of 2016, around 55% of the financial assets are invested in the RAGS-FundMaster, a special fund managed by a capital investment company pursuant to the German capital investment act.

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

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

In own holdings, investments are made according to a buy-and-hold strategy. 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. A real estate special fund created solely for the RAG-Stiftung and RAG-S Private Equity GmbH & Co. KG (PE KG), in which the diversified international private equity and infrastructure activities of the RAG-Stiftung are bundled, are also in own holdings.

Buy-and-hold strategy
for own holdings

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

Another EUR 100 million was added to the RAGS-FundMaster special fund managed by the master capital investment company in April 2016, ensuring the carrying amount totals EUR 2.2 billion as of 31 December 2016. The market value at the same time was around EUR 2.6 billion.

Special separate assets
increased again –
market value well
above carrying amount

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 reporting system was also extended to the financial assets of RAG AG.

Capital structure

As of the end of 2016, the RAG-Stiftung recognised financial liabilities from both exchangeable bonds on Evonik shares of EUR 1.1 billion. The equity and liabilities side of the balance sheet continues to be dominated by the provision for perpetual obligations amounting to EUR 4.8 billion. The term of this obligation is infinite.

The provision for
perpetual obligations
increased to
EUR 4.8 billion

Investments

In 2016, the RAG-Stiftung invested a total of EUR 678 million: EUR 100 million was allocated to the RAGS-FundMaster special fund; EUR 74 million was attributable to the drawing on our real estate special fund, and EUR 513 million to capital injections into our companies in which we hold private equity, infrastructure and SME investments. Bond securities due amounting around EUR 9 million were repaid.

Liquidity

RAG-STIFTUNG: CASH FLOW STATEMENT (SUMMARY)

in EUR million	2016	2015	Change
Cash and cash equivalents at the start of the year	278.0	472.1	-194.1
Cash flow from operating activities	519.7	257.9	+261.8
Cash flow from investing activities	-675.3	-952.0	+276.7
Cash flow from financing activities	0.0	500.0	-500.0
Exchange rate-related change in cash funds	0.2	0.0	+0.2
Liquid assets as of 31 December	122.6	278.0	-155.4

The above cash flow statement deviates from German Accounting Standard No. 21 (DRS 21) to the extent that interest and dividends received totalling EUR 445.6 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 2016 from current operating activities amounted to EUR 519.7 million.

The negative cash flow from investing activities of EUR 675.3 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 again at EUR 0.1 million.

Liquid assets lower as a result of investments

As of 31 December 2016, liquid assets amounted to EUR 122.6 million, of which EUR 72.5 million is in the financial account at RAG AG.

NET ASSETS

As of 31 December 2016, the total assets of the RAG-Stiftung amounted to EUR 6,100.3 million. This represents an increase of EUR 413.6 million in total assets over the previous year's value.

Assets – fixed and current assets

RAG-STIFTUNG: BALANCE SHEET

in EUR million	31/12/2016	31/12/2015	Change
Fixed assets	5,200.8	4,522.6	+ 678.2
Real estate, plant and equipment	0.2	0.2	0.0
Financial assets	5,200.6	4,522.4	+ 678.2
Current assets	899.5	1,164.1	-264.6
Receivables and other assets	328.5	634.9	-306.4
Securities	520.9	521.0	-0.1
Liquid assets	50.1	8.2	+41.9
Prepaid expenses	0.0	0.0	0.0
Total assets	6,100.3	5,686.7	+ 413.6

At EUR 2,200.4 million, financial assets include the special asset fund managed by the master capital investment company and long-term held securities and real estate funds of EUR 300.9 million and EUR 245.7 million, respectively. Furthermore, EUR 1,239.1 million is attributable to companies held via the private equity, infrastructure and SME investments of the RAG-Stiftung. The 30% stake in Vivawest GmbH, with acquisition costs of EUR 909.0 million, was also reported in fixed assets. We list the 25.1% stake in Evonik Industries AG at EUR 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
increased to
EUR 5.2 billion

Receivables and other assets primarily include receivables due from revenue authorities for imputable tax of EUR 171.8 million and a total of EUR 153.0 million in receivables due from affiliated companies, of which EUR 72.5 million concerns the financial account of RAG AG.

Liabilities – equity, provisions and obligations

RAG-STIFTUNG: BALANCE SHEET

in EUR million	31/12/2016	31/12/2015	Change
Equity	2.0	2.0	+0.0
Endowment capital	2.0	2.0	+0.0
Provisions	4,925.3	4,502.3	+423.0
Pension provisions	6.0	5.0	+1.0
Tax provisions	49.4	40.7	+8.7
Provisions for perpetual obligations	4,841.8	4,449.0	+392.8
Other provisions	28.1	7.6	+20.5
Liabilities	1,169.6	1,178.1	-8.5
Bonds	1,100.0	1,100.0	+0.0
Trade accounts payable	0.1	0.2	-0.1
Liabilities to affiliated companies	41.3	44.8	-3.5
Other liabilities	28.1	33.1	-5.0
Prepaid expenses	3.4	4.3	-0.9
Total liabilities	6,100.3	5,686.7	+413.6

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

For its obligations to RAG AG for the financing of perpetual obligations, the RAG-Stiftung reports as of 31 December 2016 a provision of EUR 4,841.8 million. This corresponds to an increase of EUR 392.8 million over the previous year's figure of EUR 4,449.0 million.

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

The provision for taxes was increased in the year 2016 by EUR 8.7 million net. Other provisions mainly include provisions for services received but not yet billed.

The exchangeable bonds on Evonik shares dominate liabilities

The liabilities of EUR 1,169.6 million include the two exchangeable bonds on Evonik shares of EUR 1,100 million, obligations due to Group companies of EUR 41.3 million, primarily affiliated for tax purposes, and tax liabilities of EUR 25.7 million. The latter concerns VAT of EUR 11.8 million and EUR 13.9 million of capital gains tax and solidarity surcharge.

Significant non-financial issues

EMPLOYEES

The number of employees at the end of 2016 was 18; in the previous year, it was 17.

OCCUPATIONAL, HEALTH AND ENVIRONMENTAL PROTECTION

Modern occupational healthcare management for our employees

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

No occupational accidents occurred during the reporting period.

RESEARCH AND DEVELOPMENT

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

Risks and opportunities report

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

Risks and opportunities are systematically monitored and managed

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.

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".

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

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

DEGREE OF IMPACT	DEFINITION OF IMPACT
Low	Low negative impact on the financial position and financial performance
Moderate	Moderate negative impact on the financial position and financial performance
Significant	Significant negative impact on the financial position and 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

Medium RAG investment risk

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 the RAG AG's Supervisory Board. The RAG-Stiftung is kept informed with regular reports and checks the effectiveness of the risk management system using analyses of the risks and measures.

Risks for the RAG-Stiftung include the operating result risks from the RAG Group's business activities and the cash outflows for perpetual obligations from 2019. These are dependent on developments in costs. Developments in interest rates and costs are decisive factors determining the amount of provision required at RAG. 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 income statement via the controlling and profit transfer agreement. We currently assume that the financial framework of the German hard coal financing act is flexible enough to prevent risks arising from the RAG Group's business activities from affecting the RAG-Stiftung in the next two years.

Overall, the risks arising from the participation in RAG AG have a significant effect. Due to the German hard coal financing act, the set of agreements on coal policy it is based on and the agreements made and approvals received, the risk should be manageable. However, with the approaching discontinuation of mining, RAG's available operating and accounting countermeasures are declining. As a result, we believe that the probability of the risks described above occurring is greater than 50%, but we continue to allocate these to the category "possible". Overall, we continue to classify this risk as a "medium risk".

Evonik investment risk

The RAG-Stiftung is the majority stakeholder in Evonik Industries AG. The Evonik Group's business risks therefore also impact indirectly on the RAG-Stiftung. As a listed company, Evonik 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. The RAG-Stiftung's staff supports the members of the Supervisory Board in its analyses.

Medium Evonik investment risk

The RAG-Stiftung's nearly 68% stake in Evonik Industries AG is its principle asset. For every change of one euro in the Evonik share price, there is a change in the assets of the RAG-Stiftung of more than EUR 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.

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 markets' having a volatile and cyclical nature can generally arise in all segments. They can have a significant impact on the financial performance. 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, 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.

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

Low Vivawest investment risk

Vivawest investment risk

The RAG-Stiftung has a 30% stake in Vivawest GmbH. RAG AG also holds an additional 18.2% of the shares in the company. Vivawest's business risks therefore also impact indirectly on the RAG-Stiftung.

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

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 medium term from demographic changes and in the long term from changes in interest rates.

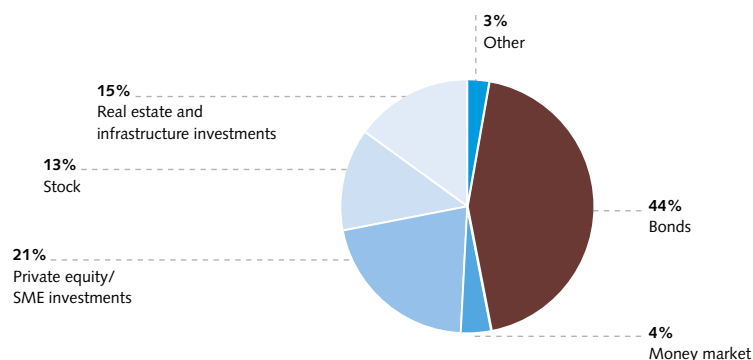
The distribution of profits the RAG-Stiftung receives from Vivawest are a not insignificant component of the RAG-Stiftung's income. A worsening in Vivawest's economic situation is a risk with moderate repercussions for the RAG-Stiftung. Due to the non-volatile nature of Vivawest's business, we see the probability of occurrence as "rather unlikely". Overall, we therefore continue to classify the Vivawest investment risk as low.

Medium investment risks

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 and define the principles of the investment policy as well as investment risk controlling.

STRUCTURE OF CAPITAL INVESTMENTS AT THE END OF 2016



As of the end of 2016, 44% of the RAG-Stiftung's financial assets were invested in bonds, around another 13% in shares and 15% in real estate and infrastructure investments. Altogether, some 21% was attributable to international private equity investments and SME investments. Almost 4% were liquid assets. The remaining 3% relate to volatility investments, among others. This asset allocation results in a high interest sensitivity: rising market interest rates lead to negative market value changes, falling rates by contrast to price gains.

Financial risks at the RAG-Stiftung generally concern borrowing and market price risks arising from the investment of financial resources to cover the provision for perpetual obligations. The aim of the Company's policy is to limit these risks with systematic risk management. This cannot mean the total exclusion of financial risks, but they are managed within defined limits. Monitoring its financial assets is an integral component of the RAG-Stiftung's daily business activities. The basis for managing financial assets is the relevant risk budget, which is oriented to the risk-bearing capacity and which in turn is determined by the RAG-Stiftung's investment committee. The capacity of the risk budget is regularly calculated, 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 when the risk budget is being used up, derivative financial instruments can also be used at the RAG-Stiftung.

As of the end of 2016, around 55% of our financial assets was 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 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.

55% of financial assets invested in special separate funds and a further 15% in highly liquid investments

Of the remaining 45% of the financial assets, around one third is in turn directly held in liquid securities and on the money market; the rest is attributable to non-liquid investments of the RAG-Stiftung in real estate and infrastructure funds on the one hand, and private equity funds and direct company investments on the other.

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, different regions and, in particular, it invests consistently, so that it achieves 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, high street, logistics, specialist stores, etc.).

Generally very broad diversification for illiquid investments

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

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

Perpetual obligations risk

On 14 August 2007, a legacy agreement relating to the socially responsible discontinuation of subsidised coal mining in Germany (Legacy Agreement) was concluded between the states of North Rhine-Westphalia, Saarland and the RAG-Stiftung. On the one hand, this agreement regulates the guarantees made by the states (and a third of which by the federal government) for 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. 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.

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 present value of a perpetual annuity is calculated by dividing the initial regular payment by the interest rate while taking into account the price increases resulting from the real interest rate, i.e., the difference between interest rate and price inflation. 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 2016, a risk-free seven-year average interest rate of 2.30% (previous year 2.70%) and a price development of 2.01% p.a. (previous year 2.08%) were recognised, i.e., a real interest rate of 0.29% (previous year 0.62%). When calculating the perpetual annuity, this corresponds to a factor of approximately 345 (previous year 161) of the assessment basis. The changes in the obligations compared with the previous year primarily result from the change in the interest rate parameter and from slightly altered assessment bases for the perpetual obligations. If the real interest rate falls further, which is to be assumed given the application of a seven-year average interest rate pursuant to Section 253, Paragraph 2 (1) HGB, the present value of perpetual obligations will continue to increase further.

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

Overall assessment of the risk and opportunities 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.

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

We expected, based on the forecasts of the World Bank, that the global economic conditions in 2017 will continue to improve but fall short of the long-term trend. Overall, we anticipate slightly stronger global economic growth of 2.7% in 2017, compared to real GDP growth of 2.3% in 2016.

Global economic upturn to be expected in 2017, even though ...

We assume that the continuing expansive monetary policy of the ECB, along with higher state spending and investments, will support economic growth in Europe. However, economic growth could be negatively impacted by political risks and risks in the financial sector.

- ▲ In Germany, we expect GDP to expand by a further 1.7% in 2017. The primary drivers here are expected to be private consumption, high building investments and rising public expenditure. Military spending is also expected to increase gradually.
- ▲ We continue to see the USA as a pillar of growth in the global economy, and expect a faster pace of expansion, 2.2%, in 2017 than in 2016. The new US president Donald Trump has announced an increase in public spending for infrastructure along with tax cuts. Both of these could have a positive effect on economic growth. However, domestic consumption will only see a moderate improvement due to rising inflation. The US Federal Reserve will, in all likelihood, continue with its policy of raising interest rates in several steps due to rising prices and low unemployment.
- ▲ We expect a continued economic slowdown in China. However, given the government's willingness to take measures to support the economy, we anticipate an increase in gross domestic product of 6.5% in 2017.
- ▲ The current challenges facing emerging markets will in all likelihood continue to exist in 2017. Many countries continue to suffer from structural problems (dependency on commodity prices, lack of competitiveness) and strained public finances. Overall, we do expect, however somewhat stronger economic growth for emerging markets because Brazil and Russia will probably no longer be in recession in 2017.

... numerous factors of uncertainty constitute risks for global economic growth.

However, the anticipated development of global economic growth continues to be characterised by a high degree of uncertainty. Aside from geopolitical conflicts, it is possible that the global economy will perform differently than expected, particularly as a result of the actions of the central banks. In addition to the continued uncertainty surrounding the effects of the United Kingdom's departure from the European Union, uncertainty is growing in the USA about the further economic development of the country following the election victory of Donald Trump. Global growth could also be dampened by a stronger slowdown in the Chinese economy.

It is currently difficult to make a forecast for the development of capital markets, and this is fraught with uncertainty: investments are a particular challenge in times of pronounced asset price bubbles. It is not possible to make any serious estimates regarding the future developments of various financial market and 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 jumpiness on the markets. In the USA, it remains to be seen if the new Trump administration will actually go through with its announced policy of tax cuts, spending increases and deregulation and how far the aggressively pronounced protectionism and anti-globalisation sentiment will impact on global trade and thus weaken global growth. Europe is facing a number of upcoming political events that may cause uncertainty on the capital markets: Brexit negotiations between the United Kingdom and the European Union are expected to begin. Elections will be held in the Netherlands, France and Germany that may determine future directions. A banking crisis is looming in Italy that may result in fresh elections.

Future developments of capital markets nearly impossible to calculate – volatility may increase

Moderately rising interest rates in any case in 2017

In spite of the uncertainties, we anticipate a moderate rise in interest rates in the eurozone and moderately increasing share prices for 2017. An interest rate increase could negatively impact the performance of our bond investments.

The Executive Board of Evonik Industries AG intends to offer a dividend of EUR 1.15 per share again for the 2016 financial year (distribution in 2017). The distribution by Vivawest GmbH in 2017 is expected to be the same as that in 2016. We also expect RAG AG to be able to achieve a balanced budget for 2017 through the use of accounting options. This would mean that there is no impact on the earnings for the RAG-Stiftung in 2017 arising from the controlling and profit-and-loss transfer agreement with RAG AG. The distribution of RAG-Stiftung Beteiligungsgesellschaft mbH in 2017 will clearly exceed the distribution from 2016. We expect investment income of the RAG-Stiftung to be on a par with 2016.

OUTLOOK PERFORMANCE INDICATORS FOR 2017

in EUR million	Forecast for 2017	2016
Financial performance indicators		
Net profit or loss for the year	constant	0.0
Addition to provision for perpetual obligations	approx. 390	392.8

The total obligation for perpetual obligations will increase as a result of interest rates – additions of EUR 390 million to provisions planned.

Overall we expect a balanced budget for the RAG-Stiftung in 2017. We are likely to be able to increase the provision for perpetual obligations by around EUR 390 million. The overall obligation for perpetual obligations will very likely increase further due to the expected further decrease in the seven-year average interest rate at the end of 2017.

Report on events after 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 end of the reporting year”.

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

Annual financial statements

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The consolidated financial statements of the RAG-Stiftung can be found online at www.rag-stiftung.de/geschaeftsbericht2016

Balance sheet of the RAG-Stiftung

as of 31 December 2016

ASSETS

in € million	Notes	31/12/2016	31/12/2015
A. Fixed assets	(1)		
I. Intangible assets		0.0	0.0
II. Tangible assets		0.2	0.2
III. Financial assets		5,200.6	4,522.4
		5,200.8	4,522.6
B. Current assets			
I. Receivables and other assets	(2)	328.5	634.9
II. Securities	(3)	520.9	521.0
III. Cash in hand, credit balances at banks and cheques	(4)	50.1	8.2
		899.5	1,164.1
C. Prepaid expenses		0.0	0.0
Total assets		6,100.3	5,686.7

LIABILITIES

in € million	Notes	31/12/2016	31/12/2015
A. Equity	(5)		
1. Endowment capital		2.0	2.0
		2.0	2.0
B. Provisions	(6)		
1. Provisions for pensions and similar obligations		6.0	5.0
2. Tax provisions		49.4	40.7
3. Provisions for perpetual obligations		4,841.8	4,449.0
4. Other provisions		28.1	7.6
		4,925.3	4,502.3
C. Liabilities	(7)	1,169.6	1,178.1
D. Prepaid expenses		3.4	4.3
Total liabilities		6,100.3	5,686.7

Development of fixed assets of the RAG-Stiftung

Notes to the balance sheet as of 31 December 2016

in € million	Acquisition and production costs				As of 31/12/2016
	As of 01/01/2016	Additions	Disposals	Transfers	
A. Fixed assets					
I. Intangible assets					
Acquired concessions, industrial property rights and similar rights	0.0				0.0
	0.0				0.0
II. Tangible assets					
Other equipment, office and plant equipment	0.4	0.1	0.0		0.5
	0.4	0.1	0.0		0.5
III. Financial assets					
1. Shares in affiliated companies	1,941.0	483.4	0.9	0.3	2,423.8
2. Holdings in other companies	0.0	30.0			30.0
3. Securities held as fixed assets	2,582.0	174.4	8.7		2,747.7
4. Advance payments	0.3	0.0		-0.3	0.0
	4,523.3	687.8	9.6	0.0	5,201.5
	4,523.7	687.9	9.6	0.0	5,202.0

Depreciation							Book values		
As of 01/01/2016	Write- downs	Write- ups	Changes in total depreciation and amortisation in relation to			As of 31/12/2016	As of 31/12/2016	As of 31/12/2015	
			Additions	Disposals	Transfers/ other changes				
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	0.2	0.2	
0.2	0.1			0.0		0.3	0.2	0.2	
0.1	0.0					0.1	2,423.7	1,940.9	
0.0						0.0	30.0	0.0	
0.8		0.0				0.8	2,746.9	2,581.2	
								0.3	
0.9	0.0	0.0		0.0		0.9	5,200.6	4,522.4	
1.1	0.1	0.0		0.0		1.2	5,200.8	4,522.6	

Income statement of the RAG-Stiftung

from 1 January to 31 December 2016

in € million	Notes	2016	2015
1. Sales revenue	(8)	0.2	0.2
2. Other operating income	(9)	4.7	0.5
3. Personnel expenses	(10)	6.0	5.5
4. Amortisation of intangible assets and depreciation of real estate, plant and equipment		0.1	0.1
5. Other operating expenses	(11)	427.0	355.7
6. Investment income	(12)	+405.4	+352.8
7. Income from other securities and from loans held as financial assets	(13)	32.2	21.9
8. Interest income	(14)	+9.4	+1.2
9. Write-downs of financial assets and of securities held as current assets	(15)	0.0	0.8
10. Taxes on income and earnings	(16)	-17.5	-11.9
Result from ordinary activities		1.3	2.6
11. Other taxes	(16)	-1.3	-2.6
Net profit (+) or loss (-) for the year		0.0	0.0

RAG-Stiftung management bodies

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(until 27 January 2017)

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Chairman of the Supervisory Board of RAG AG
Chairman of the Supervisory Board of Evonik
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Bärbel Bergerhoff-Wodopia

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of the RAG-Stiftung
Member of the Supervisory Board
of RAG AG
Member of the Supervisory Board
of Vivawest GmbH

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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 2016

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct in %	Indirect in %	Total in %			
Consolidated affiliated companies							
1 BDC Dorsch Consult Ingenieurgesellschaft mbH	Berlin, DE		100.00	100.00	2016	-1	0
2 Dorsch Business Development JLT	Dubai, AE		100.00	100.00	2016	-2	0
3 Dorsch Consult (India) Private Limited	Mumbai, IN		85.00	85.00	2016	1	0
4 Dorsch Consult Asia Co. Ltd.	Bangkok, TH		95.00	95.00	2016	1	0
5 Dorsch Consult Asia Holding Co. Ltd.	Bangkok, TH		99.98	99.98	2016	0	0
6 Dorsch Consult Egypt LLC	Cairo, EG		100.00	100.00	2016	0	0
7 Dorsch Consult Verkehr und Infrastruktur GmbH	Wiesbaden, DE		100.00	100.00	2016	-1	0
8 Dorsch Holding GmbH	Offenbach am Main, DE		70.00	70.00	2016	48	11
9 Dorsch International Consultants GmbH	Munich, DE		95.00	95.00	2016	7	PTA
10 Dorsch Qatar LLC	Doha, QA		49.00	49.00	2016	29	13
11 Event Space Engineering Hong Kong Ltd.	Hong Kong, HK		100.00	100.00	2016	0	0
12 HAHN Automation GmbH	Rheinböllen, DE		60.00	60.00	2016	7	3
13 HAHN AUTOMATION Inc.	Hebron, US		70.00	70.00	2016	4	1
14 HAHN Beteiligungs-GmbH	Rheinböllen, DE		100.00	100.00	2016	1	1
15 HAHN Robotics GmbH	Reinheim, DE		100.00	100.00	2016	0	0
16 HEIDELBERG INSTRUMENTS Mikrotechnik GmbH	Heidelberg, DE		100.00	100.00	2016	7	2
17 IES International Events Service GmbH	Büdingen-Wolferborn, DE		65.00	65.00	2016	0	1
18 Maxburg Beteiligungen GmbH & Co. KG	Grünwald ^a , DE	97.40		97.40	2016	115	-1
19 Maxburg Beteiligungen II GmbH & Co. KG	Grünwald ^a , DE	96.64		96.64	2016	115	-1
20 MGG-Beteiligung Verwaltungs GmbH & Co. KG	Bochum ^a , DE		100.00	100.00	2016	0	0
21 Orgatent AG	Großwangen, CH		80.00	80.00	2016	2	1
22 Projektgesellschaft Zollverein – Im Welterbe 10 mbH & Co. KG	Essen ^a , DE	100.00		100.00	2016	20	0
23 RAG AKTIENGESELLSCHAFT	Herne, DE	94.90	5.10	100.00	2016	285	PTA
24 RAG Anthrazit Ibbenbüren GmbH	Ibbenbüren, DE		100.00	100.00	2016	27	PTA
25 RAG Beteiligungs-GmbH	Herne ^{a,b} , DE		100.00	100.00	2016	22	PTA
26 RAG-Beteiligung Verwaltungs GmbH & Co. KG	Düsseldorf, DE	100.00		100.00	2016	0	0
27 RAG Deutsche Steinkohle AG	Herne ^a , DE		100.00	100.00	2016	15	PTA
28 RAG Finanz-GmbH & Co. KG	Herne ^a , DE		100.00	100.00	2016	5	0
29 RAG Konzernrevision GmbH	Herne ^a , DE		100.00	100.00	2016	1	PTA
30 RAG Mining Solutions GmbH	Herne ^{a,b} , DE		100.00	100.00	2016	2	PTA
31 RAG Montan Immobilien GmbH	Essen, DE		100.00	100.00	2016	20	1
32 RAG Ruhranalytik GmbH	Herne ^a , DE		100.00	100.00	2016	0	PTA
33 RAG-S Private Equity GmbH & Co. KG	Essen, DE	100.00		100.00	2016	456	10
34 RAG-Stiftung Beteiligungsgesellschaft mbH	Essen, DE	74.99		74.99	2016	513	13
35 RAG Verkauf GmbH	Herne ^{a,b} , DE		100.00	100.00	2016	1	PTA
36 RODER ARCHITECTURE TECHNOLOGY (SHANGHAI) CO., LTD.	Shanghai, CN		100.00	100.00	2016	6	0
37 RÖDER FRANCE STRUCTURES S.à.r.l.	Beauvais, FR		100.00	100.00	2016	1	-1
38 Röder Hallen und Zelte GmbH	Schletta, DE		100.00	100.00	2016	0	0
39 Röder OOO	Moscow, RU		90.00	90.00	2016	10	0
40 Röder Space Design & Engineering (Shanghai) Co. Ltd.	Shanghai, CN		65.00	65.00	2016	1	0

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct in %	Indirect in %	Total in %			
41 RÖDER (UK) Ltd.	Cambridgeshire, GB		100.00	100.00	2016	3	0
42 Röder Yapi Sistemleri Sanayi Ticaret Limited Sirketi	Istanbul, TR		100.00	100.00	2016	0	-1
43 Röder Zelt- und Veranstaltungsservice GmbH	Büdingen-Wolferborn, DE		100.00	100.00	2016	4	PTA
44 Röder Zeltsysteme und Service GmbH	Büdingen-Wolferborn, DE		100.00	100.00	2016	18	-1
45 ROEDER DE MÉXICO, S.A. DE C.V.	Mexico-City, MX		100.00	100.00	2016	0	0
46 ROEDER ITALIA S.r.L.	Brixen, IT		100.00	100.00	2016	0	0
47 Wemo Automation AB	Värnamo, SE		70.00	70.00	2016	3	1
48 WEMO Automation GmbH	Reinheim, DE		100.00	100.00	2016	2	0
49 Windkraft Brinkfortsheide GmbH	Marl, DE	80.00	20.00	100.00	2016	4	0
50 WSA GmbH	Essen ^a , DE		100.00	100.00	2016	0	PTA
Non-consolidated affiliated companies at equity							
51 Evonik Industries AG	Essen, DE	67.89		67.89	2016	6,729	1,238
52 Vivawest GmbH	Essen, DE	30.00	43.20	73.20	2016	1,117	165
Associated companies at equity							
53 logport ruhr GmbH	Duisburg, DE		50.00	50.00	2016	1	1
54 Zeltbau Och GmbH	Ronneburg, DE		20.00	20.00	2015	0	0
Non-consolidated affiliated companies							
55 ACBRO Holding S.r.l.	Milan, IT		100.00	100.00	2016	n/a	n/a
56 ASUP Beteiligungs Verwaltungs GmbH	Grünwald, DE		100.00	100.00	2016	n/a	n/a
57 ASUP GmbH	Seevetal, DE		100.00	100.00	2015	7	2
58 ASUP Holding GmbH	Grünwald, DE		53.21	53.21	2016	n/a	n/a
59 ASUP Immobilien GmbH	Seevetal, DE		94.90	94.90	2015	1	0
60 ASUP Immobilien II GmbH	Seevetal, DE		94.90	94.90	2015	1	0
61 ASUP Schweiz GmbH	Herisau, CH		100.00	100.00	2014/15	0	0
62 ASUP Technik GmbH	Seevetal, DE		100.00	100.00	2015	2	1
63 ASUP Verwaltungs GmbH	Grünwald, DE		100.00	100.00	2016	n/a	n/a
64 Bergbau-Verwaltungsgesellschaft mit beschränkter Haftung	Herne, DE		100.00	100.00	2015	0	0
65 Conflexia S.á.r.l.	Luxembourg, LU		100.00	100.00	2016	n/a	n/a
66 Conseco International Ltd.	London, GB		100.00	100.00	2016	0	-1
67 Decad (Asia) Inc.	Makati City, PH		100.00	100.00	2016	n/a	n/a
68 Desco (2011) Ltd.	London, GB		100.00	100.00	2016	n/a	n/a
69 Desco (Design & Consultancy) Ltd.	London, GB		100.00	100.00	2016	n/a	n/a
70 Desco Qatar Mechanical and Electrical Consulting Engineers WLL	Doha, QA		100.00	100.00	2016	n/a	n/a
71 Deutsche Montan Technologie für Rohstoff, Energie, Umwelt e.V.	Essen, DE				2015	14	0
72 Deutsche Montan Technologie Verwaltungs GmbH	Essen, DE		100.00	100.00	2015	28	-2
73 DMT-Gesellschaft für Lehre und Bildung mbH	Bochum, DE		100.00	100.00	2015	8	0
74 Dorsch GmbH	Vienna, AT		100.00	100.00	2016	0	0
75 Dorsch International Austria GmbH	Vienna, AT		100.00	100.00	2016	0	0
76 Entwicklungsgesellschaft Gladbeck-Brauck mbH	Gladbeck, DE		66.67	66.67	2016	0	0
77 European Consulting Group FZ-LLC	Ras Al Khaimah, AE		80.00	80.00	2016	n/a	n/a

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct in %	Indirect in %	Total in %			
78 Frischmann Prabhu (India) Private Ltd.	Mumbai, IN		100.00	100.00	2015/16	1	-1
79 Frischmann Prabhu Software Private Ltd.	Mumbai, IN		100.00	100.00	2015/16	0	0
80 Gesamtverband Steinkohle e. V.	Herne, DE				2015	0	0
81 Gründerzentrumgesellschaft Prosper III mbH	Bottrop, DE		94.00	94.00	2016	0	0
82 HAHN AUTOMATION AG	Schwarzenburg, CH		100.00	100.00	2015	0	0
83 HAHN AUTOMATION Co. Ltd.	Kunshan, CN		100.00	100.00	2015	0	0
84 HAHN AUTOMATION d.o.o.	Zagreb, HR		100.00	100.00	2015	0	0
85 HAHN CO-INVEST GmbH & Co. KG	Bergisch Gladbach, DE	90.00		90.00	2016	n/a	n/a
86 HAHN ENERSAVE GmbH	Wiehl, DE		80.00	80.00	2016	0	1
87 HAHN Holding GmbH	Rheinböllen, DE		100.00	100.00	2016	n/a	n/a
88 HAHN OTOMASYON Ltd.	Istanbul, TR		100.00	100.00	2015	0	0
89 Heidelberg Instruments (Shenzhen) Co. Ltd.	Shenzhen, CN		100.00	100.00	2015	0	0
90 Heidelberg Instruments Service Japan, K.K.	Tokyo, JP		100.00	100.00	2015	1	0
91 Heidelberg Instruments Service Korea Ltd.	Daejeon, KR		100.00	100.00	2015	0	0
92 Heidelberg Instruments Service Taiwan Corp.	Hsinchu, TW		100.00	100.00	2015	1	0
93 Heidelberg Instruments, Inc.	Los Angeles, US		100.00	100.00	2015	1	0
94 Ingenieurbüro Dipl.-Ing. Bernhard Donath GmbH	Hamburg, DE		60.00	60.00	2016	n/a	n/a
95 KMH Lohberg GmbH & Co. KG	Sulzbach, DE		100.00	100.00	2016	n/a	n/a
96 Landschaftsagentur Plus GmbH	Essen, DE		100.00	100.00	2015	0	0
97 montanSOLAR Erste Projektgesellschaft mbH	Sulzbach/Saar, DE		100.00	100.00	2015	0	0
98 montanSOLAR GmbH	Sulzbach/Saar, DE		54.00	54.00	2015	0	0
99 montanWIND Planungs GmbH & Co.KG	Sulzbach/Saar, DE		100.00	100.00	2015	0	0
100 montanWIND Planungs Verwaltungs GmbH	Sulzbach/Saar, DE		100.00	100.00	2015	0	0
101 montanWIND Projekt 1 GmbH & Co.KG	Sulzbach/Saar, DE		100.00	100.00	2015	0	0
102 montanWIND Windpark Erkershöhe GmbH & Co. KG	Merchweiler, DE		100.00	100.00	2016	n/a	n/a
103 montanWIND Windpark Fröhn GmbH & Co. KG	Riegelsberg, DE		100.00	100.00	2016	n/a	n/a
104 montanWIND Windpark Gohlocher Wald GmbH & Co. KG	Lebach, DE		100.00	100.00	2016	n/a	n/a
105 montanWIND Windpark Lebach Nord GmbH & Co. KG	Lebach, DE		100.00	100.00	2016	n/a	n/a
106 montanWIND Windpark Verwaltungs GmbH	Sulzbach/Saar, DE		100.00	100.00	2015	0	0
107 PAK PV-Anlage Klüsserath GmbH	Klüsserath, DE		100.00	100.00	2016	n/a	n/a
108 Parc Solaire Terril Wendel S.A.S.	Forbach, FR		100.00	100.00	2015	0	0
109 Pell Frischmann Brown Beech Consulting Engineers Ltd.	London, GB		100.00	100.00	2016	0	0
110 Pell Frischmann Consultants Ltd.	London, GB		100.00	100.00	2016	0	0
111 Pell Frischmann Consulting Engineers Ltd.	London, GB		100.00	100.00	2016	3	2
112 Pell Frischmann Information Technology Ltd.	London, GB		100.00	100.00	2016	1	0
113 Pell Frischmann Ltd.	London, GB		100.00	100.00	2016	0	0
114 Pell Frischmann S1 Ltd.	London, GB		85.00	85.00	2016	8	0
115 Pell Frischmann S2 Ltd.	London, GB		85.00	85.00	2016	0	0
116 PG Projektentwicklungsgesellschaft Grimberg mbH & Co. KG	Essen, DE		100.00	100.00	2015	5	0
117 PG Projektentwicklungsgesellschaft Grimberg Verwaltungs-GmbH	Essen, DE		100.00	100.00	2015	0	0

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct in %	Indirect in %	Total in %			
118 Projektgesellschaft Zollverein – Im Welterbe 10 Verwaltungs-GmbH	Essen, DE	100.00		100.00	2016	0	0
119 Qvest Media FZ LLC	Dubai, AE		75.00	75.00	2015	25	10
120 Qvest Media GmbH	Cologne, DE		75.00	75.00	2015/16	8	3
121 Qvest Media GmbH	Schaffhausen, CH		100.00	100.00	2016	n/a	n/a
122 Qvest Media Pte. Ltd.	Singapore, SG		75.00	75.00	2014/15	0	0
123 RAG Finanz-Verwaltungs-GmbH	Herne, DE		100.00	100.00	2016	0	0
124 RAG Mining Technology (Beijing) Co., Ltd.	Beijing, CN		100.00	100.00	2015	0	0
125 RAG-S BG SPV 1 GmbH	Cologne, DE		100.00	100.00	2016	n/a	n/a
126 RAG-S PE Verwaltungs-GmbH	Essen, DE	100.00		100.00	2016	0	0
127 REMAK of North America Inc.	Hebron, US		100.00	100.00	2015	0	0
128 RODER Atlantic Halls Ltd.	Huntingdon, GB		100.00	100.00	2016	n/a	n/a
129 RODER Atlantic Ltd.	Huntingdon, GB		100.00	100.00	2016	n/a	n/a
130 RÖDER Espana S.L.	Dos Hermanas, ES		51.00	51.00	2016	n/a	n/a
131 RODER HTS KG (UK) Ltd.	Huntingdon, GB		100.00	100.00	2016	n/a	n/a
132 RODER HTS Ltd.	Huntingdon, GB		100.00	100.00	2016	n/a	n/a
133 RODER HTS (UK) Ltd.	Huntingdon, GB		100.00	100.00	2016	n/a	n/a
134 RSBG INVESTMENT HOLDING LIMITED	London, GB		100.00	100.00	2016	n/a	n/a
135 Solarpark Jägersfreude GmbH & Co. KG	Saarbrücken, DE		100.00	100.00	2015	0	0
136 Solarpark Klüsserath GmbH & Co. KG	Klüsserath, DE		100.00	100.00	2016	n/a	n/a
137 Solarpark Lauchhammer 1 GmbH & Co. KG	Sulzbach/Saar, DE		100.00	100.00	2015	0	0
138 Solarpark Lauchhammer 2 GmbH & Co. KG	Sulzbach/Saar, DE		100.00	100.00	2015	0	0
139 Solarpark Schacht Eugen GmbH & Co. KG	Neunkirchen, DE		100.00	100.00	2015	0	0
140 TBP S.à.r.l.	Luxembourg, LU	90.00		90.00	2016	n/a	n/a
141 Windkraft Lünen GmbH	Essen, DE		100.00	100.00	2016	n/a	n/a
142 Windpark Bitschberg Entwicklungs UG (haftungsbeschränkt)	Nonnweiler, DE		100.00	100.00	2015	0	0
143 Windpark Hünxe GmbH	Hünxe, DE		60.00	60.00	2016	n/a	n/a
144 Windpark Sengert Entwicklungs UG (haftungsbeschränkt)	Nonnweiler, DE		100.00	100.00	2015	0	0
Associated companies							
145 Arbeitsgemeinschaft Windpark Hünxer Heide GbR	Hünxe, DE		33.33	33.33	2015	0	0
146 BAV Aufbereitung Herne GmbH	Herne, DE		49.00	49.00	2015	1	0
147 DAH ¹ GmbH	Duisburg, DE		50.00	50.00	2016	n/a	n/a
148 ELE-RAG Montan Immobilien Erneuerbare Energien GmbH	Bottrop, DE		50.00	50.00	2015	0	0
149 ENNI RMI Windpark Kohlenhuck GmbH	Moers, DE		33.33	33.33	2015	0	0
150 Entwicklungsgesellschaft Mittelstandspark West Castrop-Rauxel mbH	Essen, DE		48.00	48.00	2015	0	0
151 Entwicklungsgesellschaft Schlägel & Eisen mbH	Herten, DE		48.00	48.00	2015	0	0
152 Entwicklungsgesellschaft Westfalia GmbH i.L.	Lünen, DE		48.00	48.00	2015	0	0
153 GP+Q GmbH	Dortmund, DE		50.00	50.00	2016	n/a	n/a
154 HAHN Automation R&D GmbH	Wiehl, DE		50.00	50.00	2015	0	0
155 HAHN Automation s.r.o.	Uvaly, CZ		50.00	50.00	2015	0	0

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct in %	Indirect in %	Total in %			
156 NORAFIN Verwaltungs GmbH	Mildenaу, DE		28.85	28.85	2016	n/a	n/a
157 Prasad Wemo Robot Systems Private Limited	Ammedabad, IN		40.00	40.00	2015	0	0
158 Projekt Ewald GmbH & Co. KG	Herten, DE		50.00	50.00	2015	1	0
159 Projekt Ewald Verwaltung GmbH	Herten, DE		50.00	50.00	2015	0	0
160 Projektgesellschaft Gneisenau mbH	Dortmund, DE		49.00	49.00	2015	0	0
161 Projektgesellschaft "Minister Stein" mbH.	Dortmund, DE		50.00	50.00	2015	0	0
162 Projektgesellschaft "Radbod" mbH	Hamm, DE		33.33	33.33	2015	0	0
163 Windkraft Lohberg GmbH	Dinslaken, DE		33.33	33.33	2015	1	0
Other companies							
164 Constantia LUX Parent S.A.	Luxembourg, LU		11.30	11.30	2016	n/a	n/a
165 Deutsche Immobilien Chancen Real Estate GmbH	Frankfurt am Main, DE	33.33		33.33	2016	n/a	n/a
166 Entwicklungsgesellschaft Neu-Oberhausen mbH	Oberhausen, DE		0.16	0.16	2015	1	0
167 Gesellschaft für Wirtschaftsförderung Duisburg mbH	Duisburg, DE		5.00	5.00	2015	1	0
168 Innovation City Management GmbH	Bottrop, DE		10.00	10.00	2015	0	0
169 Joblinge gemeinnützige AG Ruhr	Essen, DE	18.18		18.18	2016	n/a	n/a
170 Landesgartenschau Kamp-Lintfort 2020 GmbH	Kamp-Lintfort, DE		5.56	5.56	2016	n/a	n/a
171 RACER Benchmark Group GmbH	Landsberg am Lech, DE		18.18	18.18	2015	0	0
172 Stadtmarketing Herne GmbH	Herne, DE		3.00	3.00	2015	0	0
173 Wasserverbund Niederrhein Gesellschaft mit beschränkter Haftung	Krefeld, DE		8.00	8.00	2015	11	1
174 Wild River Bridge Corporation S.á.r.l.	Luxembourg, LU		9.09	9.09	2016	n/a	n/a
175 Wild River Corporation S.á.r.l.	Luxembourg, LU		0.49	0.49	2016	n/a	n/a
176 WiN Emscher-Lippe Gesellschaft zur Strukturverbesserung mbH	Herten, DE		0.83	0.83	2015	0	0
177 zooplus AG	Munich, DE		13.55	13.55	2016	n/a	n/a
Evonik							
Non-consolidated affiliated companies							
178 BK-Wolfgang-Wärme GmbH	Hanau, DE		100.00	100.00	2016	1	1
179 CyPlus GmbH	Hanau, DE		100.00	100.00	2016	8	PTA
180 Degussa International, Inc.	Wilmington, US		100.00	100.00	2016	1.382	11
181 DSL Japan Co., Ltd.	Tokyo, JP		51.00	51.00	2016	10	0
182 Egesil Kimya Sanayi ve Ticaret A.S.	Istanbul, TR		51.00	51.00	2016	11	9
183 EGL Ltd.	Milton Keynes, GB		100.00	100.00	2016	0	0
184 Evonik (SEA) Pte. Ltd.	Singapore, SG		100.00	100.00	2016	397	8
185 Evonik (Shanghai) Investment Management Co., Ltd.	Shanghai, CN		100.00	100.00	2016	3	1
186 Evonik (Thailand) Ltd.	Bangkok, TH		100.00	100.00	2016	7	0
187 Evonik Acrylics Africa (Pty) Ltd.	Johannesburg, ZA		51.00	51.00	2016	3	0
188 Evonik Advanced Botanicals S.A.S.	Évry, FR		100.00	100.00	2015	0	0
189 Evonik Aerosil France S.A.R.L.	Salaise-sur-Sanne, FR		100.00	100.00	2016	3	0
190 Evonik Africa (Pty) Ltd.	Midrand, ZA		100.00	100.00	2016	14	0
191 Evonik Agroferm Zrt.	Kaba, HU		100.00	100.00	2016	18	3
192 Evonik Amalgamation Ltd.	Milton Keynes, GB		100.00	100.00	2016	0	0
193 Evonik Argentina S.A.	Buenos Aires, AR		100.00	100.00	2016	7	-2

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct in %	Indirect in %	Total in %			
194 Evonik Australia Pty Ltd.	Mount Waverley, AU		100.00	100.00	2016	5	1
195 Evonik Beteiligungs-GmbH	Frankfurt am Main, DE		100.00	100.00	2016	1	PTA
196 Evonik Canada Inc.	Calgary, CA		100.00	100.00	2016	40	8
197 Evonik Catalysts India Pvt. Ltd.	Dombivli, IN		100.00	100.00	2016	15	3
198 Evonik Catering Services GmbH	Marl, DE		100.00	100.00	2016	0	PTA
199 Evonik Chile S.A.	Santiago, CL		99.99	99.99	2016	0	0
200 Evonik Colombia S.A.S.	Medellín, CO		100.00	100.00	2016	0	0
201 Evonik Corporation	Parsippany, US		100.00	100.00	2016	3.125	118
202 Evonik Creavis GmbH	Essen, DE		100.00	100.00	2016	9	PTA
203 Evonik Cyro Canada Inc.	Burlington, CA		100.00	100.00	2016	11	1
204 Evonik Cyro LLC	Wilmington, US		100.00	100.00	2016	107	7
205 Evonik Dahlenburg GmbH	Dahlenburg, DE		100.00	100.00	2016	2	PTA
206 Evonik Degussa (China) Co., Ltd.	Beijing, CN		100.00	100.00	2015	-25	34
207 Evonik Degussa Africa (Pty) Ltd.	Midrand, ZA		100.00	100.00	2016	12	0
208 Evonik Degussa Antwerpen N.V.	Antwerp, BE		100.00	100.00	2016	385	20
209 Evonik Degussa Brasil Ltda.	São Paulo, BR		100.00	100.00	2016	57	-105
210 Evonik Degussa GmbH	Essen, DE		100.00	100.00	2016	4.907	PTA
211 Evonik Dutch Holding B.V.	Amsterdam, NL		100.00	100.00	2016	42	0
212 Evonik España y Portugal, S.A.U.	Granollers, ES		100.00	100.00	2016	26	13
213 Evonik Fermas s.r.o.	Slovenská L'upča, SK		100.00	100.00	2016	20	2
214 Evonik Fibres GmbH	Schörfing, AT		100.00	100.00	2016	12	4
215 Evonik Finance B.V.	Amsterdam, NL		100.00	100.00	2016	102	-3
216 Evonik Foams Inc.	Wilmington, US		100.00	100.00	2016	50	3
217 Evonik Forhouse Optical Polymers Corporation	Taichung, TW		51.00	51.00	2016	14	-2
218 Evonik France S.A.S.	Ham, FR		100.00	100.00	2016	16	-14
219 Evonik Functional Solutions GmbH	Essen, DE		100.00	100.00	2016	0	PTA
220 Evonik Goldschmidt Rewo GmbH	Essen, DE		100.00	100.00	2016	46	15
221 Evonik Goldschmidt UK Ltd.	Milton Keynes, GB		100.00	100.00	2016	22	4
222 Evonik Gorapur GmbH	Wittenburg, DE		100.00	100.00	2016	1	4
223 Evonik Gorapur Verwaltungs-GmbH	Wittenburg, DE		100.00	100.00	2016	18	4
224 Evonik Guatemala, S.A.	Guatemala-City, GT		100.00	100.00	2016	0	0
225 Evonik Gulf FZE	Dubai, AE		100.00	100.00	2016	1	0
226 Evonik Hong Kong Ltd.	Hong Kong, HK		100.00	100.00	2016	10	1
227 Evonik India Pvt. Ltd.	Mumbai, IN		100.00	100.00	2016	15	1
228 Evonik Industries de Mexico, S.A. de C.V.	Mexico-City, MX		100.00	100.00	2016	53	5
229 Evonik International AG	Zürich, CH		100.00	100.00	2016	9	3
230 Evonik International Costa Rica, S.A.	Santa Ana, CR		100.00	100.00	2016	1	-2
231 Evonik International Holding B.V.	Amsterdam, NL		100.00	100.00	2016	3.521	344
232 Evonik IP GmbH	Gründau, DE		100.00	100.00	2016	8	60
233 Evonik Iran AG	Tehran, IR		100.00	100.00	2016	2	0
234 Evonik Italia S.r.l.	Pandino, IT		100.00	100.00	2016	18	4
235 Evonik Japan Co., Ltd.	Tokyo, JP		100.00	100.00	2016	95	13
236 Evonik Jayhawk Fine Chemicals Corporation	Carson City, US		100.00	100.00	2016	18	0
237 Evonik Korea Ltd.	Seoul, KR		100.00	100.00	2016	14	5
238 Evonik Limited Egypt	Cairo, EG		100.00	100.00	2016	0	0
239 Evonik Malaysia Sdn. Bhd.	Kuala Lumpur, MA		100.00	100.00	2016	1	0

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		Direct in %	Indirect in %	Total in %			
240 Evonik MedAvox S.p.A. (i.L.)	Milan, IT		100.00	100.00	2016	9	4
241 Evonik Membrane Extraction Technology Limited	Milton Keynes, GB		100.00	100.00	2016	-7	1
242 Evonik Methionine SEA Pte. Ltd.	Singapore, SG		100.00	100.00	2016	442	81
243 Evonik Metilatos S.A.	Rosario, AR		100.00	100.00	2016	13	6
244 Evonik Mexico, S.A. de C.V.	Mexico-City, MX		100.00	100.00	2016	9	0
245 Evonik Nutrition & Care GmbH	Essen, DE		100.00	100.00	2016	234	PTA
246 Evonik Oil Additives Asia Pacific Pte. Ltd.	Singapore, SG		100.00	100.00	2016	68	38
247 Evonik Oil Additives Canada Inc.	Morrisburg, CA		100.00	100.00	2016	4	3
248 Evonik Oil Additives GmbH	Essen, DE		100.00	100.00	2016	31	PTA
249 Evonik Oil Additives S.A.S.	Lauterbourg, FR		100.00	100.00	2016	10	1
250 Evonik Oil Additives USA, Inc.	Horsham, US		100.00	100.00	2016	23	19
251 Evonik Oxeno Antwerpen N.V.	Antwerp, BE		100.00	100.00	2016	79	-2
252 Evonik Para-Chemie GmbH	Gramat-neusiedl, AT		99.00	99.00	2016	7	2
253 Evonik Pension Scheme Trustee Limited	Milton Keynes, GB		100.00	100.00	2016	0	0
254 Evonik Performance Materials GmbH	Essen, DE		100.00	100.00	2016	244	PTA
255 Evonik Peroxid GmbH	Weißenstein, AT		100.00	100.00	2016	9	1
256 Evonik Peroxide Africa (Pty) Ltd.	Umbogintwini, ZA		100.00	100.00	2016	7	1
257 Evonik Peroxide Holding B.V.	Amsterdam, NL		100.00	100.00	2016	193	0
258 Evonik Peroxide Ltd.	Morrinsville, NZ		100.00	100.00	2016	17	2
259 Evonik Peroxide Netherlands B.V.	Amsterdam, NL		100.00	100.00	2016	17	1
260 Evonik Peroxygens Holding GmbH	Essen, DE		100.00	100.00	2016	62	0
261 Evonik Projekt-Beteiligung Verwaltungs-GmbH	Essen, DE		100.00	100.00	2016	0	0
262 Evonik Projekt-Beteiligungs-GmbH & Co. KG	Essen, DE		99.00	99.00	2016	344	0
263 Evonik Re S.A.	Luxembourg, LU		100.00	100.00	2016	5	0
264 Evonik Real Estate GmbH & Co. KG	Marl, DE		100.00	100.00	2016	204	28
265 Evonik Real Estate Verwaltungs-GmbH	Marl, DE		100.00	100.00	2016	0	0
266 Evonik Resource Efficiency GmbH	Essen, DE		100.00	100.00	2016	285	PTA
267 Evonik Rexim (Nanning) Pharmaceutical Co., Ltd.	Nanning, CN		100.00	100.00	2016	12	-1
268 Evonik Rexim S.A.S.	Ham, FR		100.00	100.00	2016	13	-3
269 Evonik Risk and Insurance Services GmbH	Essen, DE		100.00	100.00	2016	1	PTA
270 Evonik Röhm GmbH	Essen, DE		100.00	100.00	2016	170	PTA
271 Evonik Servicios, S.A. de C.V.	Mexico-City, MX		100.00	100.00	2016	1	0
272 Evonik Silquimica, S.A.U.	Zubillaga-Lantaron, ES		100.00	100.00	2016	12	1
273 Evonik Speciality Organics Ltd.	Milton Keynes, GB		100.00	100.00	2016	343	0
274 Evonik Specialty Chemicals (Jilin) Co., Ltd.	Jilin, CN		100.00	100.00	2016	-19	-46
275 Evonik Specialty Chemicals (Shanghai) Co., Ltd.	Shanghai, CN		100.00	100.00	2016	144	15
276 Evonik Specialty Chemicals GmbH	Essen, DE		100.00	100.00	2016	0	PTA
277 Evonik Taiwan Ltd.	Taipei, TW		100.00	100.00	2016	9	4
278 Evonik Tasnee Marketing LLC	Riyadh, SA		75.00	75.00	2016	9	0
279 Evonik Technochemie GmbH	Essen, DE		100.00	100.00	2016	58	PTA
280 Evonik Technology & Infrastructure GmbH	Essen, DE		100.00	100.00	2016	303	PTA
281 Evonik Thai Aerosil Co., Ltd.	Bangkok, TH		100.00	100.00	2016	26	6
282 Evonik Tianda (Liaoyang) Chemical Additive Co., Ltd.	Liaoyang, CN		97.04	97.04	2016	28	3
283 Evonik Ticaret Ltd. Sirketi	Tuzla/Istanbul, TR		100.00	100.00	2016	7	2

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct in %	Indirect in %	Total in %			
284 Evonik Trustee Limited	Milton Keynes, GB		100.00	100.00	2016	0	0
285 Evonik UK Holdings Ltd.	Milton Keynes, GB		100.00	100.00	2016	797	93
286 Evonik United Silica (Siam) Ltd.	Rayong, TH		70.00	70.00	2016	12	3
287 Evonik United Silica Industrial Ltd.	Taoyuan Hsien, TW		100.00	100.00	2016	33	7
288 Evonik Venture Capital GmbH	Hanau, DE		100.00	100.00	2016	6	PTA
289 Evonik Vietnam Limited Liability Company	Ho Chi Minh City, VN		100.00	100.00	2016	2	0
290 Evonik Wellink Silica (Nanping) Co., Ltd.	Nanping, CN		60.00	60.00	2016	44	11
291 Goldschmidt ETB GmbH	Essen, DE		100.00	100.00	2016	1	PTA
292 HD Ceracat GmbH	Frankfurt am Main, DE		100.00	100.00	2016	0	0
293 ILaS Integrierte Logistik & Service GmbH	Marl, DE		100.00	100.00	2016	1	PTA
294 Insilco Ltd.	Gajraula, IN		73.11	73.11	2016	13	0
295 JIDA Evonik High Performance Polymers (Changchun) Co., Ltd.	Changchun, CN		84.04	84.04	2016	9	0
296 KVM Vermögensverwaltungs-GmbH	Marl, DE		100.00	100.00	2016	11	0
297 Laporte Chemicals Ltd.	Milton Keynes, GB		100.00	100.00	2016	0	0
298 Laporte Industries Ltd.	Milton Keynes, GB		100.00	100.00	2016	2	0
299 Laporte Nederland (Holding) B.V.	Amsterdam, NL		100.00	100.00	2016	1	0
300 LLC „Evonik Ukraine“	Kiev, UA		100.00	100.00	2016	0	0
301 MedPalett AS	Sandnes, NO		100.00	100.00	2016	5	3
302 Mönch-Kunststofftechnik GmbH	Bad König, DE		100.00	100.00	2016	1	PTA
303 Nilok Chemicals Inc. (i.L.)	Parsippany, US		100.00	100.00	2016	-6	-4
304 Nippon Aerosil Co., Ltd.	Tokyo, JP		80.00	80.00	2016	69	14
305 OOO DESTEK	Podolsk, RU		65.25	65.25	2016	4	3
306 OOO Evonik Chimia	Moscow, RU		100.00	100.00	2016	12	3
307 PKU Pulverkautschuk Union GmbH (i.L.)	Marl, DE		100.00	100.00	2016	0	0
308 PT. Evonik Indonesia	Cikarang Bekasi, ID		99.98	99.98	2016	8	0
309 PT. Evonik Sumi Asih	Bekasi Timur, ID		75.00	75.00	2016	13	1
310 RBV Verwaltungs-GmbH	Essen, DE		100.00	100.00	2016	858	11
311 RCIV Vermögensverwaltungs-GmbH	Essen, DE		100.00	100.00	2016	26	1
312 Roha B.V.	Tilburg, NL		100.00	100.00	2016	2	0
313 RÜTGERS Dienstleistungs-GmbH	Essen, DE		100.00	100.00	2016	4	1
314 RÜTGERS GmbH	Essen, DE		100.00	100.00	2016	327	-7
315 RÜTGERS Organics Corporation	State College, US		100.00	100.00	2016	-16	-1
316 Silbond Corporation	Weston, US		100.00	100.00	2016	46	5
317 SKC Evonik Peroxide Korea Co., Ltd.	Ulsan, KR		55.00	55.00	2016	27	2
318 Stockhausen Nederland B.V.	Amsterdam, NL		100.00	100.00	2016	0	-62
319 Stockhausen Unterstützungseinrichtung GmbH	Krefeld, DE		100.00	100.00	2016	0	0
320 Studiengesellschaft Kohle mbH	Mülheim, DE		84.18	84.18	2015	0	0
321 Westgas GmbH	Marl, DE		100.00	100.00	2016	8	13
Other companies							
322 ABCR Laboratorios, S.L.	Forcarei, ES		50.00	50.00	2016	7	0
323 ARG mbH & Co. KG	Duisburg, DE		19.93	19.93	2016	8	22
324 ARG Verwaltungs GmbH	Duisburg, DE		20.00	20.00	2016	0	0
325 CyPlus Idesa, S.A.P.I. de C.V.	Mexico-City, MX		50.00	50.00	2016	37	-3

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct in %	Indirect in %	Total in %			
326 Daicel-Evonik Ltd.	Tokyo, JP		50.00	50.00	2016	17	4
327 dev.log GmbH	Niederkassel, DE		50.00	50.00	2016	1	0
328 Evonik Headwaters LLP	Milton Keynes, GB		50.00	50.00	2015	0	0
329 Evonik Lanxing (Rizhao) Chemical Industrial Co., Ltd.	Rizhao, CN		50.00	50.00	2016	6	0
330 Evonik Treibacher GmbH	Treibach/Althofen, AT		50.00	50.00	2016	10	2
331 Idevo Servicios, S.A. de C.V.	Mexico-City, MX		50.00	50.00	2016	0	0
332 Industriepark Münchsmünster GmbH & Co. KG	Münchsmünster, DE		30.00	30.00	2015	8	0
333 Industriepark Münchsmünster Verwaltungsgesellschaft mit beschränkter Haftung	Münchsmünster, DE		38.00	38.00	2015	0	0
334 LiteCon GmbH	Hönigsberg/Mürzzuschlag, AT		49.00	49.00	2016	3	-1
335 Neolyse Ibbenbüren GmbH	Ibbenbüren, DE		50.00	50.00	2016	17	0
336 ROH Delaware LLC	Deer Park, US		50.00	50.00	2016	1	0
337 ROH Delaware LP	Deer Park, US		50.00	50.00	2016	8	36
338 RSC Evonik Sweeteners Co., Ltd.	Bangkok, TH		50.00	50.00	2016	2	0
339 Rusferm Limited	Nicosia, CY		49.00	49.00	2016	0	0
340 Saudi Acrylic Polymers Company, Ltd.	Jubail, SA		25.00	25.00	2016	58	4
341 StoHaas Management GmbH	Marl, DE		50.00	50.00	2016	0	0
342 StoHaas Marl GmbH	Marl, DE		50.00	50.00	2016	35	16
343 StoHaas Monomer GmbH & Co. KG	Marl, DE		50.00	50.00	2016	202	55
344 TÜV NORD InfraChem GmbH & Co. KG	Marl, DE		49.00	49.00	2015	2	0
345 TÜV NORD InfraChem Verwaltungsgesellschaft mbH	Marl, DE		49.00	49.00	2015	0	0
346 Umschlag Terminal Marl GmbH & Co. KG	Marl, DE		50.00	50.00	2016	0	0
347 Umschlag Terminal Marl Verwaltungs-GmbH	Marl, DE		50.00	50.00	2016	0	0
348 Vestaro GmbH	Munich, DE		49.00	49.00	2016	1	0
Vivawest							
Non-consolidated affiliated companies							
349 Aachener Bergmannssiedlungsgesellschaft mbH	Hückelhoven, DE		100.00	100.00	2016	23	PTA
350 Bauverein Glückauf GmbH	Ahlen, DE		100.00	100.00	2016	11	PTA
351 EBV Gesellschaft mit beschränkter Haftung	Hückelhoven, DE		100.00	100.00	2016	86	PTA
352 GSB Gesellschaft zur Sicherung von Bergmannswohnungen mit beschränkter Haftung	Essen, DE		68.75	68.75	2015	0	0
353 Heinrich Schäfermeyer GmbH	Hückelhoven, DE		100.00	100.00	2016	10	PTA
354 HVG Grünflächenmanagement GmbH	Essen, DE		100.00	100.00	2016	3	PTA
355 Lünener Wohnungs- und Siedlungsgesellschaft mit beschränkter Haftung	Lünen, DE		94.90	94.90	2016	28	PTA
356 Marienfeld Multimedia GmbH	Essen, DE		100.00	100.00	2016	0	PTA
357 Nordsterturm GmbH	Gelsenkirchen, DE		100.00	100.00	2016	0	PTA
358 Projektgesellschaft Tannenstraße mbH	Düsseldorf, DE		100.00	100.00	2016	0	PTA
359 Rhein Lippe Holding GmbH	Essen, DE		100.00	100.00	2016	538	PTA
360 Rhein Lippe Wohnen Gesellschaft mit beschränkter Haftung	Duisburg, DE		94.84	94.84	2016	148	PTA
361 RHZ Handwerks-Zentrum GmbH	Gladbeck, DE		100.00	100.00	2016	0	PTA

Name	Company headquarters	Including shares pursuant to Section 16 AktG			Financial year	Equity in EUR million ^a	Net profit or loss for the year in EUR million ^a
		Direct in %	Indirect in %	Total in %			
362 Siedlung Niederrhein Gesellschaft mit beschränkter Haftung	Dinslaken, DE		100.00	100.00	2016	43	PTA
363 SJ Brikett- und Extrazitfabriken GmbH	Hückelhoven, DE		100.00	100.00	2016	2	PTA
364 SKIBA Ingenieurgesellschaft für Gebäudetechnik mbH	Herne, DE		100.00	100.00	2016	0	PTA
365 SKIBATRON Mess- und Abrechnungssysteme GmbH	Herne-Wanne, DE		100.00	100.00	2016	0	PTA
366 THS GmbH	Essen, DE		100.00	100.00	2016	228	PTA
367 THS Rheinland Beteiligungs GmbH & Co. KG	Essen, DE		94.12	94.12	2016	0	0
368 THS Rheinland GmbH	Leverkusen, DE		100.00	100.00	2016	20	PTA
369 THS Westfalen GmbH	Lünen, DE		100.00	100.00	2016	34	PTA
370 Vestische Wohnungsgesellschaft mit beschränkter Haftung	Herne, DE		94.90	94.90	2016	14	PTA
371 Vestisch-Märkische Wohnungsbaugesellschaft mit beschränkter Haftung	Recklinghausen, DE		100.00	100.00	2016	69	PTA
372 Vivawest Beteiligungen GmbH & Co. KG	Essen, DE		94.90	94.90	2016	22	0
373 Vivawest Dienstleistungen GmbH	Essen, DE		100.00	100.00	2016	35	PTA
374 Vivawest Pensionen GmbH	Essen, DE		100.00	100.00	2016	0	PTA
375 Vivawest Ruhr GmbH	Essen, DE		100.00	100.00	2016	3	PTA
376 Vivawest Stiftung gemeinnützige GmbH	Gelsenkirchen, DE		100.00	100.00	2016	0	0
377 Vivawest Westfalen GmbH	Dortmund, DE	5.10	94.90	100.00	2016	0	PTA
378 Vivawest Wohnen GmbH	Essen, DE		100.00	100.00	2016	39	PTA
379 Walsum Immobilien GmbH	Duisburg, DE		94.90	94.90	2016	25	PTA
380 Wohnbau Auguste Victoria GmbH	Marl, DE		100.00	100.00	2016	34	PTA
381 Wohnbau Westfalen GmbH	Dortmund, DE		100.00	100.00	2016	80	PTA
382 Wohnungsbaugesellschaft mit beschränkter Haftung „Glückauf“	Moers, DE		100.00	100.00	2016	44	PTA
Other companies							
383 Deutsche Industrieholz GmbH	Berlin, DE		45.00	45.00	2014	0	0
384 Deutsche Netzmarketing GmbH	Cologne, DE		2.56	2.56	2014	2	0
385 EBZ Service GmbH	Bochum, DE		2.73	2.73	2015	5	0
386 Hammer gemeinnützige Baugesellschaft mit beschränkter Haftung	Hamm, DE		5.42	5.42	2015	19	0
387 Rheinwohnungsbau Gesellschaft mit beschränkter Haftung	Düsseldorf, DE		5.00	5.00	2015	69	3
388 Stadthausprojekt Düsseldorf Tannenstraße GmbH	Düsseldorf, DE		26.00	26.00	2015	0	0
389 Stadtmarketing-Gesellschaft Gelsenkirchen mbH	Gelsenkirchen, DE		2.39	2.39	2015	0	0
390 STEAG Kraftwerks-Grundstückgesellschaft mbH	Duisburg, DE		5.20	5.20	2015	0	0
391 VBW BAUEN UND WOHNEN GMBH	Bochum, DE		1.33	1.33	2015	93	6
392 Wohnbau Dinslaken Gesellschaft mit beschränkter Haftung	Dinslaken, DE		46.45	46.45	2015	44	6
393 WRW Wohnungswirtschaftliche Treuhand Rheinland-Westfalen Gesellschaft mit beschränkter Haftung	Düsseldorf, DE		6.60	6.60	2016	n/a	n/a

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

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

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

Notes to the annual financial statements of the RAG-Stiftung

GENERAL PRINCIPLES

The annual financial statements of the RAG-Stiftung for the financial year from 1 January to 31 December 2016 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) and taking into consideration the provisions of the German Accounting Directive Implementation Act (BIRUG).

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

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

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

ACCOUNTING AND VALUATION PRINCIPLES

Intangible assets and 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.

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

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

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

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

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

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

Provisions are recognised at the amount necessary to settle the obligation according to prudent commercial assessment. Future price and cost increases are taken into account where there was sufficient objective indication on the reporting date that they will occur. In accordance with Section 253, Paragraph 2 HGB, short and long-term provisions are discounted using the average market interest rate 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 flatrate basis with the average market interest rate arising from an assumed maturity term of 15 years. The interest rate (4.01%) published by the German central bank is used for the expert evaluation of the obligation as of 31 December. The valuation of the pension obligations include future changes in salaries (3.25%), pension increases (2.00%) and company-specific fluctuation, as well as mortality and disability probabilities according to the 2005 G mortality tables by Klaus Heubeck.

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

Deferred taxes are recognised for differences between the commercial valuations of assets, debts and prepaid expenses and their tax valuations, which will likely be reversed 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 15.8% and 14.2% 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, and a real estate special fund. There is no limit in the daily return. Of the financial assets, EUR 2.0 million (previous year EUR 2.0 million) is allocated to endowment capital.

Investment objective in EUR million	Book value	Value as defined by Section 36 investment com- pany act (InvG)	Difference to book value	Distributions received in the financial year
Mixed fund	2,200.4	2,574.9	374.5	19.3
Real estate fund	245.7	250.1	4.4	7.3
	2,446.1	2,825.0	378.9	26.6

2. Receivables and other assets

in € million	Maturity term		31/12/2016	31/12/2015	of which with a maturity term of over 1 year
	up to 1 year	over 1 year			
Receivables due from affiliated companies	153.0	–	153.0	361.8	–
Other assets	175.0	0.5	175.5	273.1	0.2
	328.0	0.5	328.5	634.9	0.2

Receivables due from affiliated companies are other assets of EUR 153.0 million (previous year EUR 361.8 million).

3. Securities

The securities are the shares in Evonik Industries AG intended for sale. Due to a pledge agreement, EUR 7.4 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 EUR 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 EUR 0.8 million.

Provision for the financing of perpetual obligations

The provision for the financing of perpetual obligations amounts to EUR 4,841.8 million (previous year EUR 4,449.0 million) and is explained in more detail under "other information".

Other provisions

in EUR million	31/12/2016	31/12/2015
Provisions for services rendered (received)	26.8	6.2
Provisions for the workforce	1.2	1.2
Provisions for audit costs	0.1	0.1
Other provisions	0.0	0.1
	28.1	7.6

7. Liabilities

in EUR million	Maturity term			Total		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	1 to 5 years	over 5 years	31/12/2016	31/12/2015		
Bonds	–	1,100	–	1,100	1,100	–	1,100
of which convertible	(–)	(1,100)	(–)	(1,100)	(1,100)	(–)	(1,100)
Trade payables	0.1	–	–	0.1	0.2	0.2	–
Payables due to affiliated companies	40.8	0.5	–	41.3	44.8	44.7	0.1
Other liabilities	26.1	2.1	–	28.2	33.1	33.1	–
of which from taxes	(25.7)	(–)	(–)	(25.7)	(30.6)	(30.6)	(–)
associated with social security	(–)	(0.0)	(–)	(0.0)	(0.0)	(–)	(–)
	67.0	1,102.6	–	1,169.6	1,178.1	78.0	1,100.1

Bonds include two non-subordinated and unsecured exchangeable bonds on Evonik shares, one of EUR 600.0 million (previous year EUR 600.0 million) with a term to 31 December 2018 and one of EUR 500.0 million (previous year EUR 500.0 million) with a term to 18 February 2021. The bonds can be exchanged for existing registered shares of Evonik Industries AG. Liabilities due to affiliated companies comprise other liabilities of EUR 41.3 million (previous year EUR 44.8 million).

NOTES TO THE INCOME STATEMENT

8. Sales revenue

Sales revenue is entirely from within Germany.

9. Other operating income

Other operating income includes largely income of EUR 2.0 million from the disposal of current assets and income of EUR 0.8 million from the disposal of fixed assets. This item also includes income of EUR 0.1 million (previous year EUR 0.0 million) not related to the accounting period from the reversal of provisions, as well as income of EUR 0.2 million (previous year EUR 0.1 million) from currency translation.

10. Personnel expenses

in EUR million	2016	2015
Wages and salaries	4.9	4.7
Social security	0.3	0.3
Welfare benefits and support	0.8	0.6
of which for pension schemes	(0.8)	(0.6)
	6.0	5.5

Average number of employees over the year

	2016	2015
Salaried employees	18	17
	18	17

11. Other operating expenses

Other operating expenses include expenses arising from the allocation of EUR 392.8 million (previous year EUR 334.3 million) to the provision for perpetual obligations. This item also includes expenses of EUR 0.1 million (previous year: EUR 0.4 million) from currency translation, and expenses not related to the accounting period of EUR 0.0 million (previous year: EUR 0.0 million).

12. Investment income

in EUR million	2016	2015
Income from equity interests	405.4	352.8
of which from affiliated companies	(405.4)	(352.8)
	405.4	352.8

Income from affiliated companies comprise the Evonik Industries AG dividend at EUR 363.9 million (previous year EUR 316.4 million), the dividend of Vivawest GmbH at EUR 36.4 million (previous year EUR 36.4 million), the dividend of RAG-Stiftung Beteiligungsgesellschaft mbH at EUR 4.7 million and the dividend of Windkraft Brinkfortsheide GmbH with EUR 0.4 million. RAG AG achieved a balanced budget.

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

This item includes income from other long-term securities amounting to EUR 32.2 million (previous year EUR 21.9 million).

14. Interest income

in EUR million	2016	2015
Other interest and similar income from third parties and companies with which there is a participatory relationship	9.3	1.0
Other interest and similar income from affiliated companies	1.5	1.3
Other interest and similar income	10.8	2.3
Interest and similar expenses due to third parties and companies with which there is a participatory relationship	–	0.0
Interest expenses from the compounding of provisions	1.4	1.1
Interest and similar expenses	1.4	1.1
	9.4	1.2

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

Write-downs of EUR 0.0 million (previous year EUR 0.8 million) to the lower market value were incurred in financial assets during the reporting year.

16. Taxes

in EUR million	2016	2015
Income taxes	17.5	11.9
Other taxes	1.3	2.6
	18.8	14.5

Expenses for income taxes relate to the allocation to the provision for income taxes for 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 EUR 1,662.6 million arising from temporary differences of the balance sheet items real estate, plant and equipment; other assets; provision for perpetual obligations and other provisions were balanced with deferred tax assets of EUR 1,662.6 million arising from temporary differences of the balance sheet items receivables due from affiliated companies arising from perpetual obligations, provisions for pensions and other provisions.

OTHER INFORMATION

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 in part from the provision of collateral for third-party liabilities amounting to EUR 0.7 million (previous year EUR 0.4 million). EUR 0.7 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 EUR million	31/12/2016	31/12/2015
Obligations arising from letting and leasing agreements with a maturity term of over one year	1.1	1.6
Other financial obligations	75,167.2	30,402.1
of which due to affiliated companies	(75,165.2)	(30,388.1)
Obligations in connection with investments in financial assets	207.8	515.3
of which due to affiliated companies	(207.8)	(485.3)
	75,376.1	30,919.0

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 from 2019 onwards.

Perpetual obligations

The basis for the scope and determination of the perpetual obligations, the financing of which the RAG-Stiftung will assume from 2019, is the KPMG report created in 2006 on the valuation of shutdown 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.

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

Provisions existing today at RAG for this are continued according to the principles of proper accounting and until the final closure of the coal mining operations. The corresponding cover funds are collected at RAG in the amount of the obligation, which arises according to the principles of proper accounting in the version applicable at the time of the agreement on coal policy (HGB old version: nominal value and reporting date principle), in the form of liquid assets and transferred to the RAG-Stiftung upon closure of the subsidised coal mining operations. The claim against the RAG-Stiftung recognised by RAG on the respective reporting date partly comprises the funding gap discounted to the respective balance sheet date as of 31 December 2018, which is calculated with a risk-free interest rate on the basis of the KPMG report, and partly comprises the measurement difference arising from the application of the German Balance Sheet Modernisation Act (BilMoG) as opposed to the old version of the HGB. 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.

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

RAG AG has recognised the claim against the RAG-Stiftung resulting from the balancing of the perpetual obligations. The obligation, less the provision for perpetual obligations recognised as of 31 December 2016, is included in other financial obligations in the RAG-Stiftung's annual financial statements.

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

	as of 31/12/2018		as of 31/12/2016
	As of: framework agreement	As of: 31/12/2015	discounted
Perpetual obligations in € million			
Permanent mine-related damage	1,324	22,393	22,045
Groundwater purification	341	4,257	4,180
Pit water management	5,208	54,327	53,782
	6,873	80,977	80,007

The total obligation as of the balance sheet date amounts to EUR 80,006.9 million (previous year EUR 34,837.1 million). Of this, EUR 4,841.8 million (previous year EUR 4,449.0 million) is allotted to the provision for the obligation to RAG AG for the financing of perpetual obligations, and EUR 75,165.2 million (previous year EUR 30,388.1 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 2016 using the following parameters, which result primarily from the pursuance of the KPMG approach as part of the 2008 report:

- ▲ To determine the provisions (perpetual annuity), the interest rate averaged over seven years was calculated from the zero-coupon euro interest swap rates published by the German central bank with a term of 30 years at 2.30% (previous year 2.70%). The premium, also determined by the German central bank, for the corporate bond risk amounts to 1.01% for the overall yield curve, meaning the perpetual annuity was discounted in line with Section 253, Paragraph 2 HGB at 3.31% (previous year 3.90%).
- ▲ Annual expected future price increase for non-cash benefit obligations amounts to 2.01% (previous year 2.08%).

The provisions reported at RAG AG as of 31 December 2016 consist of the commercially measured provision – with the exception of pit water management – and a provision equal to the present value of the funding gaps arising until 31 December 2018.

RAG AG's provisions for permanent mine-related damage/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 an appropriate interest rate. In view of the characteristics described and in line with commercial standards, the determination of the underlying interest rate must also account for the future price increase, ensuring the funding gaps are determined on the basis of a real interest rate. This arises on the respective balance sheet date from the difference between the German central bank's interest rate averaged over seven years for a 30-year term and future price inflation.

The perpetual obligations comprise the following:

Permanent mine-related damage/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 2016, which was determined on the basis of a perpetual annuity with an interest rate of 3.31% and a price increase of 2.01% (real interest rate 1.30%), was extended to 31 December 2018 allowing for a price increase of 2.01%. The provision would therefore stand at EUR 5,272.6 million. This provision includes the valuation difference of EUR 3,928.7 million arising from the application of BilMoG as opposed to HGB (previous version).

This commercial provision is compared with the economic burden, which will be calculated taking into account the parameters defined and developed in the KPMG report (zero-coupon interest swap 2.30% less price inflation 2.01%). With a real interest rate of 0.29%, this determination results in a level of provision of EUR 23,737.0 million as of 31 December 2018.

The comparison of both values as of 31 December 2018 results in a funding gap of EUR 18,464.4 million. The funding gap discounted to 31 December 2016 of EUR 18,218.0 million and the measurement difference as of 31 December 2016 of EUR 3,827.0 million are carried as liabilities in the annual financial statements under permanent mine-related damage/polder measures.

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 2016, which was determined on the basis of a perpetual annuity with an interest rate of 3.31% and a price increase of 2.01% (real interest rate 1.30%), was extended to 31 December 2018 allowing for a price increase of 2.01%. The provision would therefore stand at EUR 1,015.3 million. This provision includes the valuation difference of EUR 782.4 million arising from the application of BilMoG as opposed to HGB (previous version).

This commercial provision is compared with the economic burden, which will be calculated taking into account the parameters defined and developed in the KPMG report (zero-coupon interest swap 2.30% less price inflation 2.01%). With a real interest rate of 0.29%, this determination results in a level of provision of EUR 4,489.5 million as of 31 December 2018.

The comparison of both values as of 31 December 2018 results in a funding gap of EUR 3,474.2 million. The funding gap discounted to 31 December 2016 of EUR 3,427.8 million and the measurement difference as of 31 December 2016 of EUR 751.9 million are recognised in the annual financial statements in the corresponding provisions.

Pit water management

Pit water management underground involves pumping the water that is accumulated during the production phase for maintaining coal output above ground and directing it to an outlet channel. Until the closure of the last mine, pit water management must therefore be allocated to ongoing operations and – apart from the funding gap – absolutely no provision must be created. The annually incurred operating expenses for pit water management currently incurred for the maintenance of production are projected to 31 December 2018, taking into consideration a correspondingly updated development in the future volume of water to be pumped, consideration of the anticipated technology, as well as expected investment and price inflation of 2.01%. The liability for pit water management is calculated under consideration of the parameters defined and further developed in the KPMG report (zero-coupon interest swap of 2.30% less a price increase of 2.01%) and assessment bases calculated up to 2018. With a real interest rate of 0.29%, this calculation results in a total risk – and thus a funding gap for pit water management – at the time of expiry of EUR 54,326.9 million. The funding gap discounted to 31 December 2016 of EUR 53,782.2 million is carried as a liability in the annual financial statements.

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 2.30% (previous year 2.70%), calculated on the basis of the zero-coupon interest swap published by the German central bank, and a price development of 2.01% (previous year 2.08%) was set as per 31 December 2016, corresponding to a real interest rate of 0.29% (previous year 0.62%). When calculating the perpetual annuity, this corresponds to a factor of approximately 345 (previous year 161) of the assessment basis. The changes in the obligations compared with the previous year primarily result from the changed interest rates and from slightly altered assessment bases for the perpetual obligations. If the price and interest rate assumptions develop differently it will lead to higher or lower funding gaps and corresponding provisions.

Auditor's fees

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

in EUR million	2016	2015
a. Auditing services	0.1	0.1
b. Tax consultation services	–	0.1
c. Other services	0.0	0.0
Total fees charged for the financial year	0.1	0.2
Correction for the previous year (+)/from the previous year (–)	–	–
Total fees	0.1	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 2016 financial year amounts to EUR 1.8 million (previous year EUR 1.6 million).

The remuneration of the Board of Trustees for the 2016 financial year amounts to EUR 0.2 million (previous year EUR 0.2 million).

Report on events after the reporting period

The RAG-Stiftung carried out capital increases for RAG-Stiftung Beteiligungsgesellschaft mbH and RAG-S Private Equity GmbH & Co KG, as well as TBP Beteiligung S.à.r.l. during the first two months of 2017 to refinance holding investments amounting to a total of around EUR 87.2 million. During the same time, an investment of EUR 100 million was made in the RAGS-Fund/Master special fund.

Aside from these, no other significant events affecting the RAG-Stiftung's financial position and financial performance occurred after 31 December 2016.

Essen, 8 March 2017

RAG-Stiftung
The Board of Executives



Dr Müller



Bergerhoff-Wodopia



Dr Linssen

Auditor's Certificate

To the RAG-Stiftung, Essen

We have audited the annual financial statements – comprising the balance sheet, income statement, and notes to the annual financial statements – taking into account the accounting and the Management Report of the RAG-Stiftung, Essen, for the financial year from 1 January to 31 December 2016. The accounting and the creation of the annual financial statements and management report in accordance with the German commercial regulations and the supplementary provisions of the articles of association are the responsibility of the Board of Executives of the Foundation. It is our task to submit an assessment of the annual financial statements, including the accounting and the management report on the basis of the audit we have conducted.

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

Our audit did not result in any objections.

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

Düsseldorf, 8 March 2017

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* Milestones of the RAG-Stiftung

DECEMBER 2016

In its meeting on 5 December 2016 the Board of Trustees of the RAG-Stiftung unanimously confirms the Board of Executives in office for a further five-year period starting at the end of 2017.

APRIL 2014

In response to a prolonged phase of low interest rates, the RAG-Stiftung begins to implement its new investment strategy, which allows the foundation to invest more of its assets in illiquid material assets (real estate and equity investments).

JULY 2013

The RAG-Stiftung now directly owns 30 per cent of VIVAWEST. VIVAWEST is one of the largest providers of private flats in North Rhine-Westphalia, managing more than 120,000 flats.

APRIL 2013

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

DECEMBER 2012

Germany's former Minister for Economic Affairs, Dr. Werner Müller, becomes the Chairman of the RAG-Stiftung's Board of Executives. The other new members of the Board of Executives are Bärbel Bergerhoff-Wodopia (Human Resources) and Dr. Helmut Linsen (Finance).

JUNE 2012

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

JUNE 2008

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

JUNE 2007

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

FEBRUARY 2007

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

The RAG-Stiftung'

CAPITAL INFLOW IN 2016

Evonik dividends

€364 million

Dividends VIVAWEST and RAG-Stiftung Beteiligungsgesellschaft mbH

€41 million

Ordinary returns from investments

€74 million

ASSETS
As of: END OF 2016

RAGS Private-Equity KG
€0.5 billion

Private equity, real estate, infrastructure

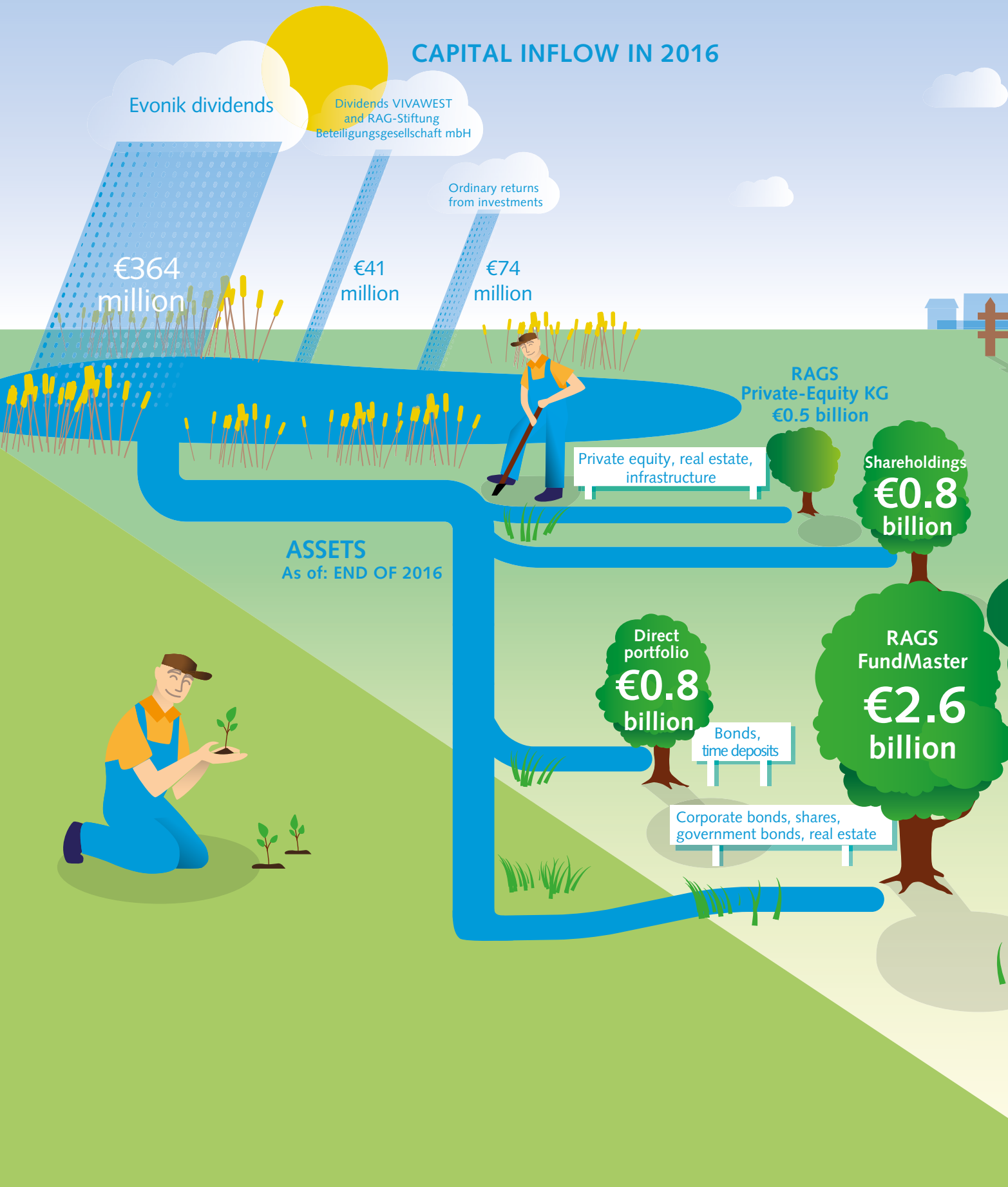
Shareholdings
€0.8 billion

Direct portfolio
€0.8 billion

Bonds, time deposits

RAGS FundMaster
€2.6 billion

Corporate bonds, shares, government bonds, real estate



s Financial Garden



Evonik
€9.0
billion

VIVAWEST
€1.4
billion

Profitable investment concept

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

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

Regular dividends and interest income generated almost €480 million for the RAG-Stiftung's investments in 2016.



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