The best of both worlds

Haniel
Annual Report
2014

HANIEL

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HANIEL KEY FIGURES

SUMMARY OF THE CONSOLIDATED FINANCIAL STATEMENTS

EUR million	2013*	2014	Change	See page
Revenue and profits				
Revenue	3,580	3,944	+10%	39
Operating profit	166	217	+31%	39
Profit before taxes	117	31	-74%	39
Profit after taxes	267	686	>+100%	40
Cash flow				
Haniel cash flow	562	175	-69%	43
Cash flow from operating activities	660	-135	<-100%	43
Capital expenditure	298	770	>+100%	43
Dividend of Franz Haniel & Cie. GmbH	0	30		131
Statement of financial position				
Total assets	13,387	6,446	-52%	44
Equity	4,556	3,973	-13%	44
Debt/equity ratio (in per cent)	34%	62%	+28 percentage points	44
Net financial liabilities**	3,843	1,358	-65%	43
Employees				
Annual average number of employees (headcount)	50,279	11,544	-77%	45

* Prior-year figures adjusted in accordance with IAS 8; see the explanations in the notes to the consolidated financial statements on page 74.
** Incl. net financial liabilities held for sale

HANIEL IN INVESTMENT MODE

SUCCESSFUL SALE OF **CELESIO** GENERATES EUR 2 BILLION IN PROCEEDS

HOLDING COMPANY ESSENTIALLY DEBT-FREE

HANIEL HAS UPWARDS OF EUR 1 BILLION AT ITS DISPOSAL FOR BUSINESS ACQUISITIONS

GROUP REVENUE INCREASES TO APPROXIMATELY EUR 4 BILLION

GROUP OPERATING PROFIT GROWS BY MORE THAN 30 PER CENT

INVESTMENT RESULT WEIGHED DOWN BY METRO'S HIGH ONE-OFF EXPENSES

CONTENTS

The Franz Haniel & Cie. Holding Company is a tradition-steeped German family-equity company.

It maintains a diversified portfolio and pursues a long-term investment strategy as a value developer. Its objective is to continually increase the value of the Company while also strengthening its social and environmental values. The Company has always been headquartered in Duisburg-Ruhrort, where it has been shaping the future since 1756.
www.haniel.com

CWS-BOCO

CWS-boco ranks among the leading international service providers of washroom hygiene products, dust control mats, workwear and textile services.
www.cws-boco.com

EQUITY INTEREST 100%

EUR million	2013	**2014**
Revenue	748	**751**
Operating profit	64	**71**
Annual average number of employees (headcount)	7,527	**7,529**

ELG

ELG is one of the world's leading specialists in trading and recycling raw materials, in particular for the stainless steel industry.
www.elg.de

EQUITY INTEREST 100%

EUR million	2013	**2014**
Revenue	1,880	**2,213**
Operating profit	47	**59**
Annual average number of employees (headcount)	1,224	**1,267**

TAKKT

TAKKT is the market-leading B2B direct marketing specialist for business equipment in Europe and North America.
www.takkt.com

EQUITY INTEREST 50.25%

EUR million	2013	**2014**
Revenue	953	**981**
Operating profit	96	**111**
Annual average number of employees (headcount)	2,551	**2,528**

METRO GROUP

METRO GROUP is among the premier international merchandisers.
www.metrogroup.de

EQUITY INTEREST 30.01%

EUR million	2013	**2014**
Haniel investment result	96	**14**

LETTER FROM THE CHAIRMAN

Dear Sir or Madam,

We look back on a year in which Haniel was able to create the leeway it needs in order to grow its business. At the beginning of the year – despite massive efforts by an aggressive hedge fund, to exert its influence – we successfully completed the sale of the Celesio division. We used the proceeds from the sale to further reduce the Holding Company's financial liabilities in 2014. For instance, Haniel bonds were not only repaid on schedule but also redeemed early. In addition, we used the proceeds of sale to strengthen the capital resources of the divisions and acquired low-risk, yet currently low-interest, financial assets for the interim.

The Haniel Holding Company is thus essentially debt-free. We now have sufficient means to acquire new divisions. We thus view 2014 as a strategically important year, during which Haniel has paved the way towards a sustainably successful future.

FULL-SCALE SEARCH FOR NEW BUSINESS DIVISIONS

The primary objective is to acquire new divisions. We have been examining a variety of potential acquisition targets over the course of the year – thus far, without having initiated any transactions. Aside from high valuations and low interest rates for capital investment, this was due primarily to the fact that many companies did not meet our standards of quality.

As a family-equity company, we pursue a long-term investment approach and make growth capital available for our divisions. This is also why we have a clear vision of what we are looking for: our focus is directed on sustainable companies which will contribute to the diversification of Haniel's portfolio and promise an appropriate return on investment. It is our conviction that healthy mid-market companies in particular generally make a good fit with a family-equity company such as Haniel. In addition, we ensure that we are able to acquire a significant majority in the target.

Based on these criteria, we review all companies offered for sale – as well as internally developed proposals. Haniel has analysed megatrends and, based on that analysis, defined search fields in which potentially interesting business models are carefully examined. Haniel uses its investment filter to screen for well-positioned, medium-sized companies which operate in attractive niche sectors and can leverage our support and competence to become market leaders.

We are back on track for growth and there is much work ahead of us also in the existing portfolio. Thereby, the focus lies on sustainable growth and a long-term improvement in the operating profits of our equity interests at the highest possible level.

BUSINESS REVIEW: 2014

The economic development, particularly in the United States, had a positive effect on our businesses. The uptick in business with the public sector in the wake of the resolution of the budget dispute in the US proved to be a plus for TAKKT. ELG benefited from an increase in demand for scrap metals in the stainless steel and superalloys market segments.

In addition, the divisions continue to work on their strategic projects. TAKKT further aligned its business model with multi-channel sales – with good success. In addition to the previously reported efficiency enhancement measures in its laundry, procurement and logistics areas, CWS-boco also strengthened its sales organisation. The METRO GROUP's strategic realignment is also advancing, although this also entailed losses in revenue, primarily as a result of divestments and negative currency translation effects. Its operating profit also declined due to massive one-off expenses, meaning that we had to record a decrease in Haniel's investment result.

In order to streamline the ownership structure of METRO AG, Haniel terminated its pooling agreement with the Schmidt-Ruthenbeck family at the end of October 2014. This agreement primarily served to pool voting rights and was a unique structure amongst listed companies, which was practically never used.

SUSTAINABLE GROWTH

We live in an exciting era of change. Over the years to come, we will grapple with how to continue driving the portfolio restructuring forward to enable us to position ourselves so as to increase value over the long term.

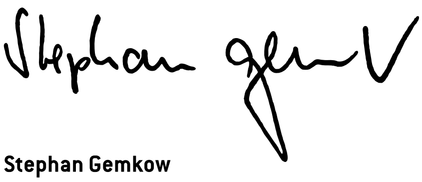
As a family-equity company, we act with responsibility and deliberation. Before we strike out on a new path, we reflect on the consequences of our decisions and weigh the benefits of investing against the costs. We believe that we have an obligation to the society in which we work and live. This is why we consider the common good in every business decision and try to strike the right balance between people, planet and profit.

In the countries in which we operate, we follow the principles of fair competition and respect the laws as well as the traditions and social values. We help to protect the environment and support social causes. We also encourage our employees to do the same by backing them up in their commitment. In line with Haniel's objective of being "enkelfähig", the only candidates for acquisition are thus companies which already make a positive contribution to the environment and society through their sustainable actions, or which will be able to do so in the future.

In order to underscore our commitment in this area, we joined the UN Global Compact in March 2014. We support the principles of the UN Global Compact such as human rights, labour standards, environmental protection and the fight against corruption, and ensure that they are proclaimed loud and wide.

I see a willingness to change and grow sustainably everywhere I look in the Company – within the management and among the employees, as well as in the shareholder bodies and the Supervisory Board. I would like to thank you all – also in the name of my colleague Dr Funck – for the trust you have placed in us. We look forward to continuing to work with you and are confident that we will be able to expand our portfolio in the coming year and together to make Haniel even more "enkelfähig" than it already is.

Duisburg, 5 March 2015



Stephan Gemkow
Chairman of the Management Board

HIGHLIGHTS 2014

HANIEL

In **February,** Haniel sold its 50.01 per cent interest in Celesio AG to the leading North American healthcare services company, McKesson Corporation, which acquired a total of 76 per cent of Celesio's shares. The transaction netted Haniel proceeds of just under EUR 2 billion, part of which was used to reduce the Company's debt, and part of which was set aside for future portfolio additions. Haniel had been the major shareholder of Celesio since 1973 and has had a significant impact on its growth and internationalisation path.

In **September,** Haniel registered the brand name "Haniel Family Equity". Thus what has long been the defining feature of the Duisburg-based company has been officially recognised: Haniel combines the best of both worlds: the professionalism of private equity and the values of a family-owned company.

At the end of **October,** Haniel dissolved the pooling agreement with BVG Beteiligungs- und Vermögensverwaltungs-GmbH and the Schmidt-Ruthenbeck family, in order to streamline and simplify the ownership structure of METRO AG. The primary purpose of the pooling agreement had been to govern the joint exercise of voting rights, thus securing a majority for resolutions by the annual general meeting. However, this was never necessary in the past ten years since all resolutions by METRO AG were passed with a majority in excess of 90 per cent.

CWS-BOCO

On **1 April,** CWS celebrated its 60-year anniversary: in 1954 the Swiss-based family business introduced the first soft towel dispensers developed by it into German public washrooms. These dispensers replaced the previously commonplace communal towel, thus improving washroom hygiene considerably. In 1981, Haniel acquired CWS, which it merged in 1988 with the workwear specialist boco to create Haniel Textile Service (HTS), which in turn was renamed CWS-boco in 2008.

In **2014,** CWS-boco received additional certifications for sustainability. The Belgian and Dutch health and safety management system was commended by the Occupational Health and Safety Assessment Series (OHSAS) in June. CWS-boco Germany was granted silver status by the EcoVadis initiative for its activities in the field of sustainability.

On **3 September,** CWS-boco opened its first cleanroom laundry in Germany at Heidenheim. The company has already been operating in this area for many years in Ireland, China, Poland and Belgium. The cleanroom laundry facility in Germany meets the highest certified standards of hygiene. In addition, the company's "boco Cleanroom line" represents an expansion of its workwear collection in Germany.

ELG

In **May,** ELG presented its first sustainability report, "IN THE VANGUARD OF GLOBAL RECYCLING", which was prepared and certified on the basis of a comprehensive survey of the relevant stakeholders in accordance with the latest standard of the Global Reporting Initiative (GRI). In the report, ELG lays out its vision of business responsibility and identifies for the reader the key areas for action for a globally active recycling company and the sustainability projects that have been initiated.

With an eye to the growing demand for scrap metals in the United States, ELG acquired a new plot of land in Houston, Texas in **September.** The new facility is planned to go into operation in early 2016 and will significantly optimise the company's processes and lay the groundwork for future growth in the volume of scrap processed by the company.

As part of the integration of the superalloys companies acquired in the previous year, ELG established a site in Monroe, North Carolina in **October** to consolidate the processing capacities of two existing locations. In addition, ELG formed a company in Mexico. The superalloys division is thus following its customers in the aviation industry, who are increasingly producing their products in Central America.

TAKKT

In **January,** TAKKT subsidiary Hubert, the U.S. market leader in the direct marketing of supplies and equipment for the retail and food services industry, opened a new procurement office in Hong Kong. This enabled the company to further reduce procurement costs, benefiting not only the company but also its customers.

In **June,** KAISER+KRAFT launched a new pilot project to ensure compliance with social and ecological standards: the supplier code of conduct. This code lays out the key binding sustainability principles at KAISER+KRAFT, such as the creation of fair employment relationships and promoting environmental protection. This and the kick-off of the climate-neutral Active Green products in its offering have once again placed KAISER+KRAFT at the vanguard of their industry.

On **31 December,** TAKKT entered into a purchase agreement with Global Industrial concerning the sale of shares in the Plant Equipment Group (PEG) – for USD 25 million free of financial liabilities. The industrial supplier which had previously been part of the TAKKT AMERICA division distributes products for transport, warehousing and operations to companies in the United States, Canada and Mexico. Following the sale of PEG, TAKKT has focused on its further development as a multi-channel-plus-company.

METRO GROUP

At the end of **April,** GALERIA Kaufhof GmbH's department store business and the entirety of its real property portfolio were merged with the joint GALERIA Holding GmbH. The new executive Holding Company comprises two pillars: multi-channel department store business (GALERIA Kaufhof GmbH) and property portfolio (GALERIA Real Estate Holding GmbH). The objective is to foster an efficient collaboration between the operating department store business and real property activities, both of which are aligned with customer needs.

On **24 September,** the Supervisory Board of METRO AG renewed the service agreement with the chairman of the Management Board, Olaf Koch, for an additional three years. In January 2012, Olaf Koch assumed chairmanship of the board after serving three years as CFO at METRO AG.

In **October,** the METRO GROUP and the French Groupe Auchan announced an agreement concerning an international procurement partnership. For the first time ever, two leading retail groups which operate different business models and perfectly complement each other from a geographical perspective have joined forces to increase their negotiating power. The agreement paves the way for joint price negotiations with key international suppliers of branded consumer goods regarding specific services and conditions at a global level. In addition, the agreement establishes joint global procurement of non-food articles sold by both companies under their own brand name or as no-name brands.

FAMILY EQUITY
THE BEST OF BOTH WORLDS

Haniel is a family-owned investment company.

We cultivate a portfolio of cutting-edge business models and develop market leaders. If we are no longer the best owner for an investment we sell it, thus creating room for new growth – both at the company being disposed of and at Haniel itself. Our actions flow from the values held by a family-owned company that has existed for 259 years: we conduct our business in a sustainable, forward-looking and future-oriented manner. As a family-equity company, we combine the best of both worlds: the professionalism of private equity and the values of a family-owned company. It is this combination that makes Haniel „enkelfähig“!

STRATEGY

Private equity

+

VALUES

Family-owned company

Value-driven investment strategy. Haniel invests in companies – but not in just any company. A fine-meshed investment screen guarantees that only those acquisition targets which make a good fit with Haniel make the short list.

The focus is on medium-sized companies whose sustainable and cutting-edge business models will further diversify our portfolio and with which it is possible to generate an appropriate return. We are interested in megatrends which we consider relevant to our portfolio – such as new mobility patterns, climate change or the knowledge economy. Moreover, we are looking to acquire companies which operate in regions characterised by stable and familiar legal and economic environments. This is why we are actively seeking and analysing the potential of a variety of sectors and markets. At the same time, we review offers we receive.

In keeping with the principle of the "honourable businessman" – a principle Franz Haniel lived by – we develop our investments over the long term, in the spirit of partnership and with a focus on fairness. For instance, over the past 32 years, we have developed ELG into an internationally active dealer in commodities for the stainless steel industry.

And in 2014, we parted ways with Celesio because after more than 40 years, we were no longer the best owner for it. By taking this step, we created room for new growth on both sides.

In order to optimise our ability to assume a leadership role at prospective investment targets, we look for companies which are not listed and in which we can acquire a majority interest. In line with Haniel's objective of being "enkelfähig", companies should already be making a positive contribution to the environment and society through their sustainable actions, or be able to do so in the future. Our brand of corporate governance aims to increase value over the long term and is the source of our economic success – which not only enables but also obliges us to create value for society as a whole.

LEADERSHIP

Private equity

+

RESPONSIBILITY

Family-owned company

Responsible leadership. At Haniel, corporate governance is driven by the principle of separation of management and ownership. As early as in the beginning of the 20th century, the Haniel family placed responsibility for managing the Company in the hands of executives from outside the family. As such, business decisions are taken independently of familial relationships.

The Haniel Holding Company is responsible for the strategic, human resources and financial management of its divisions – above all for the wholly owned subsidiaries and majority-owned interests. It develops all the tools needed to corporate development and strategic planning. Thus, the Holding Company is not merely the force behind how the portfolio is structured. It also defines strategic objectives and selects upper-echelon executives. We prefer to refill leadership positions in-house.

All business decisions are taken in consideration of the common good. We also require this of our divisions: we help them to develop their corporate responsibility strategy and lay down individual company objectives. We help to protect our environment and use natural resources responsibly.

In addition, we support social causes – and encourage our employees to do the same by backing them up in their commitment. As corporate citizens, we are dedicated to further developing the locations in which we operate. This means that we also promote public exchange – for instance between members of the sciences, political and cultural communities – to bring about positive changes for society as a whole.

PROFESSIONALISM

Private equity

+

PASSION

Family-owned company

A passion for professionalism. Haniel maintains a diversified portfolio. We are constantly looking into investment opportunities in order to increase the value of our portfolio. If a proposed acquisition proves to be strategically sound and financially worthwhile, we seize the opportunity.

A sound long-term rating will help us ensure that we have access to the capital markets and thus the necessary leeway to make entrepreneurial decisions. We use our know-how to professionalise new business models within the Group. In 2012, Haniel was in debt and had considerable cluster risks in its portfolio. On top of that, share prices were falling and dividends were shrinking – leading to a host of ratings downgrades. As part of a consistent debt reduction programme, Haniel reduced its stake in the listed equity investments TAKKT, Metro and Celesio, which helped lift our rating. In 2014, we sold off our interest in the pharmaceutical wholesale company Celesio entirely. This afforded us new financial leeway.

Innovative decisions require employees with an innovative spirit. We help them to live up to their full potential. Haniel's competency model ensures that our employees have the right qualifications as well as the necessary passion to bring about change within the Group. To us, passion is a highly valued attribute: Haniel is family-owned. Although there is a strict separation between management and ownership, the family is able to weigh in on the major strategic initiatives of the management through the Supervisory Board. The family's emotional connection and financial ties to the Company increase the quality of Supervisory Board deliberations as well as the personal involvement in all relevant decisions – this distinguishes us from publicly owned companies.

TRANSFORMATION

Private equity

+

TRADITION

Family-owned company

Transformation by tradition. Constant change is in Haniel's DNA. We do not let market events determine our actions; rather, we aim to play an active role in shaping the markets.

Back in his day, Franz Haniel invested in new, cutting-edge business models such as steelworks, mining and shipping, thus laying the foundation for the flexible and diversified family-equity company of the present, which specialises in its core business of portfolio management.

Haniel's portfolio is currently being restructured. We see change as an opportunity. This is why we are focusing on the trends of the future and using these as a basis from which to develop potential investment opportunities. We are constantly carrying out a methodical analysis, complemented by strategic initiatives which focus the Group's concentration on megatrends. We reflect on the consequences of our decisions and weigh the benefits of investing against the costs – including those to society. The Haniel family supports us in doing so: over the long term, it has ploughed back an average of 75 per cent of the annual profits to the Company. Our high equity ratio is the basis for our financial stability.

We are constantly striving to improve and learn. We cultivate this process through efficient knowledge management. For 20 years now, the Haniel Academy has given executives and specialists the opportunity to hone their personal and professional management skills and to live up to their full potential. At the same time, it plays a key role as a knowledge hub within the Group. This will also make it possible for us to transform ourselves in the future.

THE MANAGEMENT BOARD

HANIEL'S MANAGEMENT BOARD IS COMPOSED OF TWO MEMBERS WHOSE RESPONSIBILITIES ARE CLEARLY DEFINED. NEVERTHELESS, THEY WORK CLOSELY TOGETHER AND MANAGE THE COMPANY AS A TEAM.

STEPHAN GEMKOW
CHAIRMAN
Born 1960

Stephan Gemkow has been Chairman of the Haniel Management Board and Chief Human Resources Officer since 1 August 2012. He is responsible not only for overall strategy, but also for Corporate Development/M&A, Human Resources, Corporate Legal, Internal Audit, Shareholders + Sustainability and Communications. After spending the first years of his career as a management consultant for BDO Deutsche Warentreuhand AG, the business graduate has held various management positions at the Lufthansa Group since 1990, most recently spending six years as a member of the Executive Board responsible for finances and, since 2009, for Aviation Services as well. Gemkow is Chairman of the Supervisory Board of TAKKT AG. He is also a member of the Supervisory Board of Evonik Industries AG as well as the Board of Directors of JetBlue Airways Corporation, New York.

DR FLORIAN FUNCK
Born 1971

Dr Florian Funck has been a member of the Haniel Management Board since 1 September 2011. He is responsible for Corporate General Services, Corporate Controlling, Strategic Planning & Accounting, Corporate Finance and Corporate Tax. As a doctor of business administration, he began his career at Haniel Holding in 1999. In June 2004, he was appointed to the TAKKT Management Board in Stuttgart, where he was responsible for Controlling and Finance. Funck is a member of the Supervisory Boards of METRO AG, TAKKT AG and Deutsche Annington SE.

Dr Florian Funck

Stephan Gemkow

REPORT OF THE SUPERVISORY BOARD

Dear Sir or Madam,

2014 was yet another year that brought key changes for our family-owned company Haniel: the sale of the entirety of our Celesio investment to the healthcare services provider McKesson was wrapped up with a good outcome and the reduction of debts began in the previous year was largely completed. This means that Haniel can once again turn its attention towards investing in future growth. The Supervisory Board advised the Management Board on these issues, which are of fundamental importance for the future success of the Company, in four ordinary and two extraordinary meetings. One further resolution was passed by way of circulation.

CHANGES ON THE SUPERVISORY BOARD

The sale of Celesio resulted in changes in the composition of the Supervisory Board: In January 2014, the Supervisory Board resolved to reduce the number of members from 16 to 12. This reduction in the size of the Board reflects the significant decrease in the number of employees of the Group following the Celesio sale.

Employee representatives Manfred Breitenstein and Thomas Römer from Celesio left the Supervisory Board as at 6 February 2014. Christoph Böninger and Baron Wolf von Buchholtz left the Supervisory Board at the conclusion of the Shareholders' Meeting on 26 April 2014. Christoph Böninger had been a standing member of the Supervisory Board since 2003 and aside from providing competent and far-sighted advice to the Company, he was also a driving force behind the shareholder qualification programme and strengthened the ties between the family and the company. He will remain Chairman of the Advisory Board. Baron Wolf von Buchholtz has been a member of the Supervisory Board since 1998 and has left the Board on account of age. In the past 16 years, he consistently provided critical and constructive advice on the development of the family-owned company and was a competent and important advisor when it came to transforming the portfolio. The Supervisory Board thanks everyone for their committed, trusting and open collaboration.

TRANSPARENCY IN COOPERATION

As in years past, the cooperation between the Supervisory Board and the Management Board was characterised by an atmosphere of great openness and mutual trust. The Management Board informed us regularly about the status of the Haniel Holding Company and the Group as a whole – also with regard to important individual events. In accordance with my duty as Chairman of the Supervisory Board of Franz Haniel & Cie. GmbH, beyond the normal meetings, I have also been in regular contact with the Chairman of the Management Board primarily, but also with the CFO. We discussed important business and strategic issues affecting the group.

The Supervisory Board continually and carefully monitored the group of companies' management and business development based on regular written and oral reports of the Management Board. We examined in depth all the decisions requiring our consent and passed the necessary resolutions.

The Audit Committee held four meetings in the 2014 reporting period. It monitored the accounting process and the effectiveness of the internal control system, the risk management system, the Internal Auditing office, and the compliance management system. Moreover, the committee examined and confirmed the independence of the auditor of the financial statements, and resolved, in its meeting on 26 April 2014, to recommend to the Shareholders' Meeting to re-appoint the previous auditor.

ANNUAL SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS APPROVED

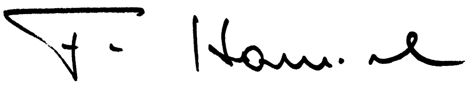
PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen, audited the annual financial statements of Franz Haniel & Cie. GmbH and the Report of the Management Board for the 2014 financial year. The auditors confirmed that the annual financial statements and Report of the Management Board comply with legal provisions and the Company's articles of association. The auditors issued an unqualified auditors' report on the annual financial statements and the Report of the Management Board. The auditors also issued an unqualified auditors' report on the consolidated financial statements and the Group Report of the Management Board. The auditors participated in the Supervisory Board's meeting on the financial statements and in all meetings of the Audit Committee. Furthermore, the Supervisory Board again engaged the auditors to assess the Haniel Group's early risk identification system. This voluntary examination was conducted in accordance with section 317 (4) of the German Commercial Code (Handelsgesetzbuch, "HGB"). The auditors verified the suitability of the system to detect early any risks endangering the going concern assumption.

The Management Board submitted the consolidated financial statements, the Group Report of the Management Board and the Group auditors' report for 2014 to the Supervisory Board for its examination. Following an in-depth examination, the Supervisory Board approved the consolidated financial statements and the Group Report of the Management Board. The Supervisory Board also approved the annual financial statements of Franz Haniel & Cie. GmbH and the Management Board's profit appropriation proposal. The annual financial statements are thereby adopted and the consolidated financial statements approved.

GRATITUDE FOR A JOB WELL DONE

In the context of a coordinated strategic plan, Haniel has once again turned its attention to investing in new business areas. The Management Board and Supervisory Board are working closely together on this. The Supervisory Board thanks the Management Board and the employees for their faithful collaboration and looks forward to advancing the growth in Haniel's value together with them.

Duisburg, 10 April 2015



Franz M. Haniel
Chairman of the Supervisory Board

THE SUPERVISORY BOARD

OUR SUPERVISORY BOARD IS COMPOSED OF SIX SHAREHOLDER REPRESENTATIVES AND SIX EMPLOYEE REPRESENTATIVES. THE CHAIRMANSHIP HAS ALWAYS BEEN HELD BY A FAMILY MEMBER. THE SUPERVISORY BOARD IN PARTICULAR ENSURES THAT THE DEVELOPMENT OF THE GROUP OF COMPANIES IS IN ACCORDANCE WITH ITS TRADITIONAL VALUES.

SHAREHOLDER REPRESENTATIVES

FRANZ M. HANIEL
CHAIRMAN
Graduate engineer

DR GEORG F. BAUR
DEPUTY CHAIRMAN
Businessman

CHRISTOPH BÖNINGER
until 26 April 2014
Graduate designer

BARON WOLF V. BUCHHOLTZ
until 26 April 2014
Graduate businessman

PROF HENNING KAGERMANN
Graduate physicist

DR PAUL-BERNHARD KALLEN
Graduate economist

DR MICHAEL SCHÄDLICH
Graduate physicist

PROF KAY WINDTHORST
University Professor

EMPLOYEE REPRESENTATIVES

GERD HERZBERG
DEPUTY CHAIRMAN
Former trade union secretary (Ver.di)

MANFRED BREITENSTEIN
until 6 February 2014
Commercial employee

RALF FRITZ
Maintenance man

BERND HERGENRÖTHER
Electrician

FADI KAMAL
Design engineer

IRINA PANKEWITZ
Textile cleaner

THOMAS RÖMER
until 6 February 2014
Division manager

HANS WETTENGL
Trade union secretary (IG Metall)

CORPORATE GOVERNANCE

Distinct responsibility structures and cooperation based on partnership: These are the principles that distinguish corporate governance at Haniel. One essential element is the strict separation of corporate management and control, in line with the requirements for exchange-listed companies. Both sides engage in trusting dialogue, which is also how the Company communicates with its partners on the financial market.

FREE FROM CONFLICTS OF INTEREST

One characteristic sets Haniel apart from many other family-owned companies: Since the start of the 20th century, managers from outside the family have been responsible for the corporate governance. No family members work in the Haniel Group. Entrepreneurial decisions can be made free from familial obligations. The family attaches importance to sustainable growth and value enhancement. The steps to be taken along the way are at the discretion of the Management Board, which confers with the board of the Company. The basic structure of corporate governance at Haniel thus adheres to the standards set out in the German law governing stock corporations.

The more than 680 shareholders are organised in the Shareholders' Meeting. It meets once a year and elects from its midst six shareholder representatives to serve five years on the Supervisory Board. The shareholder representatives and six employee representatives on the Supervisory Board help to shape the fundamental business policies of the Company and influence the corporate strategy. The Supervisory Board has equal representation as a co-determined monitoring body; it is always chaired by a member of the family. Shareholder and employee representatives jointly appoint and dismiss members of the Management Board, monitor their work and support them in an advisory capacity. Four members of the Supervisory Board form the Audit Committee, which also has equal representation. This committee monitors the accounting process and the effectiveness of the internal control system, the risk management system, the Internal Auditing office, and the compliance management system. Moreover, the committee examines and confirms the independence of the auditors of the financial statements. Details of the work of the Supervisory Board in the 2014 financial year are contained in the Report by the Chairman of the Supervisory Board starting on page 26. The Shareholders' Meeting elects also from its midst 30 members for the Advisory Board, which particularly facilitates communication between the executive bodies of the Company (Supervisory Board and Management Board) and the members of the family.

BINDING PRINCIPLES OF CONDUCT

The Haniel Holding Company itself, as well as through its divisions, is active in many different economic and social systems, and thus encounters differing cultural and national standards as well as legal regulations. It is precisely this that makes it essential that all employees at every level of the Company share the same values of openness and integrity. Essential components of the Haniel culture are the principles of legality, incorruptibility and fair competition. In 2014, Haniel revised its Code of Conduct. Haniel expressly commits to the principle of fair competition in the Code of Conduct. In addition, it sets out the principles of conduct for employees of the Holding Company, so that they neither offer nor accept inappropriate favours, they reject all forms of discrimination, and they disclose any conflicts of interest between their business and private affairs. Such principles of conduct are in place Group-wide. In addition, all divisions have a compliance management system that assists in preventing, detecting and eliminating abuses.

EASY ACCESS TO INFORMATION

For Haniel as a family-equity company, a solid equity base plays an important role. In addition, Haniel also uses borrowed capital in its financial strategy. To gain the trust of potential investors and to maintain the appreciation of its current investors, Haniel focuses on transparency and fairness in its financial communication: Every capital market participant, including banks, investors and analysts, are provided with the same information needed to assess the Company's performance. This applies in equal measure to the family shareholders as providers of equity. The corporate website represents a broad information platform where, among other things, the corporate group's portfolio and strategy are elucidated. Haniel also publishes its annual and half year financial reports there, as well as the latest press releases. In addition, presentations, information on the investment strategy and additional separate and consolidated subgroup financial statements can be accessed online under the "Creditor Relations" heading. A financial calendar contains early announcements of important events for the Holding Company and the divisions. Moreover, Haniel publicly declares how the Holding Company is rated by the credit rating agencies Standard & Poor's and Moody's. Haniel submits itself to these external rating processes voluntarily in order to be able to use all the available financing options. For Haniel, transparent and fair financial communication is inseparably connected with continuity. The Company informs its partners at regular intervals and in a consistent manner about current developments. Thus, financial reports are always published in the customary place and in the customary form in order to make it easier for the reader to find and analyse the information. Haniel draws attention to any deviations from the preceding years.

DIALOGUE WITH INVESTORS

Haniel's financial market partners can contact the staff of the Corporate Finance and Corporate Development/M&A departments directly. After the Company's Annual Accounts Press Conference, Haniel issues invitations to an Investor or Analyst Call. The Management Board is closely involved in the dialogue with the financial community.

CORPORATE GOVERNANCE
GROUP ORGANISATION

FAMILY

SHAREHOLDERS’ MEETING
about 680 family members

COMPANY

EMPLOYEES
about 11,500 employees*

elects ↓

elects ↓

elect ↓

FAMILY

ADVISORY BOARD
up to 30 members

FAMILY AND EXTERNAL MEMBERS

SHAREHOLDER REPRESENTATIVES
4 family and 2 external members

↓

COMPANY

EMPLOYEE REPRESENTATIVES
6 members

↓

FAMILY AND EXTERNAL MEMBERS, COMPANY

SUPERVISORY BOARD
12 members

appoints/dismisses/supervises/advises

↓

COMPANY

MANAGEMENT BOARD OF THE HOLDING COMPANY
2 members

↓

COMPANY

DIVISIONS

* Annual average (headcount); see also explanations on page 45. The German employees elect the employee representatives to the Supervisory Board.

Scorecard
Corporate Responsibility
2014

BRINGING **VALUES** TO **LIFE**

Employees, value chain, innovation –
Haniel emphasises these three action areas in the context of corporate responsibility. The Holding Company and the divisions continue to push forward with their CR activities, with individual issues, targets and measures. The CR Scorecard provides an overview of the progress made and events that marked the year 2014. For more detailed information on the CR strategy, please see the 2013 CR Report.

HANIEL

90 per cent of employees recorded in a training database

CWS-boco

Training and continuing education CWS-boco's goal is to document all training and continuing education measures in a database by the end of 2015 and to set country-specific guidelines which are tailored to meet the individual needs of employees participating in training and continuing education programmes. More than 90 per cent of the company's employees were already documented by the end of 2014.

Haniel

Anchoring CR In addition to regular communication about sustainability, there was a week-long campaign in 2014 and a practical training offering. With these formats, the Holding Company has begun to increase employee sensitivity to the need to conduct themselves in a more responsible way in their day-to-day professional lives.

ELG

Health and safety In order to avoid work-related accidents to the furthest extent possible in the future, ELG launched a project designed to identify potential risks to employee health and safety. A first milestone was reached in 2014, when a global reporting system for absences due to accidents and illness went live.

EMPLOYEES

A respectful and reliable partnership for sustainable work conditions

Haniel

Development prospects In 2014, the Holding Company increased the penetration and quality of annual development reviews: 98.6 per cent of employees discussed their abilities and potential with their direct supervisors and agreed on appropriate individual development measures.

Development reviews conducted with 98.6 per cent of employees

METRO GROUP

Embedding sustainability The METRO GROUP continues to drive forward the integration of sustainability issues within all key business processes. In order to increase employee awareness and to bring about behavioural changes, the Group has developed general information campaigns as well as a variety of training programmes. In 2014, the programmes already included an e-learning module on the issue of sustainability and procurement specialist training programmes designed to ensure that social standards are complied with along the supply chain.

TAKKT

Systematic personnel development TAKKT is implementing a development programme to systematically recruit and promote talented individuals. In 2014, a computerised applicant management system was established and various measures designed to help the company retain high-potential employees were implemented.

VALUE ADDED CHAIN

High environmental and social standards
in all activities to create value

100 per cent of investment proposals by divisions include integrated CR aspects since mid-2014

Haniel

CR in the approval process with the divisions To the extent legally permissible, the Holding Company decides on divisional investment proposals on the basis of its investment and enterprise valuation guidelines. Since 1 November 2014, these guidelines have stipulated that the specific positive and negative impacts on the objectives laid out in Haniel's CR action areas be assessed in investment proposals. The updated guidelines have been in force since mid-2014.

ELG

Ecological impact of transshipment goods ELG lives up to its high level of responsibility for products along the value chain by continuously raising its own environmental and safety standards. In 2014, the company audited the already well-functioning alarm system for radioactivity in materials deliveries and reviewed and improved the detection equipment used around the world.

0.004 radioactivity alarms per thousand tonnes triggered by ELG deliveries

23.7 per cent of sourced merchandise procured from certified suppliers

TAKKT

Cooperation with suppliers TAKKT places high value on sustainability along the supply chain. A supplier evaluation system launched as a pilot project in 2013 was expanded to include additional companies and suppliers in 2014.

Haniel

CR in portfolio management The Holding Company launched a project to integrate CR review criteria in key management processes along the phases of the investment cycle. In 2014, a large number of potential acquisition targets were reviewed to determine whether fit with Haniel's values and the criteria in its investment filter, which also included CR aspects. In addition, new financial investments have also been scrutinised from a CR perspective since the autumn of 2014.

METRO GROUP

Sustainable purchasing policy The METRO GROUP's general objective is to source products in as sustainable a manner as possible. The Group's procurement policies form the basis for this. In addition, processes are developed by which ecological, social and economic effects are assessed and objectives are defined for individual product groups.

CWS-boco

Energy efficiency CWS-boco lowered the amount of energy consumed per kilogramme of laundry – aggregated from the figures for mats, hand towel rolls and workwear – throughout the Group by 8.5 per cent as compared to 2012. This reduction was made possible thanks to process optimisation, more efficient facilities and equipment and new high-tech laundries.

8.5 per cent reduction in energy used per kilogramme of laundry since 2012

6.6 per cent of revenue generated through sustainable products

TAKKT

Green product lines In order to meet its clients' ecological and social standards, TAKKT is offering an expanding range of "green" products. This includes climate-neutrally produced transport equipment, environmentally friendly packaging solutions and office furniture which is crafted using recycled materials.

100 per cent of METRO Cash & Carry shops in Germany offer tracing of fish and meat products

METRO GROUP

Traceability of products The METRO GROUP has implemented an international industry-wide solution to bring about full transparency along the entire supply chain as to the resources used and the products sourced. Customers of all METRO Cash & Carry shops in Germany can already trace the origins of meat and fish products.

87 per cent participation rate in employee survey on corporate culture

Haniel

Internal culture of innovation In order to prepare the field for the development of an approach to innovation management, the Holding Company has analysed its corporate culture. Employees and executives participated in qualitative interviews and an employee survey was carried out in 2014.

INNOVATION

Innovations: the response to global challenges and an opportunity for growth

ELG

Recycling carbon fibres ELG is continuing to expand its carbon fibre recycling business. In 2014, the volume of carbon scrap recycled was increased as compared to the previous year from 280 to 458 tonnes.

458 tonnes of recycled carbon fibre

CWS-boco

Sustainable service logistics CWS-boco has equipped service drivers with the "Optimize my Day" dispatch planning tool, thereby helping to use resources sparingly: the app calculates routes covered in such a manner that all customer visits can be driven to in the fewest kilometres possible.

850,000 fewer kilometres driven thanks to "Optimize my Day" dispatch tool

CORPORATE RESPONSIBILITY

Haniel sees itself as a value developer – including where sustainability is concerned. In 2014, the family-equity company reached key milestones in integrating corporate responsibility (CR) into all relevant core processes – both at the level of interactions with the divisions as well as within the Holding Company itself.

For 259 years going, Haniel has exemplified the pairing of entrepreneurial drive with a stable set of values. Haniel's values – shared and adhered to in equal measure by the Haniel family and the management – are enshrined in the Code of Conduct. Haniel revised and updated its Code of Conduct for all employees in 2014. The divisions also issue similar guidelines on the basis of the Code of Conduct. Among other things, the Code of Conduct reflects the ten principles of the UN Global Compact in the areas of human rights, labour standards, environmental protection and the fight against corruption. On 27 March 2014, Haniel became a participant in the United Nations initiative, and undertook to uphold and promote awareness of the ten principles. The divisions have also joined the UN Global Compact or have subscribed to its guiding principles.

CR: AN INTEGRAL COMPONENT OF MANAGEMENT DIALOGUE

In addition to laying the foundation for a shared understanding of its values, Haniel focuses its CR activities throughout the Group in three action areas: employees, value chain and innovation. Each division is responsible for implementing these action areas as they relate to its individual business model. To that end, Haniel's Management Board meets regularly with the divisional management teams throughout the year to set individual targets as permitted by law and to discuss progress. In this way, the Holding Company assumes the mantle of a motivational force and a sparring partner. Where necessary, overarching initiatives are discussed at the Holding Company's regular CEO meetings, which are held by Haniel's Management Board and attended by the heads of the management teams and the CEOs of the respective divisions. In addition to this high-level dialogue, the CR Round Table is held three times a year: this network of CR experts at the Holding Company and all divisions meets to exchange information, share their experiences and discuss best practices.

CR is also anchored in the Holding Company's organisation analogously to the process involving the management teams of the divisions. For instance, the directors of all departments join the Management Board each year at the CR Conference. There, they discuss the relevant issues faced by the Holding Company as they relate to Haniel's three CR action areas, agree on specific targets and objectives and kick off new projects. This is how Haniel anchors CR within all of the Company's relevant core processes – both at the level of interactions with the divisions as well as within the Holding Company itself.

HOLDING COMPANY INVESTS SUSTAINABLY

Haniel is laying the foundation for a shared understanding of CR and raising employee awareness of the need to conduct themselves responsibly in their day-to-day professional lives. In addition to regular communications on the topic of sustainability, a week-long campaign covering the issues of energy efficiency, waste management and healthy diet was held in 2014, as well as a seminar which gave employees the chance to learn about the meaning of CR in the every-day dealings of the Company on the basis of a specific case study. A remuneration-relevant target has been agreed with every employee having signed up to participate in the CR projects initiated. Among other things, the Holding Company has launched an interdisciplinary project aimed at integrating CR aspects into key management processes throughout the phases of the investment cycle. In 2014, a large number of potential acquisition targets were reviewed to determine whether fit with Haniel's values and the criteria in its investment filter, which also included CR aspects. New financial investments have also been scrutinised from a CR perspective since the autumn of 2014. In addition, CR aspects are systematically taken into account by the Holding Company in granting its approval to invest in or acquire divisions in accordance with its investment and enterprise valuation guidelines. Since 1 November 2014, these guidelines have stipulated that the specific positive and negative impacts on the objectives laid out in Haniel's CR action areas be assessed in investment proposals. The updated guidelines have been in force since mid-2014. In 2014, the Holding Company conducted an analysis of its corporate culture and gained valuable insight into how to structure its innovation management process for the future. Employees and executives participated in qualitative interviews and an employee survey on issues such as innovation was carried out. The Holding Company also met its objective of increasing the number and quality of annual employee development reviews: 98.6 per cent of employees have discussed their abilities and potential with their direct supervisor and, where necessary, agreed on individual development measures.

DIVISIONS MAKING PROGRESS

The agenda for the September 2014 management dialogue between the Holding Company and the divisions included for the first time progress reports on the CR programme agreed in 2013. All divisions have made good progress in reaching their objectives.

CR is an integral component of **CWS-boco's** business model. Under the motto "Serving you, serving nature", the specialist for washroom hygiene products, workwear and dust control mats offers its customers a product rental service which is centred on the responsible stewardship of the environment. In 2014, CWS-boco invested in the expansion and modernisation of its service network. Among other things, a new laundry concept was developed to place an even sharper focus on the sparing use of resources. By the end of 2014, CWS-boco lowered the amount of energy consumed per kilogramme of laundry – aggregated from the figures for mats, hand towel rolls and workwear – throughout the Group by 8.5 per cent as compared to 2012. This reduction was made possible thanks to a comprehensive range of measures which included process optimisation, more efficient facilities and equipment and new high-tech laundries. The use of the innovative dispatch planning tool "Optimize my Day" has also enabled CWS-boco to save resources: in 2014, the service fleet drove 850,000 fewer kilometres thanks to improved dispatch planning. CWS-boco is also on track when it comes to training and continuing education: the company's goal is to document all training and continuing education measures in a database by the end of 2015 and to set country-specific guidelines which are tailored to meet the individual needs of employees participating in training and continuing education programmes. Over 90 per cent of the company's employees were already documented by the end of 2014. More information: www.cws-boco.com/en-US/sustainability-0.

ELG trades and recycles commodities for the stainless steel industry and operates in the market segment for superalloys. Sustainability is firmly anchored in the recycling company's business model. ELG is a driving force behind the Group's commitment, and it published its first CR report in the spring of 2014. The company lives up to its high level of responsibility for products along the value chain by continuously raising its own environmental and safety standards. The division wishes to further improve its (already) effective alarm system for radioactivity of material deliveries at trans-shipment centres. In 2014, the technology department reviewed and improved its radioactivity audits as well as the detection equipment it uses around the world. In addition, ELG kicked off a project aimed at identifying health and safety risks to employees so that it can better avoid workplace accidents in the future. A first milestone was reached in 2014, when a global reporting system for absences due to accidents and illness went live. In the innovation action area, the division's objective is to further expand its carbon fibre recycling activities. In 2014, ELG increased the volume of recycled carbon scrap to 458 tonnes. Further details can be found in ELG's CR Report at www.elg.de/en/about-elg/philosophy.html.

TAKKT intends to establish itself as a shining example for sustainability within the industry by 2016 on the basis of the Group-wide "SCORE" (Sustainable Corporate Responsibility) programme. In order to meet its clients' ecological and social standards, TAKKT – a B2B direct marketing specialist for business equipment – is offering an expanding range of "green" products such as climate-neutrally produced transport equipment, environmentally friendly packaging solutions and office furniture which is crafted using recycled materials. In 2014, such products made up 6.6 per cent of the company's revenue, representing an increase. TAKKT also involves its business partners in its efforts to enhance sustainability: a supplier sustainability evaluation system launched as a pilot project in 2013 was expanded to include additional companies and suppliers in 2014. TAKKT presently sources 23.7 per cent of its products from certified suppliers. In order to recruit and promote talented individuals, the division has kicked off the implementation of a systematic human resources development programme – beginning with its largest segment, the Business Equipment Group, which has approximately 1,000 employees. The programme is expected to go live by the end of 2015. During the year under review, a computerised applicant management system was established and various measures designed to help the company retain high-potential employees were implemented. For more information, please see TAKKT's 2015 Sustainability Report and Progress Report at www.takkt.de/sustainability-reports.html.

In keeping with its vision for sustainability, "We offer quality of life", the **METRO GROUP** and its four sales divisions METRO Cash & Carry, Media-Saturn, Real and Galeria Kaufhof are continually pushing forward with their strategic and operational efforts to anchor sustainability within their core business. In order to guarantee product quality and safety, as well as to ensure that products are not harmful to society and the environment, the international retailer group has taken steps to make certain that the origins of its merchandise can be traced. To accomplish this, it has taken an innovative approach: the company has implemented an international industry-wide solution to bring about full transparency along the entire supply chain as to the resources used and the products sourced. Customers of all METRO Cash & Carry shops in Germany can already trace the origins of meat and fish products. Shoppers can use a smartphone app to access product information such as the type of animal, its origin, fishing and farming practices and the date it was processed. The METRO GROUP's general objective is to source products in as sustainable a manner as possible. The Group's procurement policies form the basis for this. In addition, processes are developed by which ecological, social and economic effects are assessed. In order to increase employee awareness of sustainability and to bring about behavioural changes, the Group has developed general information campaigns as well as a variety of training programmes. In 2014, the programmes already included an e-learning module on the issue of sustainability and procurement specialist training programmes designed to ensure that social standards are complied with along the supply chain. More information: www.metrogroup.de/en/responsibility.

CR PROGRAMME TO BE FURTHER EXPANDED IN 2015

In addition to the advances already made in the CR activities it has launched, in September 2014 Haniel discussed and agreed with the divisions the next objectives for the three action areas and the measures designed to bring them about. In the summer, the Holding Company also set itself new objectives for 2015.

Haniel

Employees: In 2015, CR aspects will be factored in to the variable remuneration of top executives of the Group for the first time.
Value chain: The company will lift its energy efficiency by centralising heating and cooling equipment and by constructing a combined heat and power unit; it expects this to lead to savings of approximately 40 per cent of energy expenses by 2016. In order to test the use of alternative engines in its service fleet, the Holding Company has launched an electromobility pilot project: By the middle of 2015 an electric vehicle will be acquired which employees can use for service calls. The project also includes the installation of a charging station at the company's headquarters.
Innovation: With the aim of paving the way towards innovation in the Haniel Group, the Holding Company will develop processes and structures in 2015 which will strengthen its ability to innovate and promote innovation by the divisions.

CWS-boco

Employees: CWS-boco's TÜV-certified "Sales Excellence" training programme for career changers will strengthen the quality of its direct sales advising even further: in 2015, programme participants will make up 50 per cent of new hires in sales.
Value chain: The uniform Code of Conduct for suppliers, which has already been successfully established for textiles procurement, is being rolled out in additional areas. Going forward, the new Code will also apply to procurement of non-textile products, e.g., dispensers, and the "indirect spending" procurement area, which is responsible for purchasing all services and merchandise outside of the direct product procurement process; these include service vehicles and IT equipment. The target for the middle of 2016 is for 85 per cent of textile and 70 per cent of non-textile products to be procured via suppliers who have signed the Code of Conduct.

Innovation: Going forward, the continued optimisation of service routes and the associated reduction in kilometres driven will be managed by CWS-boco on the basis of an additional performance indicator: By the end of 2015, 90 per cent of drivers in eight countries will be equipped with the relevant dispatch planning tool.

ELG

Employees: ELG's objective is to increase employee loyalty. In order to further improve employee health and safety, the company is expanding on the project it had initiated in 2014. Among other things, it plans to establish a uniform reporting system for work-related accidents by the end of 2015, as well as to investigate the global differences in employee turnover rates.
Value chain: In 2015, ELG plans to analyse the ecological advantages of recycling as compared to using primary commodities in a study of its primary products. At the same time, it hopes to identify potential room to reduce CO_2 emissions.
Innovation: The division has also set itself an ambitious target when it comes to carbon fibre recycling: the objective is to increase the volume of processed carbon scrap produced annually from 458 to 900 tonnes by the end of 2015. In addition, the company plans to team up with its partners to test the use of recycled carbon fibre in new applications in order to increase the share of recycled material used in the material.

TAKKT

Employees: In order to recruit and promote talented individuals, TAKKT will expand the project launched in 2013: the systematic human resources development programme will be implemented at all segments by the end of 2016.
Value chain: The company continues to push forward with its CR efforts as they relate to the supply chain. By the end of 2016, it aims to procure half of the goods and merchandise it sources from suppliers who have been evaluated from a sustainability perspective. The share of suppliers having been evaluated will increase to 10 per cent.
Innovation: TAKKT aims to use advertising materials more efficiently and would like to reduce the amount of paper used per EUR 1 million in revenue by 35 per cent of the amount used in 2011 by 2016. The expansion of digital channels and the development of innovative printing concepts will help it achieve its goal.

METRO GROUP

Employees: The strategic importance of sustainability to the METRO GROUP is underscored by linking Management Board and global senior management remuneration to the group's score on the Dow Jones Sustainability Index (DJSI).
Value chain: When putting together its product ranges, the METRO GROUP focuses on bundled procurement of many merchandise groups at their place of origin as well as regional products on offer. By sourcing products such as fruits, vegetables and meats from local producers, the group will not only be able to meet growing customer demand for regional products but also make a vital contribution to sustainability in 2015: this will enable it to support the businesses of suppliers and boost the economic development of the individual regions. In addition, shorter transport distances will also improve the CO_2 footprint of the merchandise.
Innovation: After the successful conclusion of the pilot project in Germany, the group will expand its merchandise tracing solution. By the end of 2015, it will be implemented in additional European countries and in the medium term it will also grow to include further product groups such as fruits and vegetables.

A RESPONSIBLE PARTNER

Having a well-trained and well-educated workforce is essential to the Group's long-term success. Employees who are committed to the Group's corporate objectives receive the support they need in order to continue growing individually. At their annual performance reviews, employees and their supervisors discuss which abilities they would like to refine and they agree on specific measures – such as a management training course at the Haniel Academy, a part-time course of study or advanced training in a specialised field. Moreover, the Haniel Academy makes a vital contribution to the development and networking of specialists and executives within the Haniel Group. In the tailored development programmes offered in the "Haniel Leadership Curriculum", talented up-and-comers, members of the middle management and top executives reflect on current and future trends. The Group-wide Academy curriculum seizes on current topics such as how to successfully deal with changes in, the ever-accelerating pace of and complexity in the working world. Half-day "Smarty" sessions give employees of the Holding Company suggestions on dealing with issues such as time and conflict management or promoting wellness and offer insight into individual departments at the Holding Company, including Corporate Responsibility. Moreover, these "Smart Training" sessions have been offering special courses for employees in administrative functions since 2014.

Haniel offers its employees a diverse range of options for achieving the right work/life balance, including flexitime and part-time opportunities. In addition, employees who are eligible for telecommuting can also work from their home offices. In 2014, a corresponding works agreement entered into force at the Haniel Holding Company. To help establish a better balance between work and family, the Company subsidises child care for children not yet of schooling age. In addition, it grants paid leaves of absence to employees who must care for relatives or sick children. An employee benefit fund offers aid to employees who through no fault of their own have come into hard times financially.

As responsible employers, the divisions and the Holding Company are committed to employee health and wellness. In 2014, the Haniel Holding Company initiated a project relating to a structured occupational health and wellness management system. This system includes measures relating to healthcare, sport and fitness, nutrition and stress prevention. The TAKKT "aKKtiv" programme also enables it to promote employee health and wellness.

The Holding Company and the divisions would like to increase employee sensitivity to the need to protect resources and the environment – for instance with environmentally friendly company car guidelines. The Haniel Holding Company's Green Car Policy calls for a continuous reduction in CO_2 thresholds. In 2014, these limits were reduced for newly acquired cars by 10 grammes per kilometre. ELG has also developed company car guidelines, which it will introduce in early 2015. TAKKT is also providing incentives to employees who do not drive a company car to commute to work in a manner that uses resources sparingly: the company has introduced a Germany-wide bonus system for CO_2 savers to motivate its employees to make their daily commute in the most environmentally friendly way possible.

COMMITMENT BY TRADITION

By Haniel's corporate values, economic success obliges it to create added value for society. As a "corporate citizen", the Holding Company has traditionally been committed to the improvement of its home town of Duisburg in order to create a long-term benefit for the region and to increase the quality of life in the city – such as with Haniel Klassik Open Air concerts, which were held for the first time in 2013 and will be held again in 2015. Together with the Deutsche Oper am Rhein, the Duisburger Philharmonic and the city of Duisburg, Haniel is providing every Duisburg resident free access to the arts and allows recording companies to reach new target groups. In the Ruhrort harbour district, where the Group has been headquartered for 259 years, Haniel provides financial as well as material and non-material support in the areas of site responsibility and promoting education. The focus of this support lies in particular on socially disadvantaged children and young people.

For more information on Haniel's CR strategy and on the Group's social commitment, go to www.haniel.de/en/responsibility. An overview of the progress made in implementing the ten principles of the UN Global Compact can be found starting on page 142.

GROUP REPORT OF THE MANAGEMENT BOARD

GROUP STRUCTURE AND BUSINESS MODELS

The Haniel Group combines four divisions. Franz Haniel & Cie. GmbH functions as a strategic management holding company and is responsible for portfolio management. The operating business is in the hands of the divisions, which act independently of one another and which each occupy a leading market position.

HOLDING COMPANY DESIGNS THE PORTFOLIO

Franz Haniel & Cie. GmbH is a tradition-steeped German family-equity company whose objective is to sustainably increase the value of its investment portfolio over the long term. Since the family shareholders have provided equity for an unlimited term, Haniel pursues a long-term investment strategy. This strategy is aimed towards generating returns which permanently exceed the cost of capital. In so doing, Haniel is attempting to harmonise this economic goal with ecological and social goals. The Company is pursuing this goal by following the guiding principal of the "honourable businessman". At Haniel, capital and management are separated as a matter of principle: Although the Company is 100 per cent family owned, no member of the Haniel family works at the company.

When structuring the portfolio, Haniel concentrates on business models that are supported by global megatrends and therefore have a high potential for increases in value over the long term. Promising markets and business models are analysed continually in order to detect growth opportunities. Haniel strives to reach a leading market position in all divisions. Its strategy also includes the disposal of divisions if Haniel has exhausted the potential to increase value or Haniel is no longer the best owner. For this reason Haniel decided to sell the Celesio division to McKesson, the leading North American healthcare services company. The transaction was successfully completed in February 2014.

In addition to portfolio management, the Haniel Holding Company's task is to create the range of actions permitted for the operating divisions – in this respect the Holding Company considers itself to be a strategic catalyst. Significant strategic thrusts and initiatives are agreed on in discussion with the divisions, which are then implemented by the divisions under their own responsibility. The Haniel Management Board regularly discusses the progress with the divisions' management. The Haniel Holding Company is also responsible for selecting and developing top executives for the divisions and offering the divisions tools and selected services. This ensures that all divisions use their respective business models to contribute to the value enhancement of the investment portfolio in the best manner possible.

DIVERSIFIED BUSINESS MODELS

Haniel's divisions – the 100-per cent holdings CWS-boco and ELG, the majority shareholding TAKKT (50.25%) as well as Metro minority interest (30.01%) – act independently of one another in their respective markets. The business models differ significantly from one another:

CWS-boco offers end-to-end solutions in the fields of washroom hygiene, dust control mats, workwear and textile solutions. The division is one of the international leaders in this field with activities in 18 European countries as well as China.

CWS-boco focuses on the rental business. The offerings range from customised collections of employee clothing, to protective and safety clothing as well as modern hygiene products such as towel, soap and fragrance dispensers. The textiles are properly prepared in the division's own laundries and the dispensers are regularly serviced, both under long-term service contracts. The rental business is supplemented by the sale of consumables such as soap, disinfectants and paper as well as washroom hygiene products and workwear. In recent years, CWS-boco has also expanded its offering in the cleanroom business. The company offers customers in this segment professional preparation of cleanroom apparel, while satisfying the highest certification standards, particularly with respect to the absence of particulates. CWS-boco's customers – companies of various sizes and industries – benefit from a comprehensive service network as well as sustainable products and processes.

Since the Focus Future repositioning project was initiated in 2010, CWS-boco has seen a significant increase in customer satisfaction as well as significant cost savings. In future, the sales initiative launched in 2014 will shift to a strategic focus – in the wake of which the number of sales staff will first be increased significantly. To that end new employees will be prepared for their sales work in the Sales Excellence programme in theoretical and practical training units. The division expects significant growth momentum from these measures. And beyond that, CWS-boco achieves additional growth potential by taking over local companies that supplement the existing service network. The specialist for washroom hygiene products and textile solutions also plans to introduce a new IT system during the course of a multi-year project.

The ELG division is the global leader in the trading and recycling of commodities, in particular for the stainless steel industry. With more than 40 locations in North America, Europe, Asia, Australia and South Africa, the division has one of the industry's largest global networks. The product line essentially comprises stainless steel scrap and superalloys. Superalloys are high-alloy, nickel-containing scrap and titanium scrap. ELG's customers, primarily global stainless steel producers and companies from the aviation industry, receive the material in exactly the composition that they need for further processing – just in time and pursuant to the highest quality standards. Scrap recycling companies in the superalloys business are also certified by their customers in order to ensure high product quality.

In order to be able to meet customer requirements in the future as well, the company is continually increasing its international presence. For example, additional procurement sources for stainless steel scrap and superalloys are developed, and new customers are gained in growth markets. Accordingly, in the previous year ELG used acquisitions to further expand the superalloys business, thus laying the foundation for additional growth.

In addition to trading in stainless steel scrap and superalloys, ELG is active in the nascent business of recycling carbon fibres.

The TAKKT division is a B2B direct marketing specialist for business equipment with a comprehensive service offering and business activities primarily in Europe and North America. The product range comprises operating and warehouse equipment, office furniture and accessories, transport packaging, display products as well as equipment for the retail sales and the restaurant and hotel markets. The offerings of hundreds of suppliers are bundled and clearly presented.

In its sales approach TAKKT follows a multi-brand strategy that comprises multi-channel and web-focused brands. Multi-channel brands combine the classic catalogue business, which is aimed more at medium-sized and larger companies, with an online offering, telephone sales and field representatives in an integrated approach. TAKKT's web-focused brands are concentrated on customers who cannot be reached efficiently using the traditional catalogue business and the related online offerings. When a customer has ordered the desired product via one of these channels, TAKKT offers its customers fast delivery using sophisticated logistics systems that are individually tailored to the target countries.

TAKKT intends to increase its profitability by several paths. This includes extending e-commerce, which encompasses the further development of web-focused brands, as well as the expansion of multi-channel activities. TAKKT strives for a balanced combination of the catalogue business, e-commerce activities and direct sales using telephone sales and field representatives. Additional initiatives include the continual expansion of the product line and increased use of private labels in the product line. In addition, the portfolio company is fostering the international expansion of existing successful business models and acquiring promising companies to supplement previous business activities.

Another division of the Haniel Group, the METRO GROUP, is among the most important international retail groups. The METRO GROUP includes the four autonomous sales lines: METRO Cash & Carry, Media-Saturn, Real and Galeria Kaufhof. METRO Cash & Carry is in the self-service wholesale business and focuses on commercial customers, in particular hotels, restaurants and catering companies. The electronics retailer Media-Saturn sells household devices and consumer electronics under the Media-Markt and Saturn brands. Real offers an extensive and wide-ranging product line in the self-service hypermarkets business. Galeria Kaufhof is a leading operator of department stores. The METRO GROUP's sales lines distribute their products and services in sales outlets and online to customers in 30 countries across Europe and Asia.

The METRO GROUP's strategic objective is to create added value for the customer. In order to achieve this objective the METRO GROUP intends to orient its business even more strongly on the needs of the customer and to promote innovation. In addition, profitable growth will be pursued in all sales lines and expansion will be driven forward selectively. To take into account changing buying habits among customers, Metro Cash & Carry's delivery service and multi-channel sales function are being further expanded. As part of their multi-channel activities, the sales lines are increasingly dovetailing their retail business with online sales. At Media-Saturn and Galeria Kaufhof, customers can have the merchandise they order online shipped to them, but they can also pick it up at the nearest location or use services there.

VALUE-ORIENTED MANAGEMENT SYSTEM

Sustainably increasing shareholder value is at the core of the activities of the divisions and the Haniel Holding Company. In order to ensure that the conduct of all participants is oriented on this goal, financial and non-financial indicators are utilised within the divisions and the Haniel Holding Company. Haniel uses financial indicators to manage the Group: In addition to revenue figures, the Management Board uses operating profit to assess the operational development of the divisions. Additionally, the profit before taxes is used as an indicator, which includes the investment result and the result from financing activities in addition to the operating profit.

A benchmark for value contribution at Haniel is the indicator Haniel value added (HVA). This figure illustrates whether Haniel and its divisions are generating results that at least cover the cost of capital. The cost of capital comprises the yield required by debt and equity providers and reflects the risk attributable to the Company's business activities. The return on capital employed (ROCE) is also used as a yield indicator in addition to Haniel value added. Recognised investments in non-current assets as well as the Haniel cash flow, in the sense of a cash-earnings indicator, are used to manage liquidity.

The indicators used for Group management are also used in the Haniel Group's compensation systems.

FRANZ HANIEL & CIE. GMBH

CWS-boco

EQUITY INTEREST 100%

CWS-boco ranks among the leading international service providers of washroom hygiene products, dust control mats, workwear and textile services.

ELG

EQUITY INTEREST 100%

ELG is one of the world's leading specialists in trading and recycling raw materials, in particular for the stainless steel industry.

TAKKT

EQUITY INTEREST 50.25%

TAKKT is the market-leading B2B direct marketing specialist for business equipment in Europe and North America.

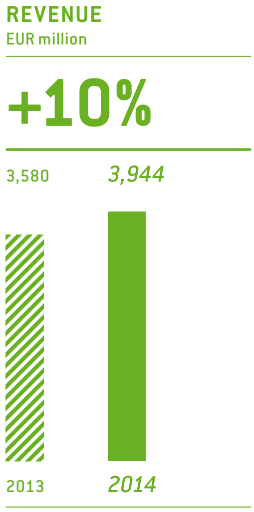
METRO GROUP

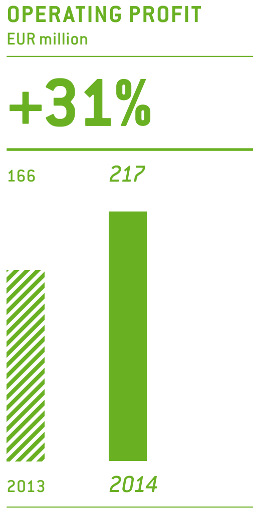
EQUITY INTEREST 30.01%

METRO GROUP is among the premier international retail groups.

HANIEL GROUP
REVENUE AND EARNINGS PERFORMANCE

The Haniel Group has successfully lifted its operating profit in 2014 by more than 30 per cent.* A primary decisive factor for this positive development was the encouraging momentum in ELG's and TAKKT's sales markets, but CWS-boco and the Haniel Holding Company also contributed to this success. Moreover, the disposal of Celesio resulted in EUR 696 million in disposal gains – and thus also in a considerably higher after-tax result.





STABLE MACROECONOMIC ENVIRONMENT

With global gross domestic product increasing by 3.3 per cent in 2014, growth of the global economy was comparable to that in the preceding year. At the beginning of last year, an overall improvement in the economic momentum was still initially assumed for 2014. This estimate was not confirmed, however. The expectations for economic growth had to be corrected downward again during the course of the year as a result of a general economic slowdown.

Economic development in individual regions of the world varied greatly in 2014: While economic momentum in emerging markets weakened from the high level of the previous year, the developed economies, in which the Haniel Group primarily operates, posted slight to moderate growth. For example, the euro zone ended the economic contraction process of previous years and again grew slightly by 0.8 per cent. The regional differences within the euro zone remained, however: Germany posted above-average growth of 1.5 per cent, while economic growth in France was just 0.4 per cent and economic performance in Italy dropped by 0.4 per cent. The US economy developed significantly more positively than the euro zone. Following a brief period of economic weakness in the spring, the indicators at year's end improved noticeably, adding up to growth of 2.4 per cent.

In addition to the economy, the development in the stainless steel market segment is of particular significance for the ELG division: overall heightened global demand in 2014 from industries which consume stainless steel resulted in an increase in global stainless steel production. The price of nickel, which is also a significant raw material for ELG's business, also ranged at a higher price level than in the previous year.

The rather positive economic development in the US and Germany, as well as the encouraging development in the stainless steel market had an overall positive effect on the Haniel Group's revenue and earnings performance.

ELG PROVIDED A SIGNIFICANT INCREASE IN CONSOLIDATED REVENUE

The Haniel Group posted a significant increase in revenue in 2014, rising 10 per cent to EUR 3,944 million. In addition to the positive business development, the first full-year consolidation of the companies acquired by CWS-boco and ELG in the prior year also made a positive contribution. By contrast, currency translation effects did not have a significant influence on revenue development. Adjusted for business combinations and disposals as well as currency translation effects, the Haniel Group increased revenue by 8 per cent. This is primarily attributable to the positive revenue development at ELG, where the increased demand for production of stainless steel and superalloys led to substantially higher output tonnage. Higher prices of nickel and titanium, significant raw materials for ELG's business, also made a positive contribution to revenue growth. The TAKKT division benefited from the improved general economic conditions and also generated a revenue increase. In the US in particular, TAKKT was able to increase its revenue thanks to strong growth companies and the upturn in the public sector business. At the same time, slightly better business development in Europe contributed to revenue growth. The CWS-boco division reached the previous year's revenue level despite intense competition in the market.

OPERATING PROFIT INCREASED BY 31 PER CENT

The Haniel Group improved its operating profit from EUR 166 million to EUR 217 million – an increase of 31 per cent. This is attributable in particular to ELG's considerable gains, but also to the positive business development at TAKKT. In addition, CWS-boco experienced a strong increase in earnings thanks to savings in the area of operating expenses through the modernisation of its laundry network and its supply chain. The Haniel Holding Company also made a positive contribution to the increase in earnings. This was due, among other factors, to non-recurring income from the reversal of provisions which were no longer necessary.

PROFIT BEFORE TAXES FALLS

Despite significantly higher operating profit, profit before taxes declined from EUR 117 million in the previous year to EUR 31 million in 2014. This is attributable to the fact that the increase in operating profit was offset by a decrease in both the result from financing activities and investment result.

The result from financing activities, which is composed of finance costs and other net financial income, worsened from EUR -169 million in the previous year to EUR -200 million in 2014. The primary reason for this was that the proceeds from the disposal of Celesio were

* Prior-year figures have been adjusted in the report of the Management Board in accordance with IFRSs; also see the explanations in the notes to the consolidated financial statements on page 74.

used in part to redeem bonds with a principal amount of EUR 413 million. The premiums paid on the repurchase had a negative impact on the result from financing activities in the current financial year. Going forward, however, these buy-backs will significantly relieve pressure on the net interest result of the Haniel Holding Company.

The investment result was also down in 2014, amounting to EUR 14 million, compared to EUR 120 million in the previous year. A decisive factor here was the decrease of the result from the Metro investment from EUR 96 million to EUR 14 million. The causes for this included portfolio, currency translation and non-recurring effects as well as lower income from property sales at METRO GROUP: In particular, the missing earnings contribution due to the disposal of Real's eastern European business, impairment losses on goodwill at Metro Cash & Carry, negative impacts on earnings from store closures at Real and restructuring measures at Media-Saturn weighed down the result. Adjusted for the aforementioned effects, however, METRO GROUP's operating profit was up slightly compared to the previous year. In addition, Haniel Group's investment result declined year-on-year because in the previous year it included income from the disposal of two investment funds

HIGH PROFIT AFTER TAXES DUE TO DISPOSAL OF CELESIO

Celesio has been reported as a discontinued operation since 2013 and is therefore no longer included in the Haniel Group's revenue, operating profit and profit before taxes. The profit after taxes from discontinued operations in 2014 was comprised solely of the earnings from Celesio and totalled EUR 714 million. Celesio's profit after taxes from operating activities is accounted for up to the disposal date and was EUR 18 million; the disposal gain after taxes amounted to EUR 696 million. In the previous year, profit after taxes from discontinued operations was EUR 185 million and solely comprised Celesio's current operations.

At EUR -28 million, profit after taxes from continuing operations was below the previous year's figure of EUR 82 million. Although the profit before taxes was lower, the tax expense increased from EUR 35 million in the previous year to EUR 59 million. This increase was caused by non-recurring tax income in the previous year and the fact that, while the premiums to be paid on the repurchase of bonds and the lower result from the Metro investment reduced earnings before taxes, they did not result in a reduction in taxes.

The Haniel Group's aggregate profit after taxes in 2014 was EUR 686 million, thus significantly exceeding the previous year's EUR 267 million.

HANIEL VALUE ADDED AND ROCE IMPROVED

In addition to the revenue and earnings figures, the Haniel Group also uses Haniel value added (HVA) and the return on capital employed (ROCE) as value-oriented performance indicators.* HVA expresses the value contribution generated within a single year. Positive value is added if earnings after taxes and before finance costs, i.e., the return, exceeds the cost of capital. The cost of capital is calculated by multiplying the weighted average cost of capital with the average capital employed. The weighted average cost of capital reflects the return expectations of equity and debt holders, factoring in the risks associated with providing capital. The costs of equity and debt are determined each year, as is their weighting. A weighted average cost of capital of 8.1 per cent was used to calculate HVA in 2013 and 2014.

EUR million	2013	**2014**
Return	607	**907**
– Cost of capital	824	**634**
Haniel value added (HVA)	**-217**	**273**
Return	607	**907**
/ Average capital employed	10,173	**7,832**
Return on capital employed (ROCE)	**6.0%**	**11.6%**

HVA was EUR 273 million in 2014 and EUR -217 million in the previous year. The increase had two causes: first, at EUR 907 million in 2014, the return was significantly higher than in 2013 due to the disposal gain from the Celesio transaction. Second, the cost of capital fell because the average capital employed declined significantly as a result of the disposal of Celesio.

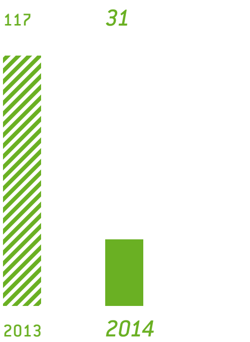
The performance indicator ROCE reflects the return realised on the average capital employed. The Haniel Group's ROCE increased from 6.0 per cent in the previous year to 11.6 per cent in 2014. Hence, the return on capital employed during the 2014 financial year was significantly above the weighted average cost of capital of 8.1 per cent; it had been below that figure in the previous year.

EXPECTED INCREASE ATTAINED IN REVENUE AND PROFIT AFTER TAXES

In last year's annual financial statements, Haniel Holding Company forecast that the improved economic environment in particular would have a positive impact in the Haniel Group's business

PROFIT BEFORE TAXES
EUR million

-74%



PROFIT AFTER TAXES
EUR million

>+100%

* For a detailed calculation of the HVA and ROCE indicators, see the explanation in the notes to the consolidated financial statements on page 101.

development in 2014. ELG and TAKKT particularly benefited from an improved economic environment in 2014 in their markets and increased their operating profit even more than expected. In comparison, the CWS-boco division did not increase its revenue as forecast due to intense competition; however, it did achieve a significant increase in operating earnings compared to previous years.

As expected, the METRO GROUP posted a slight increase in revenue adjusted for business combinations and disposals as well as currency translation effects. As assumed, the operating profit before non-recurring expenses was below the previous year's level. This was due to lower income from property sales and the loss of the earnings contribution from Real's eastern European business, which was sold. Currency translation effects also had a negative impact. The result from the Metro investment at Haniel was – contrary to the projection – below the previous year's level: While the METRO GROUP did achieve improvements in its net financial income and tax expense as expected, there were unexpectedly high non-recurring expenses.

The Haniel Group's profit before taxes was not – as assumed – above the previous year's level, but rather well below it. This was due in part to the result from the Metro investment remaining below expectations, but also to bond repurchases turning out higher than originally planned. These repurchases weighed down the result from financing activities as a result of the premiums to be paid in 2014, albeit with the objective of achieving significant savings on the interest expense in subsequent years.

As expected, Haniel obtained a high net disposal gain of EUR 696 million on the disposal of Celesio. The Haniel Group therefore posted high positive profit after taxes – as expected – in the 2014 financial year despite a lower result from the Metro investment and a decline in the result from financing activities.

Haniel value added and ROCE, the value-oriented performance indicators, improved significantly as expected because, on the one hand, the net disposal gain on the disposal of Celesio increased the return significantly, and on the other hand, the outgoing assets significantly reduced the annual average capital employed.

HANIEL GROUP
FINANCIAL POSITION

The disposal of the Celesio division has enabled the Haniel Group to further reduce its net financial liabilities. The company now has a broad liquidity base. Thus, there is sufficient latitude available to again invest in new profitable business divisions at any time.

FINANCIAL GOVERNANCE BETWEEN THE HOLDING COMPANY AND THE DIVISIONS

The ultimate objective of financial management is to cover the financing and liquidity needs at all times while maintaining entrepreneurial independence and limiting financial risks. The Holding Company prescribes principles to the divisions in order to establish minimum organisational requirements and to govern the structure of key financial management processes – including financial risk management. These directives are documented in guidelines for the treasury departments of the Holding Company and the fully consolidated divisions. The divisions use this basis to identify, analyse and evaluate the financial risks that the operating business is responsible for – in particular liquidity, credit, interest rate and currency risks – and take measures to avoid or limit these risks. In addition, the Holding Company sets the financing and financial risk management strategy and approves the financial counterparties and financial instruments used, as well as limits and reports.

While staying within these guidelines, the divisions manage their own financing based on their own financial and liquidity planning. Cash management is also the responsibility of the divisions. In order to leverage economies of scale, the Holding Company and its finance companies support the divisions and, together with partner banks, offer cash pools in various countries. Combining central directives with the autonomy of the divisions in terms of their financing takes into account both the different levels of investment by the Holding Company in the divisions as well as the divisions' individual requirements for financial management.

TRUSTING COOPERATION WITH FINANCING PARTNERS

As a family business with stable but limited equity financing, access to sources of debt capital are of high importance to Haniel. Accordingly, a good reputation with financial partners is essential. A significant aspect of this is providing rating agencies and business partners with timely and transparent information while maintaining equal treatment with respect to financial information and material contractual components. Only if this is ensured a company can earn a high degree of trust from banks and investors as a long-standing and reliable business partner, such as Haniel has enjoyed for many years.

IMPROVED RATING OUTLOOK

A stable good rating is evidence of the corresponding creditworthiness and creates transparency that is necessary for a trusting relationship with financing partners. For that reason, Haniel voluntarily submits to external ratings. The rating agencies' classifications of the Haniel Holding Company are based in particular on the market value gearing, which is the ratio between net financial liabilities at the Holding Company level and the value of the investment portfolio, as well as the cash flows at the Holding Company level. In addition, the number and weight of the individual equity investments in the Haniel investment portfolio influence the rating. Thanks in particular to the significantly lower net financial liabilities, Haniel successfully reduced its market value gearing as at 31 December 2014.

The improved market value gearing had a positive impact on the classification by the rating agencies. While the long-term ratings from Standard & Poor's and Moody's were left at BB+ and Ba1, respectively, following the recent increase in the second half of 2013, Standard & Poor's has already factored in the significantly more favourable financial conditions and raised its outlook to "positive". Moody's continues to assess the rating of Franz Haniel & Cie. GmbH as "stable". The improved outlook for Haniel is another important step toward the desired stable investment grade rating.

BROAD-BASED FINANCING

Diversification of financing is a significant core element of financial management. The use of various financing instruments with a broad range of business partners not only ensures access to liquidity at all times, it also reduces the dependency on individual financial instruments and business partners. In addition, the Group can respond flexibly to developments on the capital markets and in the banking sector. Binding commitments for credit facilities which are, however, utilised to only a limited extent, are an expression of the effort to obtain secure and independent financing. The Haniel Group has used and unused credit facilities on the scale of EUR 2.2 billion.

Additional financing security is ensured by a balanced maturity structure with appropriate long-term financing, in particular in the form of corporate bonds. The financial liabilities reported in the Haniel Group's Statement of Financial Position were EUR 1,468 million as at 31 December 2014. Of that amount, EUR 392 million is due in less than one year, EUR 970 million is due in one to five years, and EUR 106 million is due in more than five years. The majority of liabilities are denominated in euros. Liabilities in foreign currencies are primarily in US dollars.

In addition to bank loans, Haniel also obtains financing regularly on the capital market using bonds, commercial paper and promissory loan notes. To that end, the Haniel Holding Company updates its commercial paper programme at longer intervals and its debt issuance programme in the current amount of EUR 2 billion annually. Based on information contained therein, bonds can be placed very flexibly in terms of the timing and amount and adjusted to the respective market conditions.

In 2014 the Haniel Holding Company used proceeds from the Celesio disposal to redeem bonds with a principal amount of EUR 413 million. These redemptions, as well as the scheduled repayment of a bond in October, reduced the carrying amount of outstanding bonds in the Haniel Group from EUR 1.3 billion as at 31 December 2013 to EUR 0.5 billion at year's end 2014. In addition, the CWS-boco, ELG and TAKKT divisions have increasingly financed themselves on the market for promissory loan notes in recent years, thus broadening their financing base. The value of promissory loan notes, commercial paper and other securitised debt in the Haniel Group amounted to EUR 0.2 billion at year's end. In addition, the CWS-boco and ELG divisions maintain programmes for the continual sale of trade receivables to third parties.

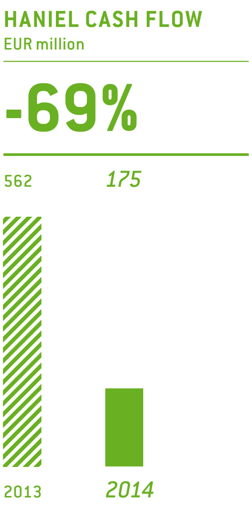
NET FINANCIAL LIABILITIES SIGNIFICANTLY REDUCED

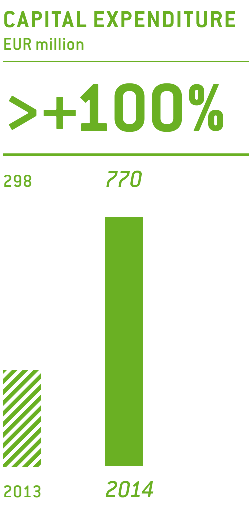
The disposal of the Celesio division in February 2014 and the proceeds of EUR 1,999 million resulted in a substantial reduction in the Group's debt: net financial liabilities, i.e., financial liabilities less cash and cash equivalents, fell within the Group from EUR 3,843 million at the end of 2013 to EUR 1,358 million as at 31 December 2014.

At the level of the Haniel Holding Company, net financial liabilities fell from EUR 1,586 million to EUR 647 million. Financial assets, including current and non-current receivables from affiliated companies, amounted to EUR 737 million. That figure primarily includes financial assets with short and medium terms which the Haniel Holding Company intends to use for future acquisitions. As the financial assets are greater than the net financial liabilities, the Haniel Holding Company is de facto debt-free.

HANIEL CASH FLOW DECLINES

Haniel uses the performance indicator Haniel cash flow to assess the strength of its liquidity position in its current business activities. This indicator reveals the extent to which Haniel generates sufficient financial resources through its current business activities to secure funding both for its current net assets* as well as its investing activities. Haniel cash flow fell from EUR 562 million to EUR 175 million in 2014 – as anticipated in the previous year. The causes of this decline were rooted in lower earnings contributions from Celesio's operating activities, as the division was only included in 2014 prior to the date on which the disposal was completed. In addition, Haniel cash flow was lower because, unlike in the previous year, the METRO GROUP did not distribute a dividend in 2014 due to its short financial year, which comprised only nine months.





Cash flows from operating activities, which supplement Haniel cash flow in depicting the change in current net assets, amounted to EUR -135 million in 2014, and were thus lower than the Haniel cash flow. This is attributable to the fact that financial resources were tied up as a result of the increase in current net assets. At ELG in particular, inventories and trade receivables increased as expected, primarily as a result of the higher prices for nickel and greater output tonnage. In the previous year, cash flows from operating activities amounted to EUR 660 million, which was substantially higher than the Haniel cash flow. This was due to a reduction in inventories in terms of value and volume at ELG in 2013.

EUR million	2013	**2014**
Haniel cash flow	562	**175**
Cash flow from operating activities	660	**-135**
Cash flow from investing activities	309	**779**
Cash flow from financing activities	-964	**-1,093**

HIGH CASH FLOW FROM DIVESTMENTS

Cash flow from investing activities, i.e., the net outlays for capital expenditure and proceeds from divesting activities, amounted to EUR 779 million in 2014. Payments for investments in property, plant and equipment, intangible assets and business acquisitions amounted to EUR 770 million. That figure primarily included payments for financial assets by the Haniel Holding Company following the disposal of Celesio, as well as investments in property, plant and equipment and other assets by the divisions. Proceeds from divestment activities amounted to EUR 1,549 million in 2014. That amount primarily consisted of the proceeds from the disposal of the Celesio division, less cash and cash equivalents disposed of by the Haniel Group.

In the previous year, cash flows from investing activities amounted to EUR 309 million. That figure included EUR 298 million in payments, primarily for investments by the divisions in property, plant and equipment. Proceeds from divestment activities amounted to EUR 607 million in the previous year and were thus already high; that figure included in particular inflows of cash at the Haniel Holding Company level from disposal of shares in METRO AG and two investment funds.

Cash flows from financing activities amounted to EUR -1,093 million, compared with EUR -964 million in 2013. That figure includes the scheduled repayment and redemption of bonds with a total principal amount of EUR 849 million and the distribution of dividends to the shareholders of Franz Haniel & Cie. GmbH amounting to EUR 30 million. In the previous year, Haniel also significantly reduced its debt, although it did not distribute any dividends to the shareholders of the Holding Company.

* Net current assets consist essentially of trade receivables and inventories less trade payables.

HANIEL GROUP
ASSETS AND LIABILITIES

The Haniel Group has further strengthened its balance sheet structure and significantly raised its equity ratio. This was due to the disposal of the Celesio division, which significantly reduced total assets. In addition, a portion of the proceeds was used to reduce indebtedness by repurchasing and redeeming outstanding bonds.

LOWER TOTAL ASSETS

The disposal of Celesio reduced the total assets of the Haniel Group from EUR 13,387 million as at 31 December 2013 to EUR 6,446 million as at 31 December 2014. This manifested above all in current assets, which fell from EUR 8,620 million to EUR 1,662 million: As at 31 December 2013, the Celesio division's assets were still included as assets held for sale, which have now been completely disposed of by way of the sale. Current assets increased due to the fact that a portion of the sale proceeds flowed to current financial assets. In addition, the ELG division's inventories and trade receivables increased, particularly as a result of higher commodities prices. Non-current assets increased from EUR 4,767 million to EUR 4,784 million. The growth resulted from newly acquired mid-term financial assets with a maturity of more than twelve months, in which Haniel has temporarily invested following the Celesio disposal. A decline in the carrying amount of investment in METRO AG, which is accounted for using the equity method, reduced total assets.

EQUITY RATIO INCREASED SHARPLY

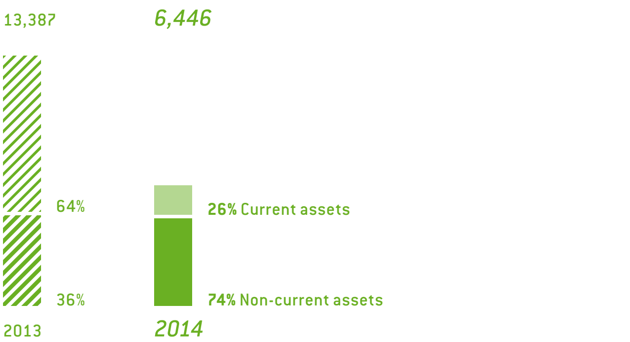
Equity fell from EUR 4,556 million as at 31 December 2013 to EUR 3,973 million as at 31 December 2014. This is because the disposal of the Celesio divisions resulted in the corresponding non-controlling interests also leaving the Group. Nonetheless, the equity ratio increased significantly due to the lower total assets: this figure increased from 34 per cent to 62 per cent, thus underscoring the Group's investment potential. In contrast, non-current liabilities declined from EUR 2,240 million to EUR 1,574 million. The decisive factor here was that the Haniel Holding Company used some of the proceeds from the disposal of the Celesio division for the early repurchase of outstanding bonds. Current liabilities also fell, in particular due to the disposal of liabilities of the sold Celesio division as well as the scheduled repayment of a bond of the Haniel Holding Company, falling from EUR 6,591 million to EUR 899 million. Thus the Group successfully further strengthened its balance sheet structure as at 31 December 2014.

INCREASE IN RECOGNISED INVESTMENTS

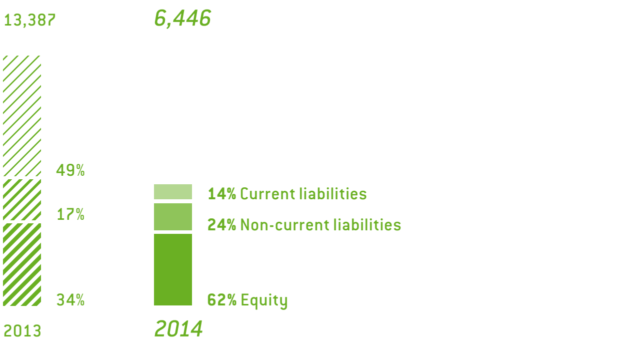
Despite the disposal of Celesio, the Haniel Group's recognised investments increased from EUR 309 million in the previous year to EUR 357 million in financial year 2014. The elimination of the Celesio division's investments was more than compensated for by extensive investments by the Haniel Holding Company in mid-term financial assets with a term of more than one year. The remaining recognised investments are attributable in particular to the purchase of textiles and towel dispensers intended for rental and the expansion of the laundry network in the CWS-boco division.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSET STRUCTURE
EUR million



EQUITY AND LIABILITY STRUCTURE
EUR million



HANIEL GROUP
EMPLOYEES

The disposal of Celesio reduced the headcount in the Haniel Group considerably. While the average number of employees was 50,279 in the 2013 financial year, the number of employees in 2014 averaged 11,544.

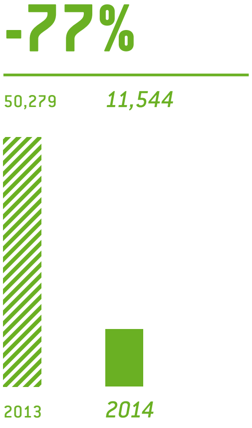
CELESIO DISPOSAL REDUCES HEADCOUNT

The number of people employed by Celesio was 38,754 in 2013; they had been accounted for in the previous year under discontinued operations. The disposal of the Celesio division sharply reduced the overall headcount in the Haniel Group in 2014.

In continuing operations, the number of employees was 11,544 in 2014, almost unchanged from 11,525 in 2013. Development in the divisions varied. At ELG the number of employees in the financial year just ended increased from 1,224 to 1,267, which is attributable primarily to the expansion of the superalloys business. The first full-year consolidation of Metals Management Aerospace, the company acquired in 2013 in this market segment, impacted that figure as well.

The average number of employees at TAKKT dropped slightly from 2,551 to 2,528 due to the planned discontinuation of Topdeq business operations. By contrast, CWS-boco recorded overall stable development of the staffing level, although it was further reduced as planned due to the modernisation of the laundry network. Given that new jobs were created concurrently in sales operations, the number of employees remained largely unchanged at 7,529 following 7,527 employees in the previous year.

EMPLOYEES
Annual average (headcount)



HOLDING COMPANY FRANZ HANIEL & CIE.

The Haniel Holding Company* succeeded in creating new entrepreneurial leeway in 2014. Following the successful disposal of the Celesio division and the reduction in liabilities, the family-equity company concentrated on the structured search for new divisions.

TRANSACTION PROCEEDS CREATE FINANCIAL LEEWAY

Haniel received EUR 1,999 million from the disposal of Celesio at the beginning of the financial year. That formed the basis for new entrepreneurial leeway. Among other things, Haniel used the proceeds from the Celesio transaction to repay bonds valued at EUR 436 million as scheduled and to redeem bonds with a principal amount of EUR 413 million early. These bond redemptions will also significantly reduce the Haniel Holding Company's interest payments over the coming years, although this resulted in a one-off financial charge in 2014. In addition to the scheduled repayment and redemption of bonds, low risk, but currently low interest financial assets were acquired temporarily and the capital base of the divisions was strengthened for their further development.

Due to these actions, the net financial liabilities at the Holding Company level went from EUR 1,586 million at the end of 2013 to EUR 647 million as at 31 December 2014. Taking into account the current and non-current receivables from affiliated companies, these liabilities are offset by financial assets valued at EUR 737 million. The Haniel Holding Company is thus essentially debt-free. Thus, Haniel has created a solid liquidity buffer which will enable it to acquire new divisions.

STRUCTURED SEARCH FOR NEW BUSINESS DIVISIONS

As a family-equity company, Haniel pursues a long-term investment approach and makes capital available to future investments, for example for implementing growth strategies. Haniel's investment filter is used to screen for well-positioned, small and medium-sized enterprises which operate in attractive niche sectors and can leverage Haniel's support and expertise to expand their leading market position over the medium to long term. Their business activities should make a contribution to the diversification of the Haniel

* Incl. the Holding Company's financing and service companies. The separate financial statements of Franz Haniel & Cie. are published at www.haniel.com under "Creditor Relations".

portfolio and promise an appropriate value contribution. In addition, Haniel gives preference to non-listed companies in which it can acquire a significant majority stake. In line with Haniel's objective of being "enkelfähig", the only candidates for acquisition are companies which already make a positive contribution to the environment and society through their sustainable actions, or which will be able to do so in the future. Based on these criteria, the Holding Company reviews all companies offered for purchase – as well as companies identified internally whose business models appear interesting for Haniel. In this connection, Haniel has analysed megatrends and, based on that analysis, defined search fields in which potentially interesting business models are carefully examined. During the course of the year the company has already examined a number of companies available for sale.

SOLID FINANCING SECURED

After the acquisition of new divisions, Haniel aims to have debt of around EUR 1 billion at the level of the Holding Company over the medium to long term, thus representing a considerably lower level than in the past years. Therefore, significantly lower lines of credit and capital market financing are necessary. Accordingly, the Group has already cut back considerably on both forms of financing, among others, by redeeming on schedule the 2009 issued bond in October 2014. In spite of the scheduled reduction of outstanding bonds, Haniel will continue to rely on the two proven cornerstones of financing – bank loans and bonds. However, the major part of financing is and remains the equity made permanently available by the Haniel family.

Haniel submits itself to external rating assessments voluntarily, thus ensuring broad access to capital markets. Standard & Poor's and Moody's have already raised their ratings in the second half of 2013 to BB+ and Ba1, respectively. Standard & Poor's supplemented this during the first half of 2014 with a positive outlook. This reflects the expected expansion of the portfolio as well as conservative debt targets and is another step towards a stable investment-grade rating.

MARKET VALUE OF THE PORTFOLIO DECREASED

The value of the investment portfolio minus remaining net financial liabilities at the Holding Company level amounted to EUR 4,428 million as at 31 December 2014. At the end of 2013, it was EUR 5,320 million, primarily as a result of the higher Metro share price. The value of the investment portfolio is calculated as the sum of the valuations of the divisions, financial assets and non-current and current receivables from affiliated companies. Listed divisions are valued on the basis of three-month average share prices, while the remainder of divisions are valued on the basis of market multipliers. Despite the lower value of the investment portfolio, the important rating input, the market value gearing – which is the ratio of the net financial liabilities to the market value of the investment portfolio – declined in 2014 because Haniel was able to use the proceeds from the Celesio disposal to significantly reduce net financial liabilities.

SIMPLIFICATION OF THE METRO SHAREHOLDING STRUCTURE

Haniel ended the pooling agreement with the Schmidt-Ruthenbeck family as of 31 October 2014. This agreement primarily served to pool voting rights and was a unique structure amongst well-known listed companies, which was effectively not required. This action did not change Haniel's 30.01 per cent interest in the voting rights in METRO AG.

HANIEL HOLDING COMPANY INCREASES ITS EARNINGS CONTRIBUTION

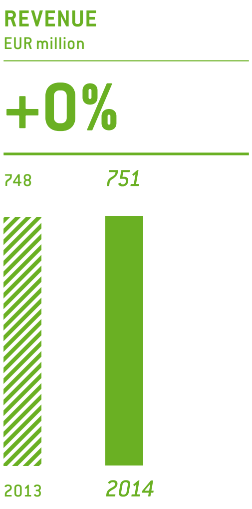
The amount contributed by the Haniel Holding Company to operating profit improved in 2014 due to non-recurring income from the reversal of provisions no longer needed, among other items.

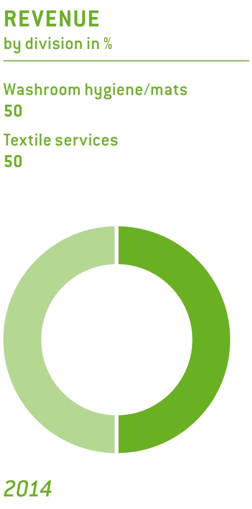
CWS-BOCO

CWS-boco increased its operating profit again in the 2014 financial year. This was made possible in particular through the sharp focus placed by the entire division on cutting costs and improving quality over several years – especially in the modernisation of its laundry network and its supply chain. CWS-boco's revenue remained stable compared to the previous year. The positive business development in the core German market compensated for the slight revenue declines in some European countries with difficult market environments.

OPERATING PROFIT LIFTED

Thanks to greater efficiency in operating processes and better quality of service, CWS-boco increased operating profit in 2014 compared to the previous year from EUR 64 million to EUR 71 million, thus continuing the positive earnings trend of previous years. Key measures implemented in this context included the optimisation of the Europe-wide laundry network as well as the construction of a central warehouse and service location in Poland in which,





among other things, replacement clothing for customers is stored and prepared in accordance with customer requirements. The modernisation of the laundry network focused primarily on enhancing efficiency and reducing the use of resources such as energy and detergents. Moreover, the aim of the central warehousing and service location in Poland is to ensure that uniformly high quality standards are applied in the workwear business throughout Europe and that processing times are reduced.

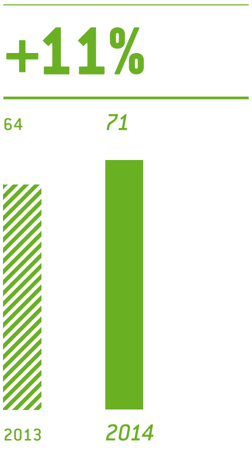
STABLE REVENUE DEVELOPMENT

At EUR 751 million, CWS-boco's revenue in 2014 – also adjusted for business combinations and disposals as well as currency translation effects – was at the previous year's level. While CWS-boco posted positive business development, above all in Germany, revenue development in other countries such as the Netherlands or Italy was characterised by a difficult market environment. In addition, the strategic decisions to exit the flat linen business and the related intensified focus on the cleanroom business at the Beijing location contributed to this development.

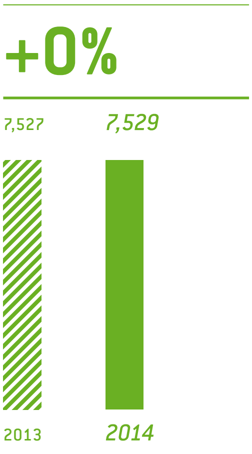
Revenue in CWS-boco's core business – the rental service for workwear, washroom hygiene products and dust control mats – remained stable in 2014. Among other things, CWS-boco succeeded in further reducing contract cancellation rates for dust control mats and washroom hygiene products. Cancellation rates remained virtually stable at a low level for workwear. The division achieved this by further intensifying customer care and expanding its focused complaint and cancellation management efforts. Adjusted for business combinations and disposals as well as currency translation effects, revenue from the rental business remained at the previous year's level as well.

CWS-boco supplements its service business by selling consumables, such as soap, disinfectant and paper, as well as dispensers and workwear. Revenue in this trade business increased in 2014 by 1 per cent year on year – adjusted for business combinations and disposals as well as currency translation effects, trade revenue remained stable.

OPERATING PROFIT
EUR million



EMPLOYEES
Annual average (headcount)



CWS-BOCO EXPANDS SALES AND CLEANROOM BUSINESS

CWS-boco is expanding its sales function in order to enable further growth in the highly competitive sector. To that end, the division increased the number of sales employees and launched the Sales Excellence programme. This twelve-month programme offers a variety of theoretical and practical training units to sales employees, culminating in a TÜV certificate. In addition, participants are also assigned a mentor for the full term of the course, who supports them in honing their skills and applying them in practice. After the first participants successfully completed the training programme in Germany, it is now being adapted to specific products and extended to additional foreign subsidiaries.

Additionally, CWS-boco has strengthened its competitive position in the growth market of the cleanroom business in the past year. Based on the existing cleanroom expertise gained in Belgium, Ireland, Poland and China, the first cleanroom laundry was opened in Germany during the first half of 2014. In addition to this, CWS-boco initiated the acquisition of an established provider in southern Germany in the second half of the year. Hence, CWS-boco now also offers professional preparation of cleanroom apparel in Germany, while satisfying the highest certified standards for particle-free clothing. The target group includes companies in the pharmaceutical, medical technology and electronics industries.

With respect to the product portfolio, CWS-boco brought an important addition to the market to complete the no-contact washroom: the hygienic Clean Touch door handle. A hygienic film that is replaced automatically enables the handle to be used without direct skin contact.

ELG

The ELG division increased both its output tonnage and operating profit significantly in 2014. The company benefited primarily from increasing demand for scrap in the stainless steel market segment and the higher price level of nickel, a key raw material for ELG. ELG also achieved encouraging gains in the successfully expanded superalloys business, to which business combinations in the previous year also contributed

IMPROVED MARKET ENVIRONMENT AND RISING NICKEL PRICES IN STAINLESS STEEL SCRAP BUSINESS

In spite of an increasing slowdown as a result of geopolitical crises in the second half of the year, the global economy grew at a similar rate in 2014 compared with the preceding year. The demand for production of stainless steel increased significantly in this general economic environment, which was positive overall. The production of stainless steel increased accordingly, in particular in China and the US where, above all, the ramp-up of a new stainless steel mill contributed to the increase. Following negative growth in recent years, production in Europe also increased slightly. This growth in the US and Europe resulted in stronger demand for stainless steel scrap, which had an overall positive effect on ELG's output tonnage. The stainless steel market segment was again characterised by high competitive pressure in 2014, not least due to the significant increase in demand. Dealers in both the European and the US markets contended with strong competition for the limited stainless steel scrap available. By contrast, the increase in Chinese production did not lead to an increased demand for stainless steel scrap. Companies in China primarily use a substitute known as nickel pig iron rather than stainless steel scrap to produce stainless steel.

The stainless steel market segment also benefited from rising prices for nickel, the most valuable element in the stainless steel scrap processed by ELG. In the first months of the financial year, the price of nickel rose steadily to USD 21,000 per tonne, and subsequently ranged around a level of USD 19,000 per tonne until mid-September. This is attributable above all to market participants expecting a significant shortage of nickel after Indonesia imposed export restrictions on nickel ore, which is used in the production of nickel pig iron, at the beginning of the year. As a result of inventory levels of nickel pig iron in China still exceeding expectations and the uncertainties due to the geopolitical crises, nickel prices plateaued at year's end at approximately USD 15,000 per tonne – the same price level as at the beginning of the year. Despite this, the price averaged USD 16,900 per tonne in 2014, 12 per cent higher than the previous year's price. In contrast, the prices for chrome and iron – the other significant components in stainless steel scrap – declined during the course of the year due to high supply.

POSITIVE MARKET DEVELOPMENT FOR SUPERALLOYS

The superalloys market segment was characterised by stronger demand compared to the previous year – over the entire course of 2014. Companies in the aviation industry in particular had increased demand for superalloys scraps, which in turn had a positive impact on ELG's output tonnage. The prices of the commodities significant for ELG's superalloys business, such as nickel, titanium, tungsten and cobalt, also developed positively. For example, the price level for titanium was approximately 30 per cent higher than that of the previous year.

OUTPUT TONNAGE AND OPERATING PROFIT IMPROVED SIGNIFICANTLY

ELG took advantage of the significantly improved environment in the stainless steel market segment to increase its output tonnage for stainless steel scrap by 15 per cent year on year. Including the acquisitions of ABS Industrial Resources and Metals Management Aerospace in this market segment in 2013, ELG's superalloys business increased tonnage by 38 per cent. Both new companies displayed encouraging development in 2014. This has allowed ELG to significantly expand its superalloys business as an additional pillar. By diversifying its operating activities, ELG has strengthened

OPERATING PROFIT
EUR million

+26%

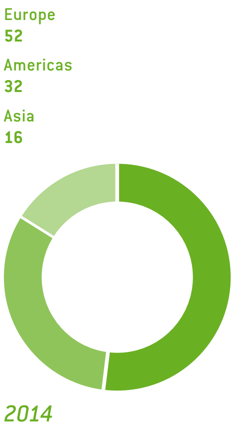
EMPLOYEES
Annual average (headcount)

+4%

REVENUE
EUR million

+18%

REVENUE
by sales region in %



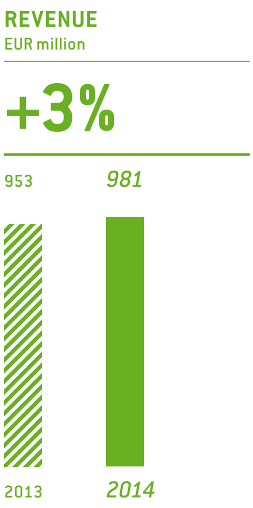
its foundation for sustainable growth. Even adjusted for the two business combinations, ELG increased output tonnage by 16 per cent year on year as a result of the strong demand for superalloys.

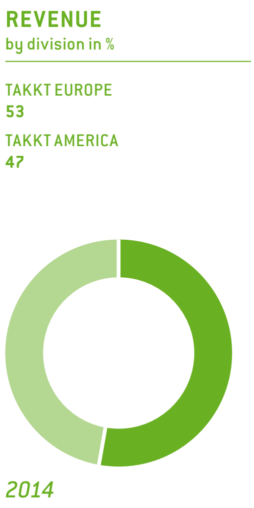
ELG boosted revenue by 18 per cent to EUR 2,213 million in 2014 thanks to the higher output tonnage and price increases for nickel and titanium. Despite the improved demand for scrap, ELG's margins in the stainless steel scrap business declined slightly, above all as a result of higher procurement prices. On the other hand, the sharp increase in demand and the limited recycling capacity for superalloys resulted in higher margins at ELG.

ELG's operating profit also experienced significant growth, increasing from EUR 47 million in the previous year to EUR 59 million in 2014. Positive effects in this regard were attributable to the increase in revenue and the expansion of the high-margin superalloys business. It should also be noted that 2013 operating profit was affected positively by non-recurring items totalling EUR 7 million. This non-recurring income was primarily attributable to the sale of a receivable written down in previous years as well as to insurance payments.

TAKKT

Business development at TAKKT was characterised by positive growth momentum in Europe and the US in 2014. Both revenue and operating profit increased. In addition, TAKKT continued to drive forward the expansion of its multi-channel business and continued to focus its portfolio with the disposal of the Plant Equipment Group and the discontinuation of business operations at Topdeq.





TAKKT REMAINS ON EXPANSION COURSE

TAKKT division revenue increased by 3 per cent to EUR 981 million – adjusted for the planned discontinuation of Topdeq's business operations and for currency translation effects, revenue actually increased significantly by 6 per cent.

The business operation of Office Equipment Group, including the Topdeq brand, was discontinued incrementally as scheduled by September 2014. This process – in particular the clearance sale of the existing inventories – was financially satisfactory. In addition, TAKKT was able to sell the Topdeq trademarks to a competitor. Adjusted for the Topdeq discontinuation and currency translation effects, revenue at TAKKT EUROPE increased by 3 per cent thanks to improved general economic conditions. Within TAKKT EUROPE, both segments contributed to revenue growth – however, the Packaging Solution Group experienced stronger growth than the Business Equipment Group. Business development was particularly positive in the high-revenue home market, Germany.

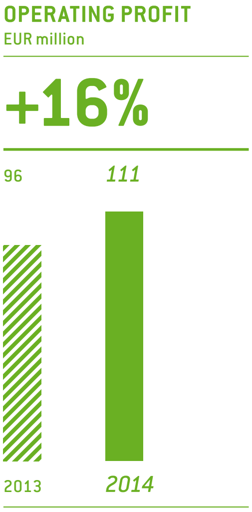
Adjusted for currency translation effects, TAKKT AMERICA increased revenue by 8 per cent, with business in the three segments varying. The Office Equipment Group recorded especially solid growth. Among other factors, higher demand from US state government institutions contributed to this growth. The Specialties Group benefited from positive development in the North American restaurant sector and from strong growth momentum from GPA, a B2B direct marketing supplier for display products.

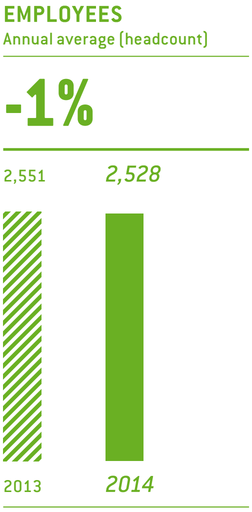
By contrast, the Plant Equipment Group, which operates in a highly competitive environment and owns the C&H main brand, recorded a slight decline in revenue.

In order to create better opportunities for development at the Plant Equipment Group, TAKKT concluded an agreement on its disposal with the strategic investor Global Industrial in December 2014. The transaction was completed at the beginning of 2015. By taking this step TAKKT can concentrate more resources on further developing its integrated multi-channel business.

OPERATING PROFIT LIFTED

Due to its strong business performance, TAKKT increased its operating profit from EUR 96 million in 2013 to EUR 111 million in 2014. This increase resulted – in addition to the elimination of one-off expenses for the Topdeq closure in 2013 – above all from the positive business development at TAKKT AMERICA. TAKKT EUROPE also increased profits slightly – adjusted for the Topdeq business.





However, projects launched in connection with the DYNAMIC initiative led to higher expenses in 2014.

EXPANSION OF THE MULTI-CHANNEL SALES FUNCTION CONTINUED

TAKKT is integrating various sales channels in connection with the expansion of its multi-channel sales function in order to address customers as needed: through the catalogue, online, by telephone and via employees in the external sales force. To that end, the B2B direct marketing supplier launched the DYNAMIC initiative in 2012 with the goal of orienting business activities even more strongly on the multi-channel sales approach. DYNAMIC comprises approximately 50 projects, which are individually tailored to the Group companies in question. The first projects have already been successfully concluded.

E-commerce is an important component of the multi-channel activities, which again developed very well in 2014. After reaching 28 per cent in the previous year, e-commerce's share of total revenue expanded to 30 per cent during the financial year.

METRO GROUP

The METRO GROUP made additional progress in its strategic realignment and increased revenue adjusted for business combinations and disposals as well as currency translation effects. However, operating profit decreased due to one-off expenses, negative currency translation effects, portfolio measures as well as lower income from property sales. Therefore, the Haniel Group's investment result from the METRO GROUP was significantly below that of the previous year.

STRATEGIC REALIGNMENT CONTINUES

The strategic objective of the METRO GROUP is to create added value for the customer. In order to achieve this objective it intends to expand its supply and multi-channel activities, improve product ranges and strengthen own brands. The METRO GROUP made further progress in all of these measures in 2014. For example, METRO Cash & Carry increased revenue significantly from its delivery business, which is now offered in all sales countries. In addition METRO Cash & Carry made additional investments in its own delivery warehouses, from which parts of the delivery business are settled. Online revenue at Media-Saturn was also increased significantly. This is attributable in part to the expansion and close networking of the sales channels at Media-Markt and Saturn. For example, customers can order merchandise online, and if available, pick it up the same day at the store or use services there. On the other hand, pure online offerings are being further expanded, in particular under the Redcoon brand. Real further increased the revenue share of own brands primarily by adding to the product portfolio.

ADJUSTED REVENUE HIGHER

The METRO GROUP 's revenue fell by 4 per cent in 2014 to EUR 62,625 million. The primary causes for this were negative currency translation effects as well as the disposal of the Real's eastern European business. Adjusted for business combinations and disposals as well as currency translation effects, revenue increased by 2 per cent. One particular reason for this was the expansion of the international location network: METRO GROUP opened 55 new locations in nine countries during the financial year. The Christmas business was also positive overall in 2014.

Revenue at Metro Cash & Carry fell by 3 per cent. The decisive cause of this was negative currency translation effects, in particular as a result of the exchange rate trend of the Russian rouble. Adjusted for currency translation effects, however, revenue increased. This was due in part to international expansion, above all in China and Russia, and also to slight organic growth. The drivers here were Asia and eastern Europe, including Russia. Development in Germany was stable, while revenue fell in the other western Europe.

Media-Saturn increased revenue by 1 per cent – despite negative currency translation effects in particular as a result of the development of the rouble. The expansion of the distribution chain, in particular in eastern Europe, was of decisive importance here. Following somewhat restrained development in the first nine months of the year, organic revenue growth edged into the black due to positive Christmas business in all regions. However, development in Germany, the core country, declined slightly overall.

The disposal of Real's eastern European business in Romania, Russia and Ukraine was completed in 2013; Poland and Turkey followed in 2014. This resulted in a significant decline in revenue for the sales line Real. In the remaining business in Germany, revenue fell slightly due to location closings. Organic revenue growth remained stable, however. The intense competition, in particular by discounters, was countered by successfully modernising numerous locations.

Revenue from Galeria Kaufhof was at the previous year's level. Here, the positive development of the online business offset the rather weak textiles business selling winter wear.

ONE-OFF EXPENSES WEIGH DOWN OPERATING PROFIT

The METRO GROUP's operating profit was EUR 1,187 million in 2014, following EUR 1,797 million in the previous year. The reason for this decrease was higher one-off expenses in 2014, stemming primarily from write-downs on goodwills at Metro Cash & Carry, Real store closures and restructuring measures at Media-Saturn.

Adjusted for one-off expenses, the operating profit declined from EUR 1,801 million to EUR 1,678 million. This was due primarily to negative currency translation effects, the missing earnings contribution from Real's eastern Europe business, which was sold off, and lower income from property sales. This was offset by cost savings and improved margin, in particular at Media-Saturn. On a like-for-like basis, the operating profit was above the previous year's level.

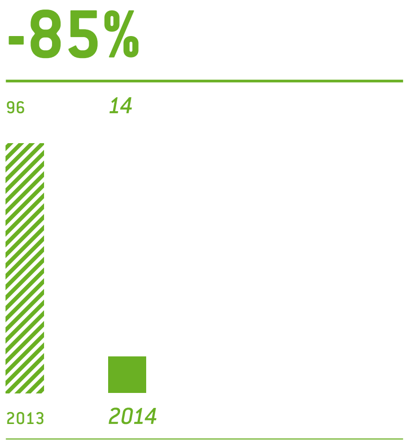
LOWER EARNINGS CONTRIBUTION FOR HANIEL

The significant decrease in the METRO GROUP's operating profit had a proportionately negative impact on the investment result the Haniel Group derives from the METRO GROUP. Despite the METRO GROUP's improved result from financing activities and lower tax expense, its investment result declined from EUR 96 million in the previous year to EUR 14 million in 2014. The improvement in the METRO GROUP's result from financing activities was due to in particular lower indebtedness as well as income from the disposal of the equity interest in Booker Group PLC.

SIMPLIFICATION OF THE METRO SHAREHOLDING STRUCTURE

Haniel ended the pooling agreement with the Schmidt-Ruthenbeck family as at 31 October 2014. This agreement primarily served to pool voting rights and was a structure which was effectively not required. The ending of the pooling agreement allowed the shareholding structure in METRO AG to be simplified significantly.

HANIEL INVESTMENT RESULT
EUR million



SUPPLEMENTARY REPORT

No reportable events took place after the reporting date.

REPORT ON OPPORTUNITIES AND RISKS

Being a successful entrepreneur means exploiting opportunities that present themselves. However, this frequently entails risks. This risk to business development in the Haniel Group must be recognised early, analysed in detail, and where appropriate, mitigated to a reasonable level.

EXPLOITING OPPORTUNITIES TO INCREASE VALUE

In the Haniel Group opportunities are viewed as entrepreneurial courses of action that must be leveraged in order to attain additional profitable growth. Opportunities are identified primarily by continually observing markets. To that end, both the Holding Company and the operating divisions collect and analyse market, trend and competitor information. As a result, Haniel is in a position to identify trends and requirements on often fragmented markets early on and to advance innovations.

Opportunity management is closely integrated into the process of strategy development. As part of strategic planning, entrepreneurial options are systematically evaluated and initiatives are developed in order to use these options to increase value. In the next step, strategic initiatives are specified in detail in operational planning and actions are derived from those plans.

The strategy and its implementation are discussed in depth by the members of the Haniel Management Board with the management of the divisions in regularly scheduled discussions. Over and above that, the Holding Company's strategy is continuously reassessed. On that basis the Holding Company realigns the divisional portfolio by making acquisitions and disposals if necessary. To that end, the Management Board engages in regular dialogue with the Supervisory Board.

OPTIONS FOR SUSTAINABLE AND PROFITABLE GROWTH

The Haniel Group enjoys a large number of options for entrepreneurial action. The Holding Company and divisions continually search for possibilities that secure sustainable and profitable growth. The opportunities identified in the Haniel Group are listed below.

<u>Optimising the business portfolio</u>: Haniel continually reviews the strategic alignment of its portfolio. New divisions should be able to make a long-term value contribution to the economic success of the Group and be in accordance with its ecological and social values. The Holding Company follows two parallel approaches in this regard. On the one hand, it analyses the potential of various sectors and markets on the basis of global megatrends with the objective of identifying and contacting attractive companies. On the other hand, the Holding Company continually reviews current takeover offers. Based on this, the Haniel investment portfolio will be developed further by business acquisitions and disposals in order to enhance value creation while always maintaining a solid financing structure.

<u>International expansion</u>: All Haniel divisions are widely represented in western Europe, and ELG and TAKKT in North America as well, and enjoy a strong position there with their various business models. Haniel sees opportunities for further growth by strengthening its presence in these markets and in the fast-growing economies throughout the world – either by founding or acquiring businesses. The divisions are already active in various ways in eastern Europe, and will further expand their presence there. The other regions, in particular Asia, offer many different expansion opportunities.

<u>Sustainability as a competitive factor</u>: Corporate responsibility has a long tradition in the Haniel Group. It is expressed in its striving to increase economic value in accordance with ecological and social contributions. In order to live up to this vision, Haniel has identified three action areas in the field of sustainability: employees, value chain and innovation. Each of the divisions and the Holding Company are responsible for improving on these areas of emphasis, regardless of their respective business model and taking into account their unique features, with the overarching objective of developing the potential for additional profitable growth. You can find detailed information on the subject of sustainability in the Haniel Group in the “Corporate Responsibility” section starting on page 31.

<u>Multi-channel activities</u>: Continuing digitalisation gives rise to growth opportunities through the consistent expansion of METRO GROUP's retail and wholesale activities and of TAKKT's mail-order business into a multi-channel business. These growth opportunities at the METRO GROUP reside in the dovetailing of the stationary business with the e-commerce activities. The METRO GROUP can create real added value for the customer on this basis. TAKKT, the specialist mail-order company, is strengthening its existing distribution channels, including catalogue, telemarketing, field service and e-commerce, and improving the links between them. TAKKT is thus developing into a multi-channel company, whose offerings are present wherever customers inform themselves about products and make purchasing decisions. This is opening up opportunities for additional growth.

<u>Increasing demand for raw materials</u>: ELG's core business is the trading and recycling of raw materials, particularly for the stainless steel market segment. Growth opportunities for ELG result from increasing global demand for stainless steel products that is anticipated over the medium and long term. It must also be assumed that the superalloys segment will continue to gain significance. In this sector, ELG recycles very high-grade materials. These include in particular titanium scrap and high-alloy, nickel-containing scrap which are used in, e.g., the aerospace industry and energy generation. ELG has strengthened this area of operations by making acquisitions in recent years, thus significantly expanding its foundation for future growth. In addition to trading in stainless steel scrap and superalloys, ELG is active in the nascent business of recycling carbon fibres. ELG is planning to expand this innovative business model further.

From an overall perspective, there remain a number of opportunities open to the Haniel Group for sustainable and profitable growth in the future. While the Celesio disposal removed the opportunities related to that division – in particular the opportunity resulting from the growing demand for healthcare services – the Haniel Holding Company hence has sufficient financial resources for acquiring new attractive business segments that offer many new opportunities.

SYSTEMATIC RISK MANAGEMENT

The objective of the risk management system at the Haniel Group is a forward-looking evaluation of risks with respect to the overriding corporate objectives of value creation, growth and liquidity. The purpose is to identify those risks at an early stage that negatively impact strategic and operating initiatives and hence the realisation of value and growth potential or that endanger having adequate liquidity available at all times. This does not mean avoiding all potential risks. Rather, risks should be identified early so that rapid and effective countermeasures can be taken or conscious decisions can be made to take on manageable ones – also thereby to exploit entrepreneurial opportunities.

Haniel's risk management system is based on an integration concept and accordingly comprises multiple components. The Holding Company stipulates the scope of activities for the key components and sets minimum central requirements which must be implemented at the discretion of each of the divisions, as suiting the individual business models.

The organisational structure for risk management is defined throughout the Group and includes all fully consolidated divisions. At the level of these divisions, the controlling or internal auditing departments coordinate risk identification and are responsible for risk assessment as part of corporate planning. Identified risks are discussed by the Risk Management Board with the participation of the Management Board, and any need for additional action to manage risks is examined. Furthermore, there is also a Risk Management Committee at the Holding Company level in which the Management Board and the heads of all corporate and staff departments are represented. This body serves above all to foster a cross-disciplinary exchange of information on the risks faced by the Holding Company. The Risk Management Officer at the Holding Company level coordinates the risk identification process across all divisions and is responsible for further developing the early risk identification system.

In connection with the strategic and operational planning process, material risks and measures for their mitigation are identified. A risk is defined as the danger of a negative deviation from the planned or expected development. The identified risks are systematically assessed with regard to their probability of occurrence and amount of damage, with measures for avoiding or mitigating the risks incorporated as part of the assessment. The identified risks are discussed in the planning meetings by the Management Board of the Holding Company and the management of the fully-consolidated divisions. The risks are subsequently discussed in greater detail in the Risk Management Board. In addition to this risk analysis, a risk inventory is conducted at the Holding Company level. The results are discussed by the Risk Management Committee. The Haniel Group risk report is prepared based on the divisions' risk reports and the Holding Company's risk inventory. The members of the Management Board discuss the findings and inform the Audit Committee about the Group's overall risk situation and about significant individual risks.

As part of their interim reporting of revenue and results, the divisions submit not only key financial figures but also company-specific non-financial figures and issues to the Holding Company so that undesirable developments can be detected in good time. This reporting is supplemented by risks that exceed defined thresholds.

An additional element of risk management is the ongoing collection and analysis of information on markets, trends and competitors.

Investment controlling comprises annual budgeting as well as the regular review of the capital spent. Capital spending projects are assessed using uniform discounted cash flow (DCF) calculations. Minimum risk-adequate rates of return are specified for each division and each strategic business unit.

Financial risk reporting and management include liquidity risks, default risks, risks resulting from changes in interest and exchange rates, and price fluctuations in the commodity markets. The objective is to avoid or limit financial risks. To that end, the Holding Company has laid out general principles for financial risk management. These principles are prescribed in guidelines for the treasury departments of the Holding Company and the fully consolidated divisions. In addition, the Holding Company has special guidelines for the investment of financial resources. The management of financial risks is explained in detail in the notes to the consolidated financial statements starting on page 112.

The internal control system is designed to ensure that existing regulations for risk reduction are adhered to at all levels within the Group. This is intended to ensure the functionality and cost-effectiveness of business processes and to counteract impairments of assets. The internal control system is implemented in the Holding Company and divisions according to their specific business models, and incorporates both process-integrated and process-independent control measures. It covers all significant business processes including the accounting process.

The internal auditing departments in the divisions and the Holding Company are integrated into the risk management system. They monitor the processes within the companies of the Haniel Group, in particular from the perspectives of operating performance, cost-effectiveness and adherence to statutory regulations and internal guidelines. These efforts also include monitoring the implementation and effectiveness of the risk management system, including the internal control system. In its risk-orientated audit plan, Internal Auditing also takes account of the information from the risk inventory and examines significant risk issues where necessary.

The compliance management system comprises preventative measures designed to ensure compliance with statutory and internal corporate rules and regulations. To that end, Haniel has prescribed uniform minimum standards throughout the Group. Compliance risks in the Group are systematically captured and evaluated as part of the compliance management system, and discussed between the management of the divisions and Management Board of the Holding Company. A hotline for reporting possible compliance violations is also a component of the compliance management system. In addition, training sessions on compliance issues are held. Furthermore, the divisions and Holding Company each have compliance officers who serve as employee liaisons to help clarify potential issues.

Corporate bylaws and regulations derived from them ensure that the elements of the risk management system are adhered to and applied in the intended manner in the Haniel Group as allowed by law. Codes of conduct for the Holding Company and the divisions supplement these regulations. They set forth the basic principles of conduct for employees, based on practised value concepts.

The effectiveness of the risk management system is monitored regularly and improvements are introduced where necessary.

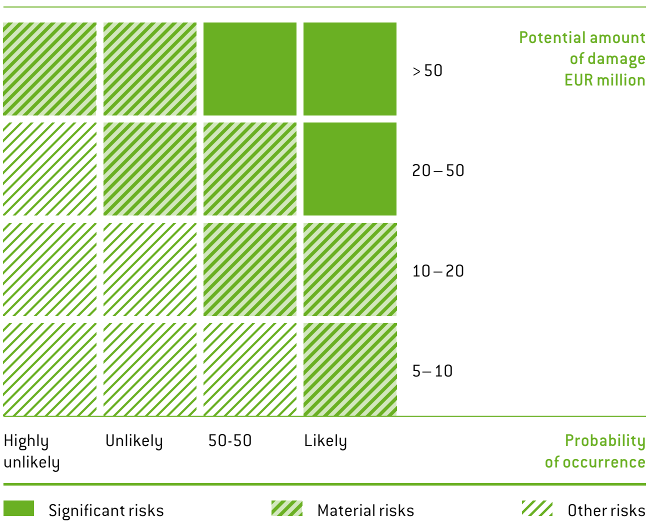
In 2014 the auditors were again commissioned by the Supervisory Board to subject the Group's early risk identification system to a voluntary audit analogously to § 317 (4) of the German Commercial Code (Handelsgesetzbuch, "HGB"). The auditor verified the suitability of this system.

CLEARLY DEFINED RISK FIELDS

A prerequisite of systematic risk management is that risks are identified in a timely fashion. The central, currently identified risks to which the Haniel Group is anticipated to be exposed over the short- and medium-term are listed below. The identified risks are assigned to ranges in terms of their probability of occurrence and amount of damage, with the amount of damage presented as a possible impact on profit per year. Risk mitigation countermeasures are incorporated before assigning risks to the ranges. By combining the two criteria – probability of occurrence and amount of damage – the individual risks are allocated to the following categories in the Haniel risk matrix: "significant risks", "material risks" and "other risks". The central, identified risks are presented below broken down by these categories, commencing with "significant".

Investments: Haniel holds a substantial equity interest in the METRO GROUP in particular. Factors that exert an unfavourable influence on the consolidated profit of METRO AG also have a negative effect on Haniel Group's net investment income or could have a negative effect on the carrying amount of the investment. This risk in the Haniel Group must be classified as significant due to the size of the interest in the METRO GROUP. Risks to which the METRO GROUP is exposed arise in particular from changes in consumption patterns and customer expectations of retailers, as well as increasing competitive pressure from e-commerce. If the METRO GROUP fails to react appropriately to these challenges and fails to successfully implement the transformation projects it has launched, this may have a detrimental impact on its business development. In addition, a deterioration of the macroeconomic environment and an erroneous assessment of markets for international expansion could also have a negative effect on METRO GROUP's business. The task of managing these risks primarily falls to the management of the METRO GROUP. As the largest shareholder, Haniel supports management in managing these risks with its representatives on the supervisory board and by exercising ownership rights in the Annual General Meeting.

HANIEL RISK MATRIX



Corporate strategy: Corporate strategy risks can arise above all from the erroneous assessment of future developments in the market and competitive environment. Erroneous assessments can also relate to the attractiveness of new regional markets or to the future feasibility of business models overall. The Haniel Group counters this risk by conducting in-depth analyses of the markets and competitors and by holding regular strategy discussions between the Management Board of the Holding Company and the management teams of the divisions. In addition, the diversified portfolio of business fields helps to mitigate the effects of adverse developments in individual sectors. However, the high relevance of strategic decisions to success means that the related risks in the Haniel Group count among the material risks.

Business acquisitions and disposals: In order to effectively counter risks associated with corporate transactions, investments and divestitures are carefully examined before their conclusion – including the assistance of qualified external consultants – and are evaluated using uniform DCF rate of return calculation methods. An acquired company is subsequently integrated into the Haniel Group on the basis of detailed timetables and action plans as well as clearly defined responsibilities. Additionally, the success of previously executed business acquisitions is reviewed on a regular basis. If, despite all diligence, the objectives envisaged with an acquisition are not or only partially attained, impairment losses on goodwill and other assets may be necessary. In the case of business disposals, the resulting commitments remaining in the Group are regularly monitored and assessed. In connection with the disposal of the previous Xella division, this also includes claims asserted in litigation arising from allegedly defective sand-lime bricks from previous Haniel building materials plants. The risks resulting from business acquisitions and disposals are material risks due to the high significance of portfolio management in the Haniel Group and the inherently related imponderables.

Overall economic development: The demand for the divisions' services and products is also influenced by overall economic developments. However, the extent and timing of this dependency varies in the fully consolidated divisions: While a weakening economy directly impairs business development at ELG and TAKKT, at CWS-boco it is felt to a comparatively lesser extent and after a delay. This is due to the long-term nature of the contracts with customers in CWS-boco's core rental business. Overall economic development represents a material risk even though the diversification of the Haniel business portfolio and its presence in various regions mitigates the effects of economic fluctuations. The strong market position of the individual divisions, comprehensive product and service offerings, a heterogeneous customer base and flexible capacities and cost structures also mitigate risks.

Human resources: The corporate success of the Haniel Group is dependent largely on the expertise and commitment of its employees. Executives must exhibit the necessary competence, experience and personality in order to make correct decisions in the sense of a value-driven and long-term development of their departments. Accordingly, the selection of executives who do not meet these requirements and who make poor decisions can noticeably impair the Company's successful development. That is why the Haniel Group strives to recruit qualified staff, to provide them with continuing education and to foster their long-term loyalty to the Company. To that end the Haniel Group offers attractive compensation models and conducts regular succession planning aimed at filling jobs which become available with qualified internal candidates. But above all, the Haniel Group invests in the continuing education of its employees: The internal Haniel Academy offers specialists and managers from the Group seminars and modular programmes for interdisciplinary continuing education and to strengthen their leadership skills. The programmes in the Haniel Leadership Curriculum prepare emerging management talent, experienced executives and top managers for future challenges and management tasks. Detailed information on training and continuing education at the Haniel Group can be found in the "Corporate Responsibility" section starting on page 31. Overall, risks from human resources are deemed to be material.

Information technology: Well-functioning IT systems tailored to strategy represent a necessary precondition for Haniel Group's operating activities and administrative departments. Insufficient customisability of IT systems may entail significant competitive disadvantages when strategic requirements change. Haniel Holding and the divisions therefore review their IT strategy regularly and modernise or replace systems if required. In order to counter risks that are inextricably linked with such projects, systematic and substantiated selection processes and modern project management methods are applied when introducing new IT systems. Furthermore, the ongoing use of IT systems entails the risk of an outage and unauthorised data access. In addition to heightened security awareness of employees, professionally organised IT operations prevent such risks from materialising. There are uniform minimum standards throughout the Group for IT operations. In compliance with these standards, Haniel Holding and the divisions have additional emergency systems available, perform regular backups of relevant data and ensure that unauthorised persons cannot access IT systems. Overall, the risks resulting from information technology in the Haniel Group are considered material.

Commodity prices: The ELG division's performance is considerably influenced by the price trend for commodities – particularly for nickel, which is in turn affected by economic developments in the industry. Price hedges using derivative financial instruments stabilise business development at ELG, as does the broad geographic distribution of commodity flows in both procurement and distribution. Nevertheless, fluctuations in commodity prices remain a material risk due to the business model.

Receivables: Given the nature of the sector in which it operates, ELG in particular delivers its products to a small number of very large customers. In some instances this can lead to extensive receivables per customer. In order to limit the risks resulting from non-payment, ELG has a comprehensive receivables management system, systematically obtains default insurance to cover this risk where possible and sells accounts receivables within the context of forfeiting programmes. Even after factoring in these countermeasures, the default on receivables represents a material risk.

Exchange rates: Because the Haniel Group has business activities of a considerable scope in countries that do not use the euro as the local currency, its operating business and financing transactions are subject to exchange rate fluctuations, which could have a negative impact on the Haniel Group's profit. On the one hand, this concerns transaction risks that arise primarily from earning revenue and incurring the accompanying costs in different currencies. On the other hand, there are translation risks that stem from translating income and expenses in other currencies into euros. While translation risks are not normally hedged against exchange rate fluctuations, the Group uses a variety of hedging instruments to limit transaction risks. These are explained in detail in the notes to the consolidated financial statements starting on page 114. In the Haniel Group, exchange rate risks are among the material risks, in particular with regard to the unhedged translation risks.

Interest rates and financing: Changes in interest rates can result in higher financing costs and thus have an adverse effect on profits. In this regard, changes in the market interest rate must be differentiated from the change in the margin that must be paid in addition to the market rate. The Group uses a variety of hedging instruments to limit the risks from fluctuations in market interest rates. These are explained in detail in the notes to the consolidated financial statements starting on page 113. Long-term credit agreements, promissory loan notes and bonds are appropriate forms of financing for limiting the volatility of interest margins. In the case of such financing, the interest margin also depends on the Holding Company's rating. This is based on the market value gearing, that is, the ratio between net financial liabilities and the market value of the investment portfolio as well as the cash flow at the Holding Company level. In addition, the number and weight of the individual equity investments in the Haniel investment portfolio influence the rating.

In addition to equity, financing requirements for the operating business are secured in the Haniel Group primarily through debt capital. When outside financing is used, the company seeks to diversify its financing instruments and its circle of investors in order to be able to respond flexibly to developments on the capital markets and in the banking sector. In addition to committed bilateral lines of credit, which are drawn upon only to a limited extent, capital market programmes at the Holding Company, such as the Debt Issuance Programme, are updated regularly. When financing with borrowed capital, it is of benefit that the Holding Company and its divisions, both as established and reliable partners, enjoy a high degree of trust from banks and other investors. The Haniel Group is thus able to ensure the continuation of the operating business, even if for example economic conditions cause declines in incoming payments from business activities.

Regarding the temporary investment of financial resources following the disposal of the Celesio division, there is, in principle, a risk that a counterparty will become insolvent and hence a risk of a loss of receivables. To counter that risk, Haniel divides the investments among a large number of contracting parties and sets limits corresponding to their creditworthiness. This is documented in the guidelines for the investment of financial resources and is regularly monitored.

In the Haniel Group, risks from interest rates and financing are currently of comparatively minor significance as a result of the Celesio disposal and thus counted among the other risks.

Compliance: The Haniel Group's business activities are subject to statutory and internal corporate rules and regulations. A failure to comply with these rules and regulations may damage the company's reputation and may jeopardise its economic success. In order to prevent compliance risks effectively, the Haniel Group has established a comprehensive compliance management system. For this reason compliance risks are classified as other risks.

Litigation: Neither Franz Haniel & Cie. GmbH nor any of its current subsidiaries are involved in ongoing or currently foreseeable litigation that could have a significant impact on the Group's assets or financial position or results.

NO RISKS ENDANGERING THE GOING CONCERN ASSUMPTION

Compared to the previous year, the risk situation of the Haniel Group has improved due to the disposal of Celesio at the beginning of 2014. The risks arising from that division, in particular from governmental regulations in the pharmaceutical market, are no longer relevant. Furthermore, the significance of risks from interest rates and financing has declined because a portion of the proceeds from the Celesio disposal was used to considerably reduce the financial liabilities of the Haniel Holding Company.

Considered separately, the remaining risks presented above could have adverse effects on the Haniel Group. With regard to the overall risk situation, however, the diversification of business models and regions has a positive effect: Many risks are restricted to individual divisions or regions and are therefore of comparatively minor significance in relation to the Group as a whole. Where risks inherently affect all divisions and the Holding Company, it can be assumed that they do not impact all business units in the same manner and at the same time. This diversification therefore results in the Haniel Group being well prepared with respect to identifiable risks.

There are no recognisable individual or aggregate risks which jeopardise the Group as a going concern, nor are there any noteworthy future risks beyond the normal entrepreneurial risk. For Haniel, the risks presented are also accompanied by numerous opportunities for sustainable, profitable growth.

CONTROLLED ACCOUNTING PROCESSES

The Haniel Group applies an internal control and risk management system to its accounting processes. The purpose is to ensure that its financial reporting is reliable and that the risk of misstatements in the external and internal Group Reports is minimised. Misstatements are most likely to originate from complex transactions or consolidation procedures, mass transactions, the materiality of individual items of the financial statements, the use of discretion and estimates, unauthorised access to IT systems, and inadequately trained employees. Checks are performed regularly to determine the extent to which these factors can jeopardise the integrity of the consolidated financial statements.

In order to counter potential risks, the Haniel Group installed an internal control system that seeks to ensure the reliability and propriety of the financial reporting processes, compliance with the relevant statutory and internal regulations, and the efficiency and effectiveness of procedures. However, even an appropriate and functional internal control system cannot guarantee that all risks will be identified and avoided. The Haniel Group's internal control system is based on the COSO publication "Internal Control-Integrated Framework". COSO is the Committee of Sponsoring Organizations of the Treadway Commission.

The existing risk and control structure is systematically recorded and documented. For this purpose, the most important risk fields are regularly updated and checked on the basis of clearly defined qualitative and quantitative materiality criteria. In the event of changed or newly emerged accounting-related risks or identified control weaknesses, it is the divisions' responsibility, in coordination with Corporate Accounting, to implement appropriate control measures at the earliest possible opportunity. The effectiveness of the defined controls is checked and documented at regular intervals by means of self-assessment on the part of the controlling officers or their supervisors. The results of these self-assessments are subject to regular validation by independent third parties. Responsibility for establishing and supervising the internal control system lies with the Management Board. In addition, the Audit Committee monitors the system's effectiveness.

The Haniel Group is distinguished by its clear and decentralised management and corporate structure. The local accounting processes are managed by the divisions, each of which prepares its own subgroup financial statements. The management of the entities included in the subgroups controls and monitors the risks concerning the operational accounting processes. The Group companies are responsible for compliance with the guidelines and procedures that apply throughout the Group. They are also answerable for the proper and timely flow of their accounting processes. They are supported in that respect by Corporate Accounting.

Corporate Accounting prepares the consolidated financial statements and the Group Report of the Management Board. The relevance of ongoing developments of the IFRS standards and other applicable statutory provisions and their impact on the consolidated financial statements and/or the Group Report of the Management Board is continuously assessed. The Management Board and Group companies are informed, as necessary, of any consequences on consolidated reporting. Financial reporting is governed by accounting guidelines applicable throughout the Group, a uniform Group chart of accounts, and a financial statements calendar applicable throughout the Group. The accounting guidelines are updated annually, considering relevant changes in the law. There are binding provisions and uniform instruments for complex issues, such as goodwill impairment testing and the measurement of deferred taxes. Outside experts are brought in if required, for example, to measure pension obligations or to prepare expert opinions on the purchase price allocation for acquisitions.

The Haniel Group's formal analysis and reporting process seeks to ensure that the information contained in the published annual report is reliable and complete. Corporate Accounting performs analytical checks in order to identify potential errors in consolidated reporting. The checks are documented and reviewed according to the principle of dual control. A detailed timetable and fixed responsibilities apply for the preparation of accounts.

Standardised and centrally managed IT systems are used to prepare the consolidated financial statements. This applies to consolidation at all stages of the Haniel Group and to the process of preparing the notes to the financial statements. The closing process is supported by numerous validations. The IT systems used in the accounting department are protected against unauthorised access. Separations of functions and change management systems are installed.

As an important element of internal process monitoring that is independent of the relevant processes, the Internal Auditing departments are responsible for systematically auditing and independently assessing the internal control systems.

As part of the audit of the consolidated annual financial statements, external auditors report on their material audit findings and any weaknesses in the internal control system relating to the entities included in the financial statements.

REPORT ON EXPECTED DEVELOPMENTS

For the 2015 financial year Haniel expects that the Haniel Group's profit before taxes will increase significantly. In addition to an expected improvement in the divisions' operating profit, this development will be attributable in particular to the significant anticipated improvement in the result from financing activities.

STABLE MACROECONOMIC ENVIRONMENT

The International Monetary Fund (IMF) expects gross domestic product to grow globally by 3.5 per cent in 2015, which would thus be just above the 2014 level of 3.3 per cent. This estimate already factors in the economic slowdown observed in the second half of 2014. Based on the current forecast, the Haniel Management Board is confident going into the new financial year, particularly as the markets in which Haniel divisions are active are expected to see somewhat better economic development than in the previous year: For example, the US, with forecast growth of 3.6 per cent following 2.4 per cent in 2014, may also be the primary driver of global growth in 2015. In addition, following euro zone growth of 0.8 per cent in 2014, the IMF is forecasting somewhat higher growth of 1.2 per cent for 2015. Not only Germany is expected to contribute to this growth with 1.3 per cent, but also France and Italy, whose economies have recently been weaker. Development in the euro zone is of special significance for all divisions because a considerable portion of their business activities takes place there.

For ELG, the development of the stainless steel market is also key. Global production of stainless steel in 2015 is anticipated to grow by about 5 per cent, which is attributable in particular to increasing production figures in China, but also in the US. In Europe, however, production of stainless steel is expected to remain at the previous year's level. With regard to nickel, an important commodity for the stainless steel business, experts expect a shortage in 2015 as a result of the Indonesian export restrictions on nickel ore – and thus a higher nickel price level.

However, the Haniel Management Board also sees significant risks for economic development in 2015: In addition to the debt crisis in the euro zone, for which a long-term solution has not yet been found, hotbeds of regional conflict have formed or strengthened, among other things. Such threats have the potential to contribute to a significant worsening of the global economic trend. Since the various divisions are active internationally, the results of the Haniel Group also depend on the development of various exchange rates, particularly the US dollar, the British pound and the Swiss franc. In addition, the Metro investment result is impacted significantly by the development of the Russian rouble. Deviations from the assumed economic development and the future exchange rates compared to the planning assumptions could significantly change the forecast Haniel Group's profit.

HIGHER OPERATING PROFIT AT CWS-BOCO, ELG AND TAKKT

In addition to the continuation of the strategic initiatives in the divisions, the economic outlook in 2015 is anticipated to have a positive effect on the Haniel Group's business development. However, the economic situation will impact the divisions to varying degrees.

At CWS-boco, slight revenue growth adjusted for currency translation effects is expected overall for 2015. In addition to the economic development in Europe, this will primarily be attributable to the expansion of sales operations. While sales activities will already have a positive impact on revenue, they will continue to weigh down earnings in 2015 and not make a positive earnings contribution until subsequent years. It can nevertheless be assumed that CWS-boco will slightly improve upon the previous year's strong profit in the 2015 financial year. Additional measures to modernise the international laundry network and systematically optimise operating processes will contribute to that increase.

The ELG division expects to benefit primarily from increasing stainless steel production in the US in 2015. For this reason ELG expects an increase in output tonnage in the single-digit percentage range. For the superalloys business in 2015, ELG expects continuing strong demand, in particular from the aviation industry. For nickel, an important commodity for the business, ELG is also planning on higher prices compared to 2014, in which nickel prices averaged USD 16,900 per tonne. Based on these assumptions, ELG anticipates revenue growth in the single-digit percentage range for 2015. As a consequence, ELG assumes operating profit will improve noticeably. As development on the commodity markets is very volatile, ELG's revenue and operating profit may also deviate significantly from this forecast, however.

TAKKT is also anticipated to benefit from an improved economic climate, particularly in the US, but also in Europe. The discontinuation of the Topdeq business in 2014 as well as the disposal of the Plant Equipment Group at the beginning of 2015 will have a negative impact on revenue. Adjusted for business combinations and disposals as well as currency translation effects, TAKKT expects a slight increase in revenue. Operating profit is expected to increase moderately. TAKKT will continue to consistently pursue its growth initiatives in 2015. The DYNAMIC initiative better coordinates the various sales and marketing channels, thus further optimising the sales approach. Furthermore, TAKKT intends to generate growth in its business with existing and new customers through new products and services.

For the METRO GROUP, revenue adjusted for business combinations and disposals as well as currency translation effects is expected to increase slightly. This growth will continue to be driven by expansion of the international network of stores as well as by the continuing expansion of multi-channel sales. The METRO GROUP will continue its strong focus on efficient structures and strict cost control. A slight increase in operating profit before one-off expenses and adjusted for currency translation effects is therefore expected for 2015. However, the METRO GROUP also anticipates one-off expenses in 2015, albeit to a lesser extent than in 2014. Based on this assumption and considering the current changes in foreign exchange rates for the Russian rouble, Haniel expects its investment result from the METRO GROUP to be at the previous year's level.

SIGNIFICANT INCREASE IN PROFIT BEFORE TAXES

Overall, Haniel expects the Group to generate revenue growth, adjusted for currency translation effects, in the single-digit percentage range in financial year 2015. This forecast is based in particular on ELG's expectation of significantly higher revenue. Operating profit is expected to experience a moderate increase, driven by higher operating profit at the divisions. Profit before taxes is expected to increase considerably. In addition to the increase in operating profit, this will derive in particular from a noticeable improved result from financing activities. This income was weighed down significantly in the 2014 financial year by bond redemptions by the Haniel Holding Company. In 2015 this will lead to considerable savings on interest, which will contribute clearly to an increase in profit before taxes.

However, the high disposal gain from the disposal of the Celesio division had a positive impact on profit after taxes in 2014. Therefore profit after taxes in 2015 is expected to be significantly below the previous year's level.

The development in profit after taxes is reflected in the value-oriented performance indicators, Haniel value added and return on capital employed in 2014. As the disposal gain from the disposal of the Celesio division was included in the 2014 return, this return will decline significantly in 2015. This will result in a significant degradation of the value-oriented performance indicators, even though the average capital employed, and thus the cost of capital, will be lower due to the deconsolidation of Celesio.

By contrast, Haniel cash flow, which was not impacted positively in 2014 from the income from the Celesio disposal, is expected to be significantly above the previous year's level in 2015. In contrast to 2014, METRO AG will again distribute a dividend to Haniel in the 2015 financial year, which will positively impact Haniel cash flow. In addition, the one-off expenses incurred in connection with the bond redemptions in 2014 will not be incurred in the result from financing activities, and in addition, the envisaged savings on interest payments will be realised. Both effects will positively impact Haniel cash flow.

The focus of the Haniel Holding Company's activities will continue to lie on its search for new business divisions. Should there be a business acquisition in the coming financial year, the investments in non-current assets in 2015 would likely increase considerably over 2014. But even excluding the investments at the Holding Company level, capital expenditures are anticipated to be higher, which is attributable in particular to the planned modernisation of IT systems in the CWS-boco and TAKKT divisions.

If the search for new business divisions or supplementary acquisitions for existing divisions is successful, the changes in revenue and earnings expected for the Haniel Group will differ from the changes presented.

CONSOLIDATED FINANCIAL STATEMENTS

HANIEL GROUP STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	Note	31 Dec. 2014	31 Dec. 2013*	31 Dec. 2012*
Property, plant and equipment	1	479	482	1,031
Intangible assets	2	1,041	1,019	3,394
Investments accounted for at equity	3	3,012	3,215	3,282
Financial assets	4	188	13	278
Other non-current assets		29	7	76
Income tax assets	5	0	0	2
Deferred taxes	5	35	31	137
Non-current assets		**4,784**	**4,767**	**8,200**
Inventories	6	579	429	2,094
Trade receivables	7	407	360	2,500
Receivables from investments and other current assets	8	80	81	447
Financial assets	9	408	10	37
Income tax assets	5	48	41	92
Cash and cash equivalents	10	111	22	560
Assets held for sale	11	29	7,677	539
Current assets		**1,662**	**8,620**	**6,269**
Total assets		**6,446**	**13,387**	**14,469**

* Prior-year figures adjusted in accordance with IAS 8; see the explanations in the explanatory notes on page 74.

EQUITY AND LIABILITIES

EUR million	Note	31 Dec. 2014	31 Dec. 2013*	31 Dec. 2012*
Equity of shareholders of Franz Haniel & Cie. GmbH		3,790	3,275	3,110
Non-controlling interests		183	1,281	1,210
Equity	12	**3,973**	**4,556**	**4,320**
Financial liabilities	13	1,076	1,773	4,670
Pension provisions	14	335	247	581
Other non-current provisions	15	110	116	182
Other non-current liabilities	16	2	54	65
Deferred taxes	5	51	50	94
Non-current liabilities		**1,574**	**2,240**	**5,592**
Financial liabilities	13	392	726	750
Current provisions	15	103	122	269
Trade payables and similar liabilities	17	151	125	2,470
Income tax liabilities	5	18	12	69
Other current liabilities	18	226	200	922
Liabilities held for sale	11	9	5,406	77
Current liabilities		**899**	**6,591**	**4,557**
Total equity and liabilities		**6,446**	**13,387**	**14,469**

* Prior-year figures adjusted in accordance with IAS 8; see the explanations in the explanatory notes on page 74.

HANIEL GROUP INCOME STATEMENT

EUR million	Note	2014	2013*
Revenue	19	**3,944**	**3,580**
Changes in inventories of finished goods and work in progress		-1	-3
Gross revenue		**3,943**	**3,577**
Cost of materials		2,617	2,293
Gross profit		**1,326**	**1,284**
Other operating income	20	33	40
Total operating income		**1,359**	**1,324**
Personnel expenses	21	561	536
Other operating expenses	22	419	449
		379	**339**
Depreciation and amortisation		162	165
Impairment of goodwill		0	8
Operating profit		**217**	**166**
Result from investments accounted for at equity		14	96
Other investment result	23	0	24
Finance costs	24	209	195
Other net financial income	25	9	26
Net financial income		**-186**	**-49**
Profit before taxes		**31**	**117**
Income tax expenses	26	59	35
Profit after taxes from continuing operations		**-28**	**82**
Profit after taxes from discontinued operations	27	714	185
Profit after taxes		**686**	**267**
of which attributable to non-controlling interests		44	116
of which attributable to shareholders of Franz Haniel & Cie. GmbH		642	151

* Prior-year figures adjusted in accordance with IAS 8; see the explanations in the explanatory notes on page 74.

HANIEL GROUP STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	2014	2013
Profit after taxes		**686**	**267**
Remeasurements of defined benefit plans recognised in other comprehensive income		-81	-24
Deferred taxes on remeasurements of defined benefit plans recognised in other comprehensive income		24	-3
Remeasurements of defined benefit plans		**-57**	**-27**
Pro-rata other comprehensive income not to be reclassified to profit or loss from investments accounted for at equity		**-100**	**6**
Total other comprehensive income not to be reclassified to profit or loss		**-157**	**-21**
Income and expenses recognised in equity from remeasurement of derivative financial instruments		-7	12
Reversals recognised in profit or loss		22	21
Deferred taxes on remeasurement of derivative financial instruments		-4	-7
Remeasurement of derivative financial instruments		**11**	**26**
Income and expenses recognised in equity from remeasurement of financial assets available for sale		1	3
Reversals recognised in profit or loss		-1	-24
Deferred taxes on remeasurement of financial assets available for sale		0	0
Remeasurement of financial assets available for sale		**0**	**-21**
Income and expenses recognised in equity from foreign currency translation		37	-126
Reversals recognised in profit or loss		130	0
Currency translation effects		**167**	**-126**
Income and expenses recognised in equity from changes recognised directly in equity of investments accounted for at equity		-107	-1
Reversals recognised in profit or loss		0	0
Other comprehensive income from investments accounted for at equity		**-107**	**-1**
Total other comprehensive income to be reclassified to profit or loss and reversals recognised in profit or loss		**71**	**-122**
Total other comprehensive income		**-86**	**-143**
of which attributable to non-controlling interests		9	-64
of which attributable to shareholders of Franz Haniel & Cie. GmbH		-95	-79
Comprehensive income	12	**600**	**124**
of which attributable to non-controlling interests		53	52
of which from discontinued operations		14	34
of which from continuing operations		39	18
of which attributable to shareholders of Franz Haniel & Cie. GmbH		547	72
of which from discontinued operations		841	33
of which from continuing operations		-294	39

HANIEL GROUP STATEMENT OF CHANGES IN EQUITY

CHANGES IN 2014

EUR million	Subscribed capital	Capital reserve	Accumulated other comprehensive income	Retained earnings	Treasury shares	**Equity of shareholders of Franz Haniel & Cie. GmbH**	Non-controlling interests	**Equity**
As at 1 Jan. 2014	1,000	678	-572	2,174	-5	**3,275**	1,281	**4,556**
Dividends				-30		**-30**	-11	**-41**
Changes in the scope of consolidation			77	-77		**0**	-1,140	**-1,140**
Changes in shares in companies already consolidated						**0**		**0**
Capital measures						**0**		**0**
Changes in treasury shares					-2	**-2**		**-2**
Comprehensive income			-95	642		**547**	53	**600**
As at 31 Dec. 2014	**1,000**	**678**	**-590**	**2,709**	**-7**	**3,790**	**183**	**3,973**

CHANGES IN 2013

EUR million	Subscribed capital	Capital reserve	Accumulated other comprehensive income	Retained earnings	Treasury shares	**Equity of shareholders of Franz Haniel & Cie. GmbH**	Non-controlling interests	**Equity**
As at 1 Jan. 2013	1,000	678	-503	1,940	-5	**3,110**	1,210	**4,320**
Dividends						**0**	-34	**-34**
Changes in the scope of consolidation			4	-4		**0**		**0**
Changes in shares in companies already consolidated			6	87		**93**	53	**146**
Capital measures						**0**		**0**
Changes in treasury shares						**0**		**0**
Comprehensive income			-79	151		**72**	52	**124**
As at 31 Dec. 2013	**1,000**	**678**	**-572**	**2,174**	**-5**	**3,275**	**1,281**	**4,556**

For further explanatory comments concerning equity, see note 12.

HANIEL GROUP STATEMENT OF CASH FLOWS

EUR million	Note	2014	2013*
Profit after taxes		686	267
Depreciation and amortisation, impairment losses and reversals on non-current assets		162	286
Change in pension provisions and other non-current provisions		-6	-8
Income/expenses from changes in deferred taxes		13	-15
Non-cash income/expenses and dividends of investments accounted for at equity		-14	2
Gains/losses from the disposal of non-current assets and consolidated companies and from remeasurement for changes in shares		-696	-26
Other non-cash income/expenses and other payments		30	56
Haniel cash flow		**175**	**562**
Change in inventories, receivables and similar assets		-212	-61
Change in current non-interest-bearing liabilities, current provisions and similar liabilities		-98	159
Cash flow from operating activities		**-135**	**660**
Proceeds from the disposal of property, plant and equipment, intangible assets and other assets		41	553
Payments for investments in property, plant and equipment, intangible assets and other assets		-766	-256
Proceeds from the disposal of consolidated companies and other business units		1,508	54
Payments for acquisitions of consolidated companies and other business units		-4	-42
Cash flow from investing activities		**779**	**309**
Proceeds from contributions to equity		0	0
Payments to shareholders		-43	-34
Payments from changes in shares in companies already consolidated		0	146
Proceeds from issuance of financial liabilities		654	1,148
Repayments of financial liabilities		-1,704	-2,224
Cash flow from financing activities		**-1,093**	**-964**
Cash and cash equivalents at the beginning of the period		22	560
Cash and cash equivalents classified as assets held for sale at the beginning of the period		536	1
Increase/decrease in cash and cash equivalents		-449	5
Non-cash increase/decrease in cash and cash equivalents		2	-8
Cash and cash equivalents classified as assets held for sale at the end of the period		0	536
Cash and cash equivalents at the end of the period	31	**111**	**22**

The cash flow from operating activities includes dividends received in the amount of EUR 1 million (previous year: EUR 107 million), interest income of EUR 9 million (previous year: EUR 7 million) and interest payments of EUR 223 million (previous year: EUR 334 million). EUR 61 million was paid in income taxes (previous year: EUR 106 million).

* Prior-year figures adjusted in accordance with IAS 8; see the explanations in the explanatory notes on page 74.

HANIEL GROUP SEGMENT REPORTING

2014 BY DIVISION

EUR million	CWS-boco	ELG	TAKKT	Metro investment	Holding and other entities	Consolidation	**Continuing operations**	Discontinued operations
Segment revenue from external customers	751	2,213	980				**3,944**	1,851
Segment revenue from transactions with other segments			1			-1	**0**	
Revenue	**751**	**2,213**	**981**	**0**	**0**	**-1**	**3,944**	**1,851**
Depreciation and amortisation of segment assets	109	16	26		2		**153**	
Operating profit	**71**	**59**	**111**	**0**	**1,179**	**-1,203**	**217**	**41**
Result from investments accounted for at equity				14			**14**	
Finance costs	25	22	11		163	-12	**209**	12
Other net financial income	1	2			24	-18	**9**	-1
Profit before taxes	**47**	**40**	**99**	**14**	**1,075**	**-1,244**	**31**	**29**
Material non-cash income (+) and expenses (-) other than depreciation and amortisation	-33	-14	-19	14	-18	-4	**-74**	-6
Total assets	**676**	**978**	**960**	**3,012**	**1,638**	**-818**	**6,446**	**0**
of which carrying amount of investments accounted for at equity				3,012			**3,012**	
of which goodwill	271	91	554				**916**	
Financial liabilities	**158**	**497**	**222**	**0**	**744**	**-153**	**1,468**	**0**
Recognised investments in non-current segment assets	**117**	**17**	**14**	**0**	**408**	**-205**	**351**	**6**
Average number of employees (headcount)	**7,529**	**1,267**	**2,528**	**0**	**220**		**11,544**	**0**

See note 32 for a description of the segments.

2014 BY REGION

EUR million	Germany	France	United Kingdom	Norway	USA	Netherlands	Other countries	**Total**
Continuing operations								
Segment revenue from external customers, by location of company	1,006	259	299	6	1,090	601	683	**3,944**
Non-current intangible assets and property, plant and equipment	896	9	29		350	19	217	**1,520**
Discontinued operations								
Segment revenue from external customers, by location of company	379	549	404	93			426	**1,851**
Non-current intangible assets and property, plant and equipment								**0**

2013 BY DIVISION*

EUR million	CWS-boco	ELG	TAKKT	Metro investment	Holding and other entities	Consolidation	**Continuing operations**	Discontinued operations
Segment revenue from external customers	748	1,880	952				**3,580**	21,427
Segment revenue from transactions with other segments			1			-1	**0**	
Revenue	**748**	**1,880**	**953**	**0**	**0**	**-1**	**3,580**	**21,427**
Depreciation and amortisation of segment assets	115	15	27		2		**159**	106
Operating profit	**64**	**47**	**96**	**0**	**62**	**-103**	**166**	**427**
Result from investments accounted for at equity				96			**96**	4
Finance costs	18	22	15		146	-6	**195**	145
Other net financial income		2			30	-6	**26**	-4
Profit before taxes	**46**	**27**	**81**	**96**	**66**	**-199**	**117**	**288**
Material non-cash income (+) and expenses (-) other than depreciation and amortisation	-11	-13	-14	96	42		**100**	-128
Total assets	**667**	**770**	**929**	**3,215**	**1,495**	**-1,366**	**5,710**	**7,677**
of which carrying amount of investments accounted for at equity				3,215			**3,215**	78
of which goodwill	272	86	529				**887**	2,143
Financial liabilities	**240**	**391**	**279**	**0**	**1,601**	**-12**	**2,499**	**1,902**
Recognised investments in non-current segment assets	**115**	**36**	**9**	**0**	**53**	**-33**	**180**	**129**
Average number of employees (headcount)	**7,527**	**1,224**	**2,551**	**0**	**223**		**11,525**	**38,754**

See note 32 for a description of the segments.

2013 BY REGION

EUR million	Germany	France	United Kingdom	Norway	USA	Netherlands	Other countries	**Total**
Continuing operations								
Segment revenue from external customers, by location of company	979	204	282	6	955	494	660	**3,580**
Non-current intangible assets and property, plant and equipment	875	10	64		313	20	219	**1,501**
Discontinued operations								
Segment revenue from external customers, by location of company	4,176	6,235	4,535	1,190			5,291	**21,427**
Non-current intangible assets and property, plant and equipment	181	191	1,601	263			552	**2,788**

* Prior-year figures adjusted in accordance with IAS 8; see the explanations in the explanatory notes on page 74.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
A. GENERAL BASIS OF PRESENTATION

ACCOUNTING PRINCIPLES

The consolidated financial statements of Franz Haniel & Cie. GmbH, Duisburg, for the year ended 31 December 2014 have been prepared in accordance with the mandatory International Financial Reporting Standards (IFRSs) in effect on the reporting date and adopted by the Commission of the European Union, and in accordance with the supplementary requirements applicable under Section 315a (1) HGB (Handelsgesetzbuch, German Commercial Code). These consolidated financial statements were prepared by the Management Board on 5 March 2015. They were approved by the Supervisory Board at their meeting on 10 April 2015.

At the end of October 2013, Haniel resolved to sell Celesio, at that time its largest fully consolidated division, to further develop its investment portfolio. The sale was completed as at 6 February 2014. All assets and liabilities of the Celesio division are presented separately in the statement of financial position as at 31 December 2013 in the lines assets held for sale and liabilities held for sale. In the income statement, the income and expenses realised by Celesio up to the disposal date and the gain on disposal are presented as a single line item as profit after taxes from discontinued operations. Up to Celesio's disposal date the incoming and outgoing payments of the discontinued operations are presented together with the corresponding payments of the continuing operations in the statement of cash flows. A detailed description of discontinued operations may be found in notes 11 and 27.

The reporting currency is the euro; figures are shown in EUR million. In rare cases, this can give rise to rounding differences. For enhanced transparency of presentation, certain items in the statement of financial position and the income statement have been combined. These are explained in the notes. In accordance with IAS 1, the statement of financial position has been classified into non-current and current items. The income statement has been prepared using the nature of expense method.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following standards and interpretations that were revised or newly-issued by the IASB (International Accounting Standards Board) or the IFRS Interpretations Committee (IFRS IC), as adopted by the Commission of the European Union, were applicable for the first time beginning with the 2014 financial year:

IFRS 10 (2011): "Consolidated Financial Statements"
IFRS 11 (2011): "Joint Arrangements"
IFRS 12 (2011): "Disclosure of Interests in Other Entities"
IAS 27 revised (2011): "Separate Financial Statements"
IAS 28 revised (2011): "Investments in Associates and Joint Ventures"
Amendments to IFRS 10, IFRS 11 and IFRS 12 (2012): "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"
Amendments to IFRS 10, IFRS 12 and IAS 27 (2012): "Investment Entities"
Amendments to IAS 32 (2011): "Offsetting Financial Assets and Financial Liabilities"
Amendments to IAS 36 (2013): "Recoverable Amount Disclosures for Non-Financial Assets"
Amendments to IAS 39 (2013): "Novation of Derivatives and Continuation of Hedge Accounting"

IFRS 10 combines the two principles previously governed by IAS 27 and SIC 12 on determining a parent-subsidiary relationship and introduces a new, uniform concept of control. Control now exists if an entity has power over another entity, is exposed to variable returns from its involvement, such as interest or profit sharing, and can use its power to affect these returns.

IFRS 11 governs the accounting of joint arrangements in which several partners exercise joint control. Such control exists if the partners must mutually decide on activities that significantly affect the returns arising from the arrangement. The standard differentiates between joint ventures and joint operations. In the latter, the partners have direct rights to the individual assets, and direct obligations for the individual liabilities relating to the joint arrangement. Accordingly, these assets and liabilities are recognised directly in the consolidated financial statements of the partner. In contrast, with joint ventures the partners have an interest in the net assets or profits of the joint venture. Interests in joint ventures are accounted for using the equity method in the consolidated financial statements.

The initial application of the new or revised consolidation standards IFRS 10, IFRS 11 and IAS 28 resulted in a revised presentation in the Haniel Group's financial statements. Previously, those shares in METRO AG held jointly by a holding company were presented as loans to or receivables from investments in the consolidated statement of financial position. Since the beginning of the financial year all shares in METRO AG are presented uniformly as investments accounted for at equity. Accordingly, there is a reclassification in the income statement from other net financial income to the result from investments accounted for at equity. All related cash flows are considered in the line item non-cash income/expenses and dividends of investments accounted for at equity as part of the cash flow from operating activities in the statement of cash flows.

The transition guidance provides for retrospective application of the revised consolidation standards. Therefore the previous year's figures have been adjusted. The following tables summarise the effects on the Haniel Group's statement of financial position, income statement and the statement of cash flows:

EUR million	31 Dec. 2013	31 Dec. 2012
Assets		
Investments accounted for at equity	576	568
Non-current financial assets	-554	-546
Receivables from investments and other current assets	-22	-22
Total assets	**0**	**0**

EUR million	2013
Result from investments accounted for at equity	21
Other net financial income	-21
Profit after taxes	**0**

EUR million	2013
Non-cash income/expenses and dividends of investments accounted for at equity	22
Haniel cash flow	**22**
Change in inventories, receivables and similar assets	-11
Cash flow from operating activities	**11**
Proceeds from the disposal of property, plant and equipment, intangible assets and other assets	-5
Payments for investments in property, plant and equipment, intangible assets and other assets	-6
Cash flow from investing activities	**-11**

IFRS 12 bundles and expands the disclosure requirements previously governed in various standards regarding interests in other entities and the resultant risks. In the Haniel Group, the initial application of new disclosure requirements results in particular in new disclosures on significant non-controlling interests in fully consolidated subsidiaries, on consolidated and unconsolidated structured entities and on material investments accounted for at equity.

Beyond that, the first-time application of the revised or new standards in the financial year did not give rise to any effects on the presentation of the Haniel Group's net assets, financial position, and results of operations.

REVISED PRESENTATION

In connection with the revised presentation described above, the investment accounted for at equity in METRO AG is presented in the segment reporting as a separate segment since the beginning of the financial year. Figures for the previous year have been adjusted accordingly.

The IASB and the IFRS IC have issued new and amended rules whose application is not mandatory for the Haniel Group until financial year 2015 or later. For these standards to be applicable, the required endorsement by the Commission of the European Union is still pending in some cases. The relevant Standards and Interpretations are:

IFRS 9 (2014): "Financial Instruments"
IFRS 14 (2014): "Regulatory Deferral Accounts"
IFRS 15 (2014): "Revenue from Contracts with Customers"
Amendments to IFRS 10, IFRS 12 and IAS 28 (2014): "Investment Entities: Applying the Consolidation Exception"
Amendments to IFRS 10 and IAS 28 (2014): "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
Amendments to IFRS 11 (2014): "Accounting for Acquisitions of Interests in Joint Operations"
Amendments to IAS 1 (2014): "Disclosure Initiative"
Amendments to IAS 16 and IAS 38 (2014): "Clarification of Acceptable Methods of Depreciation and Amortisation"
Amendments to IAS 16 and IAS 41 (2014): "Agriculture: Bearer Plants"
Amendments to IAS 19 (2013): "Defined Benefit Plans – Employee Contributions"
Amendments to IAS 27 (2014): "Equity Method in Separate Financial Statements"
IFRIC 21 (2013): "Levies"
Annual Improvements to IFRSs 2010-2012 Cycle (2013)
Annual Improvements to IFRSs 2011-2013 Cycle (2013)
Annual Improvements to IFRSs 2012-2014 Cycle (2014)

The option of early application of standards already issued was not exercised. Based on our current estimates, early application of the standards already adopted by the Commission of the European Union would have had no material effects on the presentation of the net assets, financial position, and results of operations in the 2014 financial year. The potential effects from IFRS 15 on revenue recognition and from IFRS 9 on accounting for financial instruments as at the date of first-time mandatory application are being analysed.

CONSOLIDATION PRINCIPLES

Subsidiaries directly or indirectly controlled by Franz Haniel & Cie. GmbH in accordance with IFRS 10 are fully consolidated in the consolidated financial statements. Control exists if Haniel has power over another entity, is exposed to variable returns from its involvement, such as interest or profit sharing, and can use its power to affect these returns.

Joint ventures as defined by IFRS 11 and associates as defined by IAS 28 are accounted for using the equity method. In the case of joint ventures, the Haniel Group exercises joint control with partners and has an interest in the net assets and/or profits of the joint venture. Associates are companies on which significant influence is exercised. This is normally assumed to be the case with an equity investment of between 20 and 50 per cent. To the extent the Haniel Group has an interest in a joint operation as a joint operator, the joint operation's assets and liabilities as well as income and expenses that relate to Haniel's interest are recognised in Haniel's consolidated financial statements.

The reporting date for the separate financial statements of the consolidated subsidiaries is identical with the date for the consolidated financial statements, namely 31 December 2014. The separate financial statements of the consolidated domestic and foreign subsidiaries are prepared according to uniform accounting policies.

Acquisitions are accounted for using the acquisition method on the basis of the fair values as at the date control was obtained (IFRS 3). The portion of the consideration that was transferred in expectation of future positive cash flows from the acquisition and that cannot be allocated to identified or identifiable assets as part of their remeasurement to fair value is reported as goodwill under intangible assets. The full goodwill method was not applied. Non-controlling interests are therefore measured at the proportionate fair value of the identifiable net assets.

In accordance with IFRS 3, goodwill is not amortised. Depending on the outcome of annual or, if there are indications of impairment, interim impairment tests, goodwill is written down if necessary to the lower recoverable amount, which is equal to the higher of the value in use and the fair value less costs of disposal. Any goodwill impairment loss is recognised in profit or loss.

Transactions that change the ownership interest in a subsidiary without resulting in a loss of control are accounted for as equity transactions. Transactions that result in a loss of control are recognised in profit or loss as a gain or loss on disposal. If shares continue to be held after the loss of control, the remaining equity interest is measured at fair value. Any difference between the existing carrying amount of those shares and their fair value is included in the gain or loss on disposal.

Intragroup profits and losses, sales, income and expenses as well as receivables and payables between companies included in the consolidated financial statements are eliminated. Intercompany profits and losses contained in non-current assets and inventories from intragroup transactions are adjusted to the extent that they are not of minor significance.

SCOPE OF CONSOLIDATION

Besides Franz Haniel & Cie. GmbH, 529 domestic and foreign companies were included in full in the consolidated financial statements as at 31 December 2013. In the financial year, the number of subsidiaries changed as follows:

Additions due to acquisition of shares or obtaining control	8
Additions due to new company formation	4
Disposals due to sale of shares or loss of control	341
Disposals due to mergers or liquidation	31

Accordingly, in addition to Franz Haniel & Cie. GmbH, a total of 169 subsidiaries are included in the consolidated financial statements as at 31 December 2014. Of that figure, 34 companies belong to the CWS-boco division, 48 to ELG and 73 to TAKKT. 14 subsidiaries are allocated to the Holding and other companies segment.

Among these subsidiaries one asset leasing company is included in Haniel's consolidated financial statements because, although Haniel does not hold the majority of the voting rights, based on the contractual provisions it does direct activities that are significant for the amount of returns and therefore exercises control within the definition of IFRS 10.

In addition, the Haniel Group leases real estate from two asset leasing companies. The corresponding agreements are accounted for as finance leases pursuant to IAS 17. In these arrangements and based on the contractual provisions, the Group has neither a legal interest in the companies nor can it direct activities that are significant for the returns. As at the reporting date, the lease liabilities to these two unconsolidated leasing companies presented in financial liabilities totalled EUR 18 million.

Aside from the fully consolidated subsidiaries, 3 (previous year: 5) associates are accounted for in Haniel's consolidated financial statements using the equity method. As in the previous year, no joint ventures are included in the consolidated financial statements.

FOREIGN CURRENCY TRANSLATION

Business transactions in foreign currency are translated into the functional currency in the separate financial statements by applying the spot rate prevailing at the time of the transaction. Gains and losses arising from the settlement of such transactions and from the translation of foreign currency monetary assets and liabilities as at the reporting date are recognised in profit or loss.

Franz Haniel & Cie. GmbH's reporting currency is the euro. The foreign currency amounts indicated in the financial statements of companies outside the euro zone that are included in the consolidated financial statements are translated using the concept of functional currency in accordance with IAS 21. Given that the subsidiaries operate as financially, economically and organisationally independent entities, their respective local currency is the functional currency. The assets and liabilities of companies outside the euro zone are translated at the closing rate, while their income statement items are translated at average annual exchange rates. Goodwill resulting from the acquisition of foreign companies is assigned to the acquired company and translated at the closing rate. All resulting exchange differences are recognised in other comprehensive income. The exchange rates for non-euro countries that are most significant for the continuing operations in Haniel's consolidated financial statements are:

	2014		**2013**	
Euro	Average exchange rate	Closing rate	Average exchange rate	Closing rate
UK pound sterling (GBP)	0.8058	0.7789	0.8491	0.8337
Swiss franc (CHF)	1.2145	1.2024	1.2310	1.2276
US dollar (USD)	1.3262	1.2141	1.3276	1.3791

ACCOUNTING POLICIES

The consolidated financial statements are generally prepared based on historical cost. A material exception to that are the (derivative) financial instruments measured at fair value.

Property, plant and equipment (tangible assets) are recognised at cost less depreciation and, if applicable, impairment losses. If the reasons for an impairment loss no longer exist, appropriate reversals are recognised, provided that the resulting carrying amount does not exceed the depreciated cost of the asset. The cost of internally generated property, plant and equipment includes direct costs as well as directly attributable overheads. Allocable borrowing costs are recognised in the cost of qualifying assets.

Property, plant and equipment, with the exception of land, are depreciated over their estimated useful lives using the straight-line method. Depreciation is based on the following useful lives:

Buildings	5 to 50 years
Technical equipment and machinery	2 to 20 years
Operating and office equipment	2 to 20 years

If, in the context of lease transactions, the Haniel Group, as a lessee, bears all material risks and rewards and is thus regarded as the beneficial owner, the requirements for finance leases under IAS 17 are met. In these cases, the relevant assets are capitalised at the lower of their fair value or the present value of the minimum lease payments, and depreciated on a straight-line basis over the shorter of their useful life or the term of the lease. The present value of the payment obligations resulting from the future lease instalments is recognised under current and non-current financial liabilities. Call options exist at the end of the basic term of the lease, in line with general market terms, for the majority of buildings leased under finance lease agreements.

In addition to the finance leases, the Haniel Group has entered into lease agreements under which the lessor remains the beneficial owner of the leased assets (operating lease). Lease payments are recognised in profit or loss. The lease agreements contain common rental and pre-emption provisions for the respective items leased.

Purchased intangible assets are recognised at cost less amortisation and, if applicable, impairment losses. Intangible assets are generally amortised over their contractual or estimated useful lives using the straight-line method. Licences and similar rights, as well as purchased customer lists are amortised over a period of 2 to 20 years. With the exception of goodwill, brand names and works of art with an indefinite life, all useful lives are definite. An indefinite useful life is attributable to the Company's intention to continue using the relevant assets. Internally generated intangible assets from which the Group is likely to benefit in future, and which can be measured reliably, are stated at their cost of production. The cost of production includes all costs directly attributable to the development process as well as appropriate portions of the attributable overheads. Attributable borrowing costs for qualifying assets are included. Research and development costs are treated as current expenses if the requirements for capitalisation of development costs under IAS 38 are not met.

In accordance with IAS 36, the carrying amount of goodwill is tested for impairment annually and upon the occurrence of triggering events, on the basis of cash-generating units or groups of units. The Haniel Group performs the regular impairment tests during the fourth quarter of each year. As at the reporting date, there were a total of 21 cash-generating units within the Haniel Group (previous year: 23). In the context of the impairment tests, the carrying amounts of the individual or groups of cash-generating units are compared with their recoverable amount, which is equivalent to the higher of the value in use and the fair value less costs of disposal, determined in a second step if necessary. The fair value is the best estimate of the amount that an independent third party would pay for the (groups of) cash-generating units on the reporting date. Any disposal costs that would be incurred according to best estimate are deducted.

The value in use is measured based on detailed plans of the future cash flows, on the basis of the cash flows before interest and taxes, less maintenance and replacement investments and a perpetual annuity for the years after the detailed planning period. The detailed plans are generally based on five-year financial plans adopted by the responsible management and are used for internal purposes as well. The underlying sales trend and the operating profit margin constitute key planning assumptions. The detailed plans are formulated according to past developments and projected market trends. The perpetual annuity is calculated based on expected average market growth, while factoring in expected future company growth. The cash flows thus determined are discounted at a rate reflecting the weighted average cost of capital before taxes (WACC), assigned individually for each cash-generating unit or group of cash-generating units, to determine the value in use of the cash-generating unit. The average cost of capital is determined using market inputs as the weighted average of the costs of equity and debt. The cost of equity used reflects the risk-equivalent return expected from equity investors with respect to the cash-generating units. The calculation also considers parameters specific to the business model and country-specific risk premiums that are derived based on external country ratings. The cost of debt used represents the long-term financing terms of companies with comparable creditworthiness.

If the recoverable amount is less than the carrying amount of the individual cash-generating unit or group of cash-generating units, an impairment loss with respect to goodwill is recognised in profit or loss and, if applicable, as well as to other assets of the unit.

The table below summarises the parameters applied to determine the values in use in the context of the regular impairment tests for each segment as well as for cash-generating units with significant goodwill:

	Weighted average cost of capital before taxes	Expected future company growth (perpetual annuity)	Goodwill as at 31 Dec. 2014
	%	%	EUR million
CWS-boco	8.9 to 10.9	1.5	271
of which CWS-boco Germany	9.7	1.5	206
ELG	11.6 to 13.3	0.0 to 4.5	91
TAKKT	9.7 to 11.3	2.0	554
of which Specialties Group	11.3	2.0	193
of which Packaging Solutions Group	9.7	2.0	153

Aside from goodwill, the Haniel Group also has EUR 52 million (previous year: EUR 50 million) in other intangible assets with indefinite useful lives. These relate predominantly to brand names acquired through business combinations. They are subject to impairment testing at the level of the cash-generating units.

No impairment of goodwill was recognised pursuant to IAS 36 as a result of the regular impairment tests during the financial year based on the calculated values in use (previous year: EUR 8 million). In the previous year, the impairment of goodwill concerned the Carbon Fibre cash-generating unit in the ELG division and resulted from reduced expectations with regard to the short-term business outlook as a result of delays in penetrating new sales markets. Based on a 12.7 per cent weighted average cost of capital before taxes for the cash-generating unit and a 0.0 per cent growth rate for the perpetual annuity, the recoverable amount was EUR 21 million. In addition, the previously recognised contingent consideration from the acquisition of Carbon Fibre was derecognised through profit or loss in connection with the previous year's impairment of goodwill.

The evidence for recoverability at all cash-generating units is based on the value in use. The values in use as determined in the course of the regular impairment tests were checked for plausibility using scenarios relating to key assumptions. No hypothetical need for an impairment loss resulted from these analyses, whether due to a 0.5 percentage points increase in the weighted average cost of capital before taxes, as deemed feasible by the management, or due to a 0.25 percentage points decrease in the growth rates after the detailed planning period. The same applies to a 5 per cent across-the-board reduction in cash flows before interest and taxes in the perpetual annuity.

In addition to the regular impairment tests previously described, an unscheduled impairment test was required in the TAKKT division in the financial year pursuant to IAS 36.12 because the Plant Equipment Group cash-generating unit was classified as held for sale. This test confirmed the recoverability of the assets in question.

Associates and joint ventures are accounted for using the equity method defined in IAS 28 and IFRS 11, respectively. Based on the acquisition cost of the shares in associates and joint ventures at the date of acquisition, the carrying amount of the investments is increased or decreased by the Haniel Group's share of the post-acquisition profits or losses of the investment and other equity changes in the investment. Goodwill included in the carrying amount and determined according to the full consolidation principles is not amortised. An impairment test is conducted if there is objective evidence, as defined in IAS 39, of a possible impairment of the total carrying amount of the investment.

Alongside loans, the financial assets primarily include investments and securities. Loans are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost by applying the effective interest rate method. If there is objective evidence within the meaning of IAS 39 that assets are impaired, they are written down to the lower present value of the expected cash flows, based on the original effective interest rate.

With regard to investments and securities, a distinction is made in accordance with IAS 39 between those that are available for sale, those held at fair value through profit or loss, and those that are held to maturity. The classification is determined at the date of acquisition and reviewed as at each reporting date. In addition to long-term investments and investment funds that are not traded in an active market, listed bonds that are not necessarily intended to be held to maturity are in particular classified as available for sale. Regular way sales and purchases of financial assets of all categories are recognised as at the settlement date.

Available for sale financial assets are initially recognised at fair value plus transaction costs and subsequently shown at their respective fair values on the reporting date (see note 28 for the determination of fair values). The resulting unrealised gains and losses are recognised in other comprehensive income, taking deferred taxes into account. If no active market is available and a fair value cannot be reliably measured, the assets are shown at cost. If there is an objective evidence that assets may be impaired, they are written down through profit or loss. If the reasons for the impairment no longer exist, appropriate reversals of impairment losses are recognised. In the case of equity instruments, these reversals are recognised in other comprehensive income; in the case of debt instruments, they are recognised in profit or loss, provided that the conditions of IAS 39 are fulfilled. If these assets are sold, the cumulative gain or loss previously recognised in other comprehensive income is reversed to profit or loss.

Financial assets classified as at fair value through profit or loss are recognised using their fair value as at each reporting date. Any transaction costs are recognised in profit or loss upon posting. Fluctuations in fair value are recognised directly in the income statement.

Financial assets classified as held to maturity are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. If there is objective evidence that assets are impaired, they are written down to the lower present value of the expected cash flows, based on the original effective interest rate.

Financial assets and liabilities are offset in the statement of financial position if there is a legal right to offset at the present time. In addition, there must be an intention to settle on a net basis or to realise the asset and settle the related liability simultaneously. Otherwise, the financial asset and liability are presented at gross in the statement of financial position.

Inventories are stated at cost in general. In addition to the direct material and production costs, production-related portions of the required material and production overheads, as well as depreciation of property, plant and equipment attributable to production, and amortisation of intangible assets are included. Borrowing costs are not taken into account. If acquisition or production costs exceed the net realisable value at the end of the financial year, inventories are written down to the net realisable value. Depending on the specific circumstances of each division, different inventory cost formulas are applied. Normally, the costs of inventories are assigned by using a weighted average or a first-in, first-out (FIFO) cost formula. In addition the standard cost method is also applied.

Trade receivables, receivables from investments and other current assets are, in the case of loans and receivables, initially recognised at fair value plus transaction costs and subsequently measured at amortised cost. Valuation allowances are determined to take into account existing risks.

Tax assets and tax liabilities are measured at the amount expected to be reimbursed from or paid to the tax authorities.

Derivative financial instruments, such as forward contracts, options and swaps, are generally used for hedging purposes to minimise exchange rate, interest rate other market price risks arising from the operating business and/or from the associated financing requirements. Under IAS 39, all derivative financial instruments must be recognised at their fair values, irrespective of the purpose or intention for which they were concluded. Changes in the fair values of derivative financial instruments to which hedge accounting applies are reported either in the income statement (fair value hedge) or, in the case of a cash flow hedge, in other comprehensive income, taking deferred taxes into account.

Derivatives used to hedge items in the statement of financial position are referred to as fair value hedges. The gains and losses from the fair value measurement of the derivatives and the underlying hedged items are recognised in profit or loss. Derivatives used to hedge against future cash flow risks from existing or planned transactions are referred to as cash flow hedges. The changes in fair values of the derivatives attributable to the effective portion of the hedge are initially reported in other comprehensive income. A transfer to the income statement is made at the time the hedged item impacts profit or loss. The changes in the fair values of the derivatives attributable to the ineffective portion of the hedge are immediately recognised in the income statement. In cases where hedge accounting is not applied, the changes in the fair value of derivative financial instruments are immediately recognised in profit or loss.

Non-current assets and groups of assets are classified as held for sale if their carrying amounts are mainly derived from their potential sale and not from their ongoing use. This condition is deemed to be fulfilled if, among other things, the sale is highly probable, the asset or the group of assets is available for immediate sale and the sale is expected to be completed within one year starting from the time of the classification.

Non-current assets and groups of assets classified as held for sale are no longer depreciated as from the reclassification date but measured at the lower of the carrying amount and the fair value less costs to sell. These fair values are normally determined based on concluded purchase contracts or purchase price offers that are already sufficiently specific. Assets and groups of assets and their respective liabilities (disposal groups) held for sale are shown as a separate line item within current assets and current liabilities in the statement of financial position as from the reclassification date. The previous year's figures in the statement of financial position are not adjusted to reflect reclassifications. If the disposal group comprises a material business segment or operation, the profit or loss after taxes from discontinued operations is reported separately in the income statement. The previous year's income statement is adjusted accordingly. The profit after taxes from discontinued operations comprises the operation's current earnings, the result of the measurement described above, and the gain or loss on disposal. In the statement of cash flows, the incoming and outgoing payments of the discontinued operations are presented together with the corresponding payments of the continuing operations.

Deferred tax assets and liabilities are recognised for temporary differences between the values in the tax balance sheets of the individual companies and the carrying amounts in the consolidated statement of financial position – with the exception of goodwill that is not deductible for tax purposes – as well as for tax loss carryforwards. Deferred tax assets are recognised only if their realisation is ensured with reasonable certainty. Deferred taxes are determined on the basis of the tax rates that will be in effect in future under current legislation. Deferred taxes are offset in accordance with IAS 12 if there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority for the same taxable entity.

In accordance with IAS 19, provisions for pensions and similar obligations are determined using the actuarial projected unit credit method. In addition to biometric calculation principles, this method primarily takes into account the current long-term capital market interest rate as well as assumptions about future increases in salaries and pensions. Remeasurements are recognised directly in other comprehensive income in their full amount. These amounts are not reclassified to profit or loss. Remeasurements comprise actuarial gains and losses as well as the difference between the actual return on plan assets and the expected return recognised in net interest expense. In addition, effects from an asset ceiling may be included in the remeasurements. The net interest expense presented in the finance costs includes the expense from compounding the present value of defined benefit obligations and the expected return on plan assets.

With the exception of provisions for personnel calculated according to IAS 19 or IFRS 2, all other provisions are recognised on the basis of IAS 37 if there is a present legal or constructive obligation as a result of past business transactions or events. The outflow of resources embodying economic benefits required to settle the obligation must be probable, and it must be possible to estimate the amount reliably. Provisions with a maturity of more than one year are discounted at market interest rates that are in line with the risk and the period until settlement.

Financial liabilities, with the exception of derivative financial instruments and financial liabilities held for trading, are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost, using the effective interest rate method. Liabilities under finance leases are recognised in the amount of the present value of the future lease payments, taking into account the interest rate that was used as the basis at the time the lease was signed, as well as the repayments on principal made in the meantime.

Portions of assets and liabilities originally recognised as non-current with a remaining maturity of less than one year are generally reported under current items in the statement of financial position.

Revenue comprises revenues from the sale of products and services less discounts, rebates, and if necessary, deferred income from customer loyalty programmes. Revenue is realised at the time ownership and risks are transferred to the customer. Provisions are established to account for customers' return rights. If amounts are collected as an agent for third parties, such amounts are not revenue because they do not represent an inflow of economic benefits. Only the compensation for brokering the business is accounted for as revenue in such transactions.

Other operating income is recognised if the economic benefits are probable and the amount can be reliably determined.

Dividends are recognised when a legal right to receive payment is established. Interest income and interest expenses not requiring capitalisation pursuant to IAS 23 are recognised in the proper period using the effective interest method.

In accordance with IAS 20, government grants are recognised at fair value only if there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received. Grants received as compensation for expenses are recognised as income in the same period in which such expenses are incurred. Grants received for the acquisition or production of assets are deferred as a general rule.

Advertising costs are expensed as soon as there is a right to access the advertising material or services were received in connection with the advertising activities.

The consolidated financial statements are prepared on the basis of certain assumptions and estimates which have an effect on the amount and presentation of the reported assets, liabilities, income, expenses and contingent liabilities. The assumptions and estimates primarily concern the items set forth below.

Goodwill arises in the course of business combinations. All identifiable assets, liabilities and contingent liabilities are measured at fair value upon first-time consolidation. The recognised fair values represent key estimates. If intangible assets are identified, the fair value is determined by recognised valuation methods depending on the type of asset. These valuations are closely related to the management's assumptions concerning the future development of the assets and the applied discount rates.

In addition to the determination of fair values of the assets, liabilities and contingent liabilities acquired, the valuation of contingent consideration for business combinations is based on estimates and assumptions made by the management regarding the future development of the acquired entity. If the actual development of the entity in the future deviates from the expected development, this may affect the amount of contingent consideration and the profit after taxes.

Impairment tests of goodwill, other intangible assets with indefinite useful lives and investments are based on forward-looking assumptions. Paying due regard to past developments and assumptions concerning the future development of markets, the test is generally performed on the basis of a five-year planning period. The key assumptions when assessing impairment are estimated growth rates after the detailed planning period, weighted average cost of capital and tax rates. Further key planning assumptions relate to the future sales trend and the operating profit margin. The premises above and the underlying calculation model can significantly influence the individual values and ultimately the amount of a possible impairment.

In the case of trade receivables, valuation allowances on doubtful debts rely to a large extent on estimates and assessments made on the basis of the relevant customer's creditworthiness, the current economic developments and the analysis of historical losses on bad debts on a portfolio basis. Actual cash inflows may deviate from the carrying amounts recognised in respect of the receivables.

The key assumptions and estimates for the measurement of provisions, especially those for pensions, real estate, litigations, pending losses, those related to business combinations and disposals and restructuring measures, concern the probability of the provisions being used, the amount of the obligation and, in the case of non-current provisions, the interest rates applied. In addition, pension obligations under defined benefit plans require actuarial assumptions regarding salary and pension trends, life expectancies and employee turnover. The actual development, and hence actual payments due in the future, may deviate from the expected development and the recognised provisions.

Deferred tax assets and liabilities are measured on the basis of assumptions and estimates made by management. In addition to the interpretation of the tax regulations applicable to the taxable entity concerned, the key factor in the calculation of deferred tax assets in respect of temporary differences and tax loss carryforwards is an assessment of the likelihood that adequate taxable income will be generated in future or that appropriate tax strategies for utilising tax loss carryforwards will be implemented.

All assumptions and estimates are based on the circumstances prevailing on the reporting date. Future events and changes in general circumstances often give rise to differences between the actual amounts and the estimates. This applies in particular to obligations that cannot be measured because their existence, amount and timing of occurrence are uncertain. In case of differences, the assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly.

At the time the consolidated financial statements were prepared, there was no indication of any material changes affecting the underlying assumptions and estimates.

B. NOTES TO THE STATEMENT OF FINANCIAL POSITION

1 PROPERTY, PLANT AND EQUIPMENT

EUR million	Land, buildings and similar assets	Technical equipment and machinery	Operating and office equipment	Prepayments and assets under construction	**Total**
Cost					
As at 1 Jan. 2014	**470**	**307**	**396**	**5**	**1,178**
Foreign exchange rate adjustments	8	6	2		**16**
Additions to scope of consolidation					**0**
Additions	12	22	98	6	**138**
Reclassifications	1	1	2	-4	**0**
Disposals	30	19	94		**143**
As at 31 Dec. 2014	**461**	**317**	**404**	**7**	**1,189**
Accumulated depreciation					
As at 1 Jan. 2014	**215**	**215**	**266**	**0**	**696**
Foreign exchange rate adjustments	4	4	2		**10**
Additions					**0**
Depreciation	17	20	95		**132**
Impairments	6	2			**8**
Reversals of impairment losses		1			**1**
Reclassifications					**0**
Disposals	24	18	93		**135**
As at 31 Dec. 2014	**218**	**222**	**270**	**0**	**710**
Net carrying amounts					
As at 31 Dec. 2014	**243**	**95**	**134**	**7**	**479**
As at 1 Jan. 2014	**255**	**92**	**130**	**5**	**482**

Property, plant and equipment includes assets totalling EUR 35 million (previous year: EUR 38 million) recognised based on finance leases. Of this amount, EUR 33 million (previous year: EUR 35 million) relates to land, buildings and similar assets and EUR 2 million (previous year: EUR 3 million) to operating and office equipment. As in the previous year, no non-cash investments were made in property, plant and equipment (finance leases).

Additions and disposals during the financial year relate primarily to textiles and hand towel dispensers to be rented out by the CWS-boco division. Of the disposals during the previous year, EUR 1,585 million reported under cost and EUR 1,061 million reported under accumulated depreciation resulted from the reclassification of the Celesio division's assets as held for sale.

The EUR 8 million in impairments in the financial year essentially relates to write-downs of real estate no longer required for operations in the Holding and other companies segment. The recoverable amount of assets written down is EUR 10 million; this amount was calculated using the discounted cash flow method (DCF method) as the fair value less costs of disposal (Level 2). In the previous year, the impairments of EUR 6 million were essentially attributable to laundries in the CWS-boco division.

EUR million	Land, buildings and similar assets	Technical equipment and machinery	Operating and office equipment	Prepayments and assets under construction	**Total**
Cost					
As at 1 Jan. 2013	**1,138**	**563**	**1,013**	**15**	**2,729**
Foreign exchange rate adjustments	-13	-8	-18		**-39**
Additions to scope of consolidation	8	4	1		**13**
Additions	22	28	139	17	**206**
Reclassifications	6	6	3	-15	**0**
Disposals	691	286	742	12	**1,731**
As at 31 Dec. 2013	**470**	**307**	**396**	**5**	**1,178**
Accumulated depreciation					
As at 1 Jan. 2013	**579**	**409**	**710**	**0**	**1,698**
Foreign exchange rate adjustments	-6	-5	-12		**-23**
Additions					**0**
Depreciation	38	32	142		**212**
Impairments		5	1		**6**
Reversals of impairment losses					**0**
Reclassifications					**0**
Disposals	396	226	575		**1,197**
As at 31 Dec. 2013	**215**	**215**	**266**	**0**	**696**
Net carrying amounts					
As at 31 Dec. 2013	**255**	**92**	**130**	**5**	**482**
As at 1 Jan. 2013	**559**	**154**	**303**	**15**	**1,031**

As in the previous year, legally and economically owned property, plant and equipment are not subject to any restrictions on title. As in the previous year, no property, plant and equipment have been pledged as security for own liabilities. Purchase commitments for property, plant and equipment amounted to EUR 3 million (previous year: EUR 5 million).

2 INTANGIBLE ASSETS

EUR million	Goodwill	Licences and similar rights	Other intangible assets	Prepayments	**Total**
Cost					
As at 1 Jan. 2014	**926**	**301**	**108**	**6**	**1,341**
Foreign exchange rate adjustments	32	7	7	1	**47**
Additions to scope of consolidation					**0**
Additions		4	1	5	**10**
Reclassifications		2		-2	**0**
Disposals	2	25	3		**30**
As at 31 Dec. 2014	**956**	**289**	**113**	**10**	**1,368**
Accumulated depreciation					
As at 1 Jan. 2014	**39**	**239**	**42**	**2**	**322**
Foreign exchange rate adjustments	1	6	3		**10**
Additions					**0**
Depreciation		17	4		**21**
Impairments				1	**1**
Reversals of impairment losses					**0**
Reclassifications					**0**
Disposals		25	2		**27**
As at 31 Dec. 2014	**40**	**237**	**47**	**3**	**327**
Net carrying amounts					
As at 31 Dec. 2014	**916**	**52**	**66**	**7**	**1,041**
As at 1 Jan. 2014	**887**	**62**	**66**	**4**	**1,019**

In the previous year the impairments of EUR 8 million on goodwill were attributable to the ELG division.

The additions to licences and similar rights and prepayments during the financial year result essentially from software. Of the disposals during the financial year, EUR 24 million reported under cost and EUR 21 million reported under accumulated depreciation resulted from the reclassification of assets within the TAKKT division as held for sale. Of the disposals during the previous year, EUR 2,930 million reported under cost and EUR 666 million reported under accumulated depreciation resulted from the reclassification of the Celesio division's assets as held for sale.

EUR million	Goodwill	Licences and similar rights	Other intangible assets	Prepayments	**Total**
Cost					
As at 1 Jan. 2013	**3,553**	**571**	**170**	**48**	**4,342**
Foreign exchange rate adjustments	-86	-11	-9	-2	**-108**
Additions to scope of consolidation		3			**3**
Additions	15	15	3	9	**42**
Reclassifications		6		-6	**0**
Disposals	2,556	283	56	43	**2,938**
As at 31 Dec. 2013	**926**	**301**	**108**	**6**	**1,341**
Accumulated depreciation					
As at 1 Jan. 2013	**445**	**414**	**76**	**13**	**948**
Foreign exchange rate adjustments		-7	-6	-1	**-14**
Additions					**0**
Depreciation		43	10		**53**
Impairments	8				**8**
Reversals of impairment losses					**0**
Reclassifications					**0**
Disposals	414	211	38	10	**673**
As at 31 Dec. 2013	**39**	**239**	**42**	**2**	**322**
Net carrying amounts					
As at 31 Dec. 2013	**887**	**62**	**66**	**4**	**1,019**
As at 1 Jan. 2013	**3,108**	**157**	**94**	**35**	**3,394**

Other intangible assets include assets with indefinite useful lives totalling EUR 52 million (previous year: EUR 50 million). These relate predominantly to brand names acquired through business combinations.

As in the previous year, legally and economically owned intangible assets are not subject to any restrictions on title. As in the previous year, no intangible assets have been pledged as security for own liabilities.

As at 31 December 2014 purchase commitments for intangible assets amounted to EUR 1 million (previous year: EUR 0 million).

3 INVESTMENTS ACCOUNTED FOR AT EQUITY

EUR million	2014	2013
As at 1 Jan.	**3,215**	**3,282**
Additions		7
Changes in equity interest recognised in profit or loss	14	100
Profit distribution		-101
Changes in equity interest recognised in other comprehensive income	-207	5
Impairments		
Reclassification as assets held for sale		-78
Disposals and transfers	-10	
As at 31 Dec.	**3,012**	**3,215**

Investments accounted for at equity mainly comprise the investment of EUR 3,012 million in Metro AG by Franz Haniel & Cie. GmbH (previous year: EUR 3,215 million). METRO AG, domiciled in Düsseldorf, is the holding company of the METRO GROUP, an international retail group. The METRO GROUP's independent sales lines operate self-service wholesale (METRO Cash & Carry), retail electronics (Media-Saturn), self-service hypermarket (Real) and department store (Galeria Kaufhof) businesses in Europe and Asia.

Haniel and Schmidt-Ruthenbeck, two of the METRO GROUP's founding shareholders, increased their stakes in METRO AG in 2007. Since then Haniel has directly and indirectly held 34.0 per cent of the capital and 34.2 per cent of the voting rights in METRO AG. Schmidt-Ruthenbeck directly and indirectly held 15.8 per cent of the voting rights. At the end of November 2012, Haniel announced it would reduce its share of voting rights in METRO AG by 4.23 per cent to 30.01 per cent. This sale was completed in February 2013. Up to 31 October 2014, Haniel and Schmidt-Ruthenbeck held contractually pooled voting rights of 45.78 per cent. Following the rescission of the agreement with Schmidt-Ruthenbeck, Haniel still exercises a significant influence on METRO AG based on its voting rights.

The impairment test on the investment in METRO AG is performed as a general rule by applying the same model and relevant parameters that are used to test the impairment of goodwill. The impairment test, based on planning of future cash flows, a weighted average cost of capital before taxes of 9.8 per cent (previous year: 10.6 per cent) and a growth rate of 0.5 per cent – as in the previous year – for the years after the detailed planning period did not indicate a need to adjust the carrying amount of the investment accounted for at equity in the financial year.

The Metro investment contributed earnings totalling EUR 14 million (previous year: EUR 96 million).

Due to the nature of its industry, METRO AG has a financial year of 1 October through 30 September instead of the calendar year since 2013. However, the METRO GROUP is included in Haniel's consolidated financial statements based on interim financial statements using results from 1 January through 31 December.

Material financial information on the IFRS consolidated financial statements of METRO AG as well as a reconciliation to the carrying amount of the Metro investment reported in Haniel's consolidated financial statements are presented below.

EUR million	2014	2013
Revenue	62,625	65,042
Profit after taxes	127	443
Other comprehensive income	-652	-9
Comprehensive income	-525	434
Dividends received from METRO AG		97

EUR million	31 Dec. 2014	31 Dec. 2013
Non-current assets	14,918	16,566
Current Assets	16,713	16,424
Non-current liabilities	7,420	8,053
Current liabilities	19,150	19,239
Equity	5,061	5,698
Equity attributable to shareholders of METRO AG	5,032	5,649
Haniel's share of equity of METRO AG	1,498	1,682
Remaining adjustments from purchase price allocation	2,535	2,554
Impairments on investment accounted for at equity	1,021	1,021
Carrying amount of the Metro investment	**3,012**	**3,215**

In addition, METRO AG has contingent liabilities from suretyships, rent guarantees and other warranty contracts in the amount of EUR 58 million (previous year: EUR 63 million).

The stock market value of Haniel's 29.8 per cent interest (previous year: 29.8 per cent) in the common and preferred shares of METRO AG as at the reporting date amounted to EUR 2,462 million (previous year: EUR 3,424 million), valued at a stock price of EUR 25.31 per share (previous year: EUR 35.20 per share).

Pursuant to IAS 28.13(a), the associates belonging to the Celesio division were no longer accounted for at equity from the date they were reclassified as held for sale in November 2013. Instead, they were subject to the measurement requirements of IFRS 5 until the deconsolidation date.

4 FINANCIAL ASSETS

EUR million	Financial assets available for sale	Other securities	Loans	**Total**
Cost				
As at 1 Jan. 2014	**6**	**0**	**7**	**13**
Foreign exchange rate adjustments			2	**2**
Additions to scope of consolidation			7	**7**
Additions	191	5		**196**
Changes in fair value	-3			**-3**
Reclassifications				**0**
Disposals	26			**26**
As at 31 Dec. 2014	**168**	**5**	**16**	**189**
Accumulated depreciation				
As at 1 Jan. 2014	**0**	**0**	**0**	**0**
Foreign exchange rate adjustments				**0**
Impairments	1			**1**
Reversals of impairment losses				**0**
Reclassifications				**0**
Disposals				**0**
As at 31 Dec. 2014	**1**	**0**	**0**	**1**
Net carrying amounts				
As at 31 Dec. 2014	**167**	**5**	**16**	**188**
As at 1 Jan. 2014	**6**	**0**	**7**	**13**

The additions to financial assets available for sale in the financial year resulted from acquisitions of bonds in the Holding and other companies segment. The disposals during the financial year relate to the sale of respective bonds. The additions under other securities concern the acquisition of a promissory loan note in the Holding and other companies segment.

In the financial year, the additions to the scope of consolidation for loans include a non-current receivable from finance leases in the Holding and other companies segment. In the previous year, additions to this item were attributable essentially to the Celesio division as well as the compounding of two long-term receivables in the Holding and other companies segment. These receivables were disposed of during the previous year and were first written down pursuant to IAS 39.63 based on the future cash flows. The impairments were recognised in other net financial income.

EUR million	Financial assets available for sale	Other securities	Loans	**Total**
Cost				
As at 1 Jan. 2013	**72**	**0**	**277**	**349**
Foreign exchange rate adjustments			-1	**-1**
Additions to scope of consolidation				**0**
Additions	2		36	**38**
Changes in fair value	1			**1**
Reclassifications			-4	**-4**
Disposals	69		301	**370**
As at 31 Dec. 2013	**6**	**0**	**7**	**13**
Accumulated depreciation				
As at 1 Jan. 2013	**5**	**0**	**66**	**71**
Foreign exchange rate adjustments				**0**
Impairments			4	**4**
Reversals of impairment losses				**0**
Reclassifications				**0**
Disposals	5		70	**75**
As at 31 Dec. 2013	**0**	**0**	**0**	**0**
Net carrying amounts				
As at 31 Dec. 2013	**6**	**0**	**7**	**13**
As at 1 Jan. 2013	**67**	**0**	**211**	**278**

Of the disposals of non-current financial assets during the previous year, EUR 120 million reported under cost and EUR 11 million reported under accumulated depreciation resulted from the reclassification of the Celesio division’s assets as held for sale.

5 CURRENT AND DEFERRED TAXES

The income tax assets of EUR 48 million (previous year: EUR 41 million) concern in particular withholding tax receivables in connection with dividends received. The income tax liabilities of EUR 18 million (previous year: EUR 12 million) essentially contain the income taxes to be paid for the financial year.

Deferred taxes are calculated using the respective local tax rates. Changes in tax rates that were enacted up until the reporting date have already been taken into account. The income tax rates applied in the relevant countries varied between 10.0 per cent and 39.0 per cent (previous year: 10.0 per cent and 39.0 per cent).

The following deferred tax assets and liabilities exist for temporary differences in the individual items of the statement of financial position, and for tax loss carryforwards:

	31 Dec. 2014		**31 Dec. 2013**	
EUR million	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	11	38	12	31
Intangible assets	7	87	5	77
Miscellaneous non-current assets	2	8	1	11
Current assets	21	17	23	4
Non-current liabilities	15	1	18	1
Non-current provisions	67	1	43	6
Current provisions	9	1	9	1
Other current liabilities	8	10	2	11
Derivative financial instruments	8	3	11	6
Tax loss carryforwards	2		5	
Less offsetting	115	115	98	98
	35	**51**	**31**	**50**

Deferred tax assets include EUR 11 million (previous year: EUR 14 million) for companies that were making losses in the financial year or the previous year. These items are recognised, as future taxable profits are expected for these companies.

Trade tax loss carryforwards of EUR 877 million (previous year: EUR 852 million) and unused corporate tax and similar foreign loss carryforwards of EUR 515 million (previous year: EUR 475 million) exist in the Haniel Group, for which no deferred tax assets were recognised in the statement of financial position, given that the realisation of the deferred tax assets is not deemed to be sufficiently certain from today's point of view. Of these tax loss carryforwards, EUR 52 million (previous year: EUR 48 million) expire within five years and an additional EUR 22 million (previous year: EUR 19 million) within 15 years.

In accordance with IAS 12, no deferred tax liabilities are recognised for retained earnings of subsidiaries and investments accounted for at equity because the company can control the reversal effect and therefore it is probable that the temporary differences will not be reversed in the foreseeable future. Therefore no deferred tax liabilities are recognised for temporary differences from subsidiaries and investments accounted for at equity in the amount of EUR 59 million (previous year: EUR 56 million).

6 INVENTORIES

EUR million	31 Dec. 2014	31 Dec. 2013
Raw materials and production supplies	11	9
Work and services in progress	1	1
Finished goods and merchandise	565	417
Prepayments	2	2
	579	**429**

The inventories include EUR 142 million (previous year: EUR 70 million) that were written down to the net realisable value. Write-downs in the amount of EUR 9 million (previous year: EUR 6 million) were made during the financial year. Reversals of write-downs totalled EUR 2 million (previous year: EUR 4 million). This was due primarily to the disposal of previously impaired items of inventory.

Other than industry-standard restrictions on title, no inventories were pledged as collateral for own liabilities during the financial year.

7 TRADE RECEIVABLES

The CWS-boco and ELG divisions maintain programs for the continual sale of trade receivables to third parties. According to IAS 39, as a rule, these transfers qualify for derecognition of the receivables in question. Nevertheless, the divisions continue to handle the servicing of the receivables sold. In some cases, the division in question also retains a portion of the credit risk, the late payment risk or exchange rate risk from the receivables it sold. Out of EUR 29 million in receivables sold the CWS-boco division recognised at the reporting date an asset of EUR 5 million (previous year: EUR 0 million) as a continuing involvement. A corresponding liability was also recognised in the same amount. The maximum exposure to loss from the sale of receivables as at the reporting date is EUR 7 million (previous year: EUR 7 million).

One factoring program within the ELG division did not lead to a transfer of material credit and interest rate risks to the factoring agent in the previous year so that receivables in the amount of EUR 16 million continued to be recognised. Liabilities to the factoring agent were recognised in the same amount. As in the previous year, no trade receivables are pledged as security for own liabilities at the reporting date.

The table below illustrates the changes in valuation allowances for trade receivables:

EUR million	2014	2013
As at 1 Jan.	**15**	**107**
Additions	1	26
Utilisations		9
Reversals	4	11
Foreign currency, changes in the scope of consolidation and other changes		-98
As at 31 Dec.	**12**	**15**

The valuation allowances contain individual and portfolio-based allowances. The additions to valuation allowances are reported under other operating expenses. Once a bad debt is confirmed, the valuation allowance is utilised. Subsequent cash inflows in respect of written-off receivables are recognised in profit or loss. Reversals of valuation allowances are reported under other operating income. In the previous year, the foreign currency, changes in the scope of consolidation and other changes line item contained disposals in the amount of EUR 99 million in connection with the reclassification of the Celesio division as held for sale.

As at the reporting date, the trade receivables that are past due, but not impaired, are structured as follows:

EUR million	31 Dec. 2014	31 Dec. 2013
Carrying amount of past due, but not impaired receivables	46	33
of which past due for		
< 3 months	42	29
3 to 6 months	4	4
> 6 to 12 months		
> 12 months		

With regard to the receivables that are past due, but not impaired, there is no indication that the debtors will not discharge their payment obligations. The same applies for receivables which are neither past due nor impaired.

8 RECEIVABLES FROM INVESTMENTS AND OTHER CURRENT ASSETS

EUR million	31 Dec. 2014	31 Dec. 2013
Receivables from investments	8	6
Other current assets	72	75
	80	**81**

The other current assets item includes value added tax receivables and other tax assets in the amount of EUR 13 million (previous year: EUR 13 million), prepaid expenses in the amount of EUR 14 million (previous year: EUR 15 million) and bonuses and discount claims against suppliers totalling EUR 13 million (previous year: EUR 11 million). Other current assets of EUR 1 million (previous year: EUR 11 million) are pledged as security for own liabilities.

The table below illustrates the changes in valuation allowances for receivables from investments and other current assets:

EUR million	2014	2013
As at 1 Jan.	**0**	**20**
Additions		8
Utilisations		1
Reversals		6
Foreign currency, changes in the scope of consolidation and other changes		-21
As at 31 Dec.	**0**	**0**

The valuation allowances contain individual and portfolio-based allowances. The additions to valuation allowances are reported under other operating expenses. Once a bad debt is confirmed, the valuation allowance is utilised. Subsequent cash inflows in respect of written-off receivables are recognised in profit or loss. Reversals of valuation allowances are reported under other operating income. In the previous year, the foreign currency, changes in the scope of consolidation and other changes line item contained disposals in the amount of EUR 21 million in connection with the reclassification of the Celesio division as held for sale.

As at the reporting date, receivables from investments and the other receivables in the other current assets that are past due, but not impaired, are structured as follows:

EUR million	31 Dec. 2014	31 Dec. 2013
Carrying amount of past due, but not impaired receivables		2
of which past due for		
< 3 months		2
3 to 6 months		
> 6 to 12 months		
> 12 months		

With regard to the receivables that are past due, but not impaired, there is no indication that the debtors will not discharge their payment obligations. The same applies for receivables which are neither past due nor impaired.

9 FINANCIAL ASSETS

EUR million	31 Dec. 2014	31 Dec. 2013
Derivative financial instruments	11	10
Financial assets available for sale	160	
Other securities and fixed-term deposits	237	
	408	**10**

The derivative financial instruments serve to hedge interest rate, exchange rate and other price risks. Derivative financial instruments are described in detail under note 28. The available for sale financial instruments are Haniel's current financial investments in investment funds and bonds. The line item other securities and fixed-term deposits contains commercial paper and instalment loans.

10 CASH AND CASH EQUIVALENTS

EUR million	31 Dec. 2014	31 Dec. 2013
Bank balances	111	22
Cash on hand and cheques		
	111	**22**

Bank balances comprise short-term deposits with an original maturity of up to three months.

11 ASSETS AND LIABILITIES HELD FOR SALE

In December 2014 the TAKKT division concluded an agreement on the disposal of the Plant Equipment Group belonging to TAKKT AMERICA with Global Industrial. The agreed sale price is USD 25 million free of financial liabilities. As at the reporting date the assets and liabilities of the Plant Equipment Group are presented as held for sale. The transaction was completed on 30 January 2015.

Also in December 2014, it was decided to sell the real estate no longer required for operations in the Holding and other companies segment. As at the reporting date this real estate is presented as held for sale accordingly. The sale is expected to be completed during 2015. For some real estate, a purchase agreement was already concluded in the financial year. During the course of measuring the real estate, write-downs in the amount of EUR 2 million were recognised as depreciation.

The table below shows the main groups of assets and liabilities classified as held for sale as at the reporting date:

EUR million	31 Dec. 2014
Assets	
Property, plant and equipment	6
Intangible assets	3
Inventories	9
Trade receivables	8
Cash and cash equivalents	
Other assets	3
	29
Liabilities	
Financial liabilities	1
Trade payables	4
Other current liabilities	4
	9

On 24 October 2013, Haniel announced that Franz Haniel & Cie. GmbH had entered into an agreement with the leading American healthcare services company, McKesson Corporation, on the complete sale of Haniel's 50.01 per cent equity interest in Celesio AG. At the same time, McKesson put forward a voluntary public takeover offer to all of Celesio's shareholders and convertible bonds holders following a review by the Federal Financial Supervisory Authority. The sale of Haniel's shares to McKesson as well as the public takeover offer were subject to the proviso that regulatory authorities approve the transaction and that McKesson can acquire at least 75 per cent of the share capital of Celesio AG including the potential shares attributable to the convertible bonds issued by Celesio.

Due to its material significance for the Haniel consolidated financial statements, the entire Celesio division has been classified as a discontinued operation since then, in accordance with IFRS 5; the corresponding assets and liabilities were presented in the statement of financial position as at 31 December 2013 as assets or liabilities held for sale. The income and expenses were also presented retrospectively for the comparison period in profit after taxes from discontinued operations. Since Celesio's classification as a discontinued operation, depreciation/amortisation as well as the equity method for the pertinent associates has been halted.

The takeover offer published by McKesson in October 2013 for Celesio AG was limited to the beginning of January 2014. On 13 January 2014 McKesson announced that the public takeover offer for Celesio AG was unsuccessful because the self-imposed minimum acceptance threshold of 75 per cent of the share capital of Celesio AG, including the outstanding convertible bonds, was not quite attained. That meant that the sale of Franz Haniel & Cie. GmbH's 50.01 per cent equity interest also did not occur and the takeover offer was invalid.

Following the failure of the public takeover offer, Haniel acquired further shares in Celesio AG in order to sell 75.99 per cent of the outstanding shares to McKesson for EUR 23.50 per share against cash consideration. This made it possible for McKesson to acquire a majority interest in the desired magnitude within a short timeframe. On 23 January 2014, McKesson announced the acquisition of more than 75 per cent of the share capital of Celesio AG, including the outstanding convertible bonds, by means of various purchase agreements. Pursuant to the contractual provisions, the shares of Celesio AG were transferred to McKesson on 6 February 2014, thus completing the disposal. Celesio was included in Haniel's 2014 consolidated financial statements up to that date as a discontinued operation.

The increase in Haniel's existing majority investment resulting from the transaction occurred solely for the purpose of selling it on in connection with the originally planned disposal of the former 50.01 per cent equity interest in Celesio AG. This approach was taken purely as a result of the structure of the transaction and did not give rise to any additional risks for Haniel. In order to give a true and fair view of the net assets, financial position and results of operations of the Group and to improve the presentation of the economic substance of the arrangements in Haniel's 2014 consolidated financial statements they are accounted for as a single transaction in accordance with IFRS 10.B97. Through the sale of its former 50.01 per cent equity interest in Celesio AG in the 2014 financial year, Haniel generates proceeds of EUR 1,999 million and a disposal gain of EUR 696 million.

The table below shows Celesio's main groups of assets and liabilities that were classified as held for sale in the previous year:

EUR million	31 Dec. 2013
Assets	
Property, plant and equipment	524
Intangible assets	2,264
Investments accounted for at equity	78
Financial assets	109
Other non-current assets	40
Income tax assets	2
Deferred taxes	102
Non-current assets	**3,119**
Inventories	1,598
Trade receivables	2,083
Receivables from investments and other current assets	308
Financial assets	14
Income tax assets	19
Cash and cash equivalents	536
Current assets	**4,558**
	7,677
Liabilities	
Financial liabilities	1,396
Pension provisions	337
Other non-current provisions	64
Other non-current liabilities	
Deferred taxes	42
Non-current liabilities	**1,839**
Financial liabilities	506
Current provisions	144
Trade payables and similar liabilities	2,385
Income tax liabilities	63
Other current liabilities	469
Current liabilities	**3,567**
	5,406

The inventories reported in the above table as at the previous year's reporting date include EUR 41 million that were written down to the net realisable value pursuant to IAS 2.

12 EQUITY

As at 31 December 2014, the subscribed capital of Franz Haniel & Cie. GmbH remained unchanged at EUR 1,000 million. All shares are fully paid-in and held either directly or indirectly by the Haniel family.

Changes in equity are shown in the statement of changes in equity on page 70.

Treasury shares with a nominal amount of EUR 1 million (previous year: EUR 0 million) were acquired during the financial year. The non-controlling interests in the equity of consolidated subsidiaries relate primarily to TAKKT AG, which is domiciled in Stuttgart. In the previous year, non-controlling interests also had an interest of EUR 1,126 million in Celesio AG, which was disposed of in the financial year.

The changes in the scope of consolidation during the financial year relate to the disposal of the Celesio division.

Haniel reduced its holding in TAKKT AG by 20.16 per cent during the previous year. Haniel received consideration in the amount of EUR 149 million for the shares in TAKKT AG sold. The transaction increased the carrying amount of the non-controlling interests by EUR 55 million. The difference between the consideration received and the carrying amount attributable to the shares sold was recognised in the equity attributable to the shareholders of Franz Haniel & Cie. GmbH. As at the reporting date, Haniel held a 50.25 per cent interest in TAKKT AG, the holding company of the TAKKT division.

The following table contains the financial information on the TAKKT division recognised in Haniel's consolidated financial statements.

EUR million	31 Dec. 2014	31 Dec. 2013
Non-current assets	741	726
Current assets	219	203
Non-current liabilities	225	385
Current liabilities	255	119
Equity	480	425
of which attributable to non-controlling interests	174	146

EUR million	2014	2013
Revenue	981	953
Operating profit	111	96
Profit after taxes	66	53
of which attributable to non-controlling interests	33	20
Other comprehensive income	9	-3
Comprehensive income	75	50
of which attributable to non-controlling interests	38	18
Cash flow from operating activities	101	78
Cash flow from investing activities	-13	-9
Cash flow from financing activities	-90	-68
Dividends paid to non-controlling interests	10	6

During the previous year, the Celesio and ELG divisions acquired non-controlling interests of fully consolidated subsidiaries for a purchase price of EUR 3 million. The carrying amounts of the non-controlling interests amounted to EUR 2 million. This resulted in a EUR 1 million decrease in retained earnings attributable to the shareholders of Franz Haniel & Cie. GmbH.

The total amount of accumulated other comprehensive income changed as follows:

EUR million	As at 1 Jan. 2014	Changes in the scope of consolidation	Changes in shares in companies already consolidated	Other comprehensive income	Currency translation effects	**As at 31 Dec. 2014**
Remeasurements of defined benefit plans	-288	201		-81	1	**-167**
Deferred taxes	72	-49		24		**47**
Pro-rata other comprehensive income not to be reclassified to profit or loss from investments accounted for at equity	-131	1		-100		**-230**
Other comprehensive income not to be reclassified to profit or loss	**-347**	**153**	**0**	**-157**	**1**	**-350**
Derivative financial instruments	-23	2		15		**-6**
Financial assets available for sale	0					**0**
Deferred taxes	6			-4		**2**
Currency translation effects	-318	145		167	-1	**-7**
Share of other comprehensive income of investments accounted for at equity	-132			-107		**-239**
Other comprehensive income to be reclassified to profit or loss	**-467**	**147**	**0**	**71**	**-1**	**-250**
Accumulated other comprehensive income	**-814**	**300**	**0**	**-86**	**0**	**-600**
of which attributable to non-controlling interests	-242	223		9		**-10**
of which attributable to shareholders of Franz Haniel & Cie. GmbH	-572	77		-95		**-590**

EUR million	As at 1 Jan. 2013	Changes in the scope of consolidation	Changes in shares in companies already consolidated	Other comprehensive income	Currency translation effects	**As at 31 Dec. 2013**
Remeasurements of defined benefit plans	-293	10		-24	19	**-288**
Deferred taxes	81	-1		-3	-5	**72**
Pro-rata other comprehensive income not to be reclassified to profit or loss from investments accounted for at equity	-137			6		**-131**
Other comprehensive income not to be reclassified to profit or loss	**-349**	**9**	**0**	**-21**	**14**	**-347**
Derivative financial instruments	-56			33		**-23**
Financial assets available for sale	21			-21		**0**
Deferred taxes	14			-7	-1	**6**
Currency translation effects	-179			-126	-13	**-318**
Share of other comprehensive income of investments accounted for at equity	-131			-1		**-132**
Other comprehensive income to be reclassified to profit or loss	**-331**	**0**	**0**	**-122**	**-14**	**-467**
Accumulated other comprehensive income	**-680**	**9**	**0**	**-143**	**0**	**-814**
of which attributable to non-controlling interests	-177	5	-6	-64		**-242**
of which attributable to shareholders of Franz Haniel & Cie. GmbH	-503	4	6	-79		**-572**

The accumulated other comprehensive income presented contains a total amount of EUR 2 million (previous year: EUR -446 million) that is attributable to assets and liabilities held for sale. This includes EUR 0 million (previous year: EUR -157 million) that may not be reclassified to profit or loss.

CAPITAL MANAGEMENT

The aim of the Haniel Group's capital management is, for one, to safeguard financial flexibility, provide scope for value-enhancing investments, and maintain sound ratios in the statement of financial position. The Group seeks to achieve investment-grade credit ratings. Another aim of capital management is to ensure that the capital employed in the Haniel Group is used to increase value.

The Group manages the solidity of its balance sheet ratios by monitoring the equity ratio, gearing and interest cover ratio.

EUR million	2014	2013
Equity	3,973	4,556
/ Total assets	6,446	13,387
Equity ratio (in %)	**61.6**	**34.0**
(Financial liabilities, including held for sale	1,469	4,401
- Cash and cash equivalents, including held for sale)	111	558
/ Equity	3,973	4,556
Gearing	**0.3**	**0.8**
(Operating profit, including discontinued operations	258	593
+ Result from investments accounted for at equity, including discontinued operations	14	100
+ Other investment result, including discontinued operations)	1	30
/ (Finance costs, including discontinued operations	221	340
- Other net financial income, including discontinued operations)	8	22
Interest cover ratio	**1.3**	**2.3**

In order to manage the capital employed from yield perspectives, the Group uses the Haniel value added (HVA) and the return on capital employed (ROCE) as value-based performance indicators. They show whether the profits generated with the capital employed cover the cost of capital.

EUR million	2014	2013	2012
Operating profit	217	166	
+ Result from investments accounted for at equity	14	96	
+ Other investment result		24	
+ Other net financial income	9	26	
- Income tax expenses	59	35	
+ Profit after taxes from discontinued operations before finance costs	726	330	
Return	**907**	**607**	
Total assets	6,446	13,387	14,469
- Current provisions	103	122	269
- Trade payables and similar liabilities	151	125	2,470
- Income tax liabilities	18	12	69
- Other current liabilities	226	200	922
- Deferred tax liabilities	51	50	94
- Non-interest bearing liabilities held for sale	8	3,103	74
Capital employed	**5,889**	**9,775**	**10,571**
Average capital employed (current and previous year divided by two)	7,832	10,173	
x Weighted average cost of capital (in %)	8.1	8.1	
Cost of capital	**634**	**824**	
Return	907	607	
- Cost of capital	634	824	
Haniel value added (HVA)	**273**	**-217**	
Return	907	607	
/ Average capital employed	7,832	10,173	
Return on capital employed (ROCE, in %)	**11.6**	**6.0**	

The weighted average cost of capital (WACC) reflects the expected return of equity and debt providers after taxes.

In addition, investment projects are assessed using uniform DCF methods; risk-appropriate minimum rates of return are specified for each division and each strategic business unit.

13 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities comprise the interest-bearing obligations of the Haniel Group that existed as at the respective reporting dates. The different types and maturities of the current and non-current financial liabilities are shown in the table below:

	31 Dec. 2014				**31 Dec. 2013**			
EUR million	Up to 1 year	1 to 5 years	More than 5 years	**Total**	Up to 1 year	1 to 5 years	More than 5 years	**Total**
Liabilities due to banks	194	289	49	**532**	170	362	64	**596**
Bonds, commercial paper and other securitised debt	102	531		**633**	466	1,129		**1,595**
Liabilities to shareholders	63	100		**163**	55	100		**155**
Lease liabilities	2	15	20	**37**	4	9	27	**40**
Other financial liabilities	31	35	37	**103**	31	38	44	**113**
	392	**970**	**106**	**1,468**	**726**	**1,638**	**135**	**2,499**
of which subordinated	92	127	35	**254**	84	130	43	**257**

The maturities of the liabilities due to banks correspond to the respective financing commitments.

The decline in securitised debt compared to the previous year resulted in particular from the buyback and scheduled repayment of euro bonds by Franz Haniel & Cie. GmbH, as well as the repayment of promissory loan notes in the CWS-boco and TAKKT divisions.

As at the reporting date, the bonds, commercial paper and other securitised debt item comprises euro bonds issued by Franz Haniel & Cie. GmbH in the amount of EUR 479 million (previous year: EUR 1,323 million) and promissory loan notes issued by the divisions of EUR 154 million (previous year: EUR 269 million).

Liabilities to shareholders relate to shareholders of Franz Haniel & Cie. GmbH.

Future finance lease payments and their present values are shown in the table below:

	31 Dec. 2014				**31 Dec. 2013**			
EUR million	Up to 1 year	1 to 5 years	More than 5 years	**Total**	Up to 1 year	1 to 5 years	More than 5 years	**Total**
Minimum lease payments	4	20	28	**52**	6	16	37	**59**
Less interest portion	2	5	8	**15**	2	7	10	**19**
Present value	**2**	**15**	**20**	**37**	**4**	**9**	**27**	**40**

Financial liabilities include subordinated liabilities in the amount of EUR 254 million (previous year: EUR 257 million). The subordinated financial liabilities are subordinate to all other liabilities. The individual subordinated financial liabilities are shown in the table below:

EUR million	31 Dec. 2014	31 Dec. 2013
Shareholder loans Haniel family	163	155
Loans of the Haniel Foundation	36	36
Haniel Zerobonds and Zinsbonds	19	21
Haniel Performance Bonds	26	34
Other financial liabilities	10	11
Total	**254**	**257**

14 PENSION PROVISIONS

Pension provisions are recognised for obligations arising from current pensions as well as from commitments under old-age, disability and survivors' pension plans. The benefits paid by the Group vary from country to country, depending on the respective legal, tax and economic circumstances. The Haniel Group's company pension schemes comprise both defined contribution plans and defined benefit plans. Other than the payment of the contributions, no further obligations exist in respect of the defined contribution plans. The contributions of the continuing operations are shown under personnel expenses and amounted to EUR 23 million (previous year: EUR 22 million) for the statutory pension insurances and EUR 6 million (previous year: EUR 5 million) for other defined contribution plans.

The majority of the obligations from defined benefit plans exist from benefit plans based on final salaries with adjustments to counter the effect of inflation. They are financed using external pension funds and through provisions. As part of their investment strategies, the funds invest in various investment classes to avoid risk concentration. In addition, the maturity profile of the plan assets is adjusted in line with the expected benefit payment dates.

The majority of the pension obligations are attributable to Germany, the United Kingdom and Switzerland. The characteristics specific to the aforementioned countries are described in greater detail below.

In Germany the obligations are financed through provisions. The obligations are based either on shop agreements or individual contractual arrangements. The majority of the British defined benefit obligations are financed through external funds into which both the employees and the employer contribute. The investment strategies and minimum allocations are determined by the trustees or boards of trustees in coordination with company representatives.

The pension obligations in Switzerland are based on commitments for executives and other employees. They are financed through employee and employer contributions to pension funds. The contributions vary depending on salary and age. Pension increases are factored in depending on the return on plan assets. To cover the pension claims, the plans are subject to minimum funding requirements from which future additional contribution obligations may arise.

The defined benefit obligations are measured using the projected unit credit method. This measurement is based on the following specific parameters for each country:

	31 Dec. 2014				**31 Dec. 2013**			
%	Germany	United Kingdom	Switzerland	Others	Germany	United Kingdom	Switzerland	Others
Discount rate	2.0	3.6	1.1 to 1.3	2.0 to 4.3	3.7	4.4	2.1	3.3 to 3.8
Salary trend	2.8	3.0	1.5	0.0 to 3.0	2.8	3.3 to 4.4	1.5	0.0 to 3.5
Pension trend	1.8	3.0	0.0	0.0 to 2.0	1.9	3.3 to 3.4	0.0	0.0 to 3.0

The discount rate is determined using an interest rate curve approach for each currency area based on the yields of fixed interest corporate bonds that have an AA rating from at least one respected rating agency. In exceptional cases, if there is not a sufficiently liquid market for such corporate bonds in a currency area, the yields of corresponding government bonds are used instead.

The mortality tables used for the corresponding countries are based on publicly accessible data. In Germany, the measurement is based on the biometric probabilities from the 2005G Heubeck mortality tables.

The average duration of the defined benefit plans during the financial year was 18 years (previous year: 17 years).

Pension provisions are presented in the following items of the statement of financial position:

EUR million	31 Dec. 2014	31 Dec. 2013
Pension provisions	335	247
Other non-current assets	1	
Net pension provisions	**334**	**247**

The present value of defined benefit obligations developed as follows in the financial year:

EUR million	2014	2013
Present value of defined benefit obligations as at 1 Jan.	**356**	**1,150**
Foreign exchange rate adjustments	5	-54
Changes in the scope of consolidation and other changes		
Current service cost	12	39
Past service cost	-1	-1
Gains and losses arising from settlements		
Interest cost	13	42
Actuarial gains and losses	99	34
of which arising from experience adjustments		24
of which arising from changes in demographic assumptions		
of which arising from changes in financial assumptions	99	10
Employees' contributions to plan assets	3	3
Less current pension payments	13	42
Less payments in respect of settlements	3	
Reclassification of discontinued operations		-815
Present value of defined benefit obligations as at 31 Dec.	**471**	**356**

The pension payments are expected to be EUR 13 million (previous year: EUR 10 million) in the next financial year, EUR 55 million in the following 2 to 5 financial years (previous year: EUR 42 million) and EUR 81 million in the next 6 to 10 financial years (previous year: EUR 61 million).

The plan assets developed as follows:

EUR million	2014	2013
Fair value of plan assets as at 1 Jan.	**109**	**569**
Foreign exchange rate adjustments	4	-32
Changes in the scope of consolidation and other changes		
Return on plan assets	4	21
Gains and losses arising from settlements		
Remeasurements of plan assets	18	10
Employer's contributions to plan assets	4	42
Employees' contributions to plan assets	3	3
Less current pension payments out of plan assets	5	26
Less payments in respect of settlements		
Reclassification of discontinued operations		-478
Fair value of plan assets as at 31 Dec.	**137**	**109**

Employer contributions to the plan assets are expected to be EUR 5 million in the coming financial year (previous year: EUR 5 million).

The table below shows the plan asset portfolio structure as at the reporting date:

	2014		**2013**	
EUR million	with active market	without active market	with active market	without active market
Cash and cash equivalents			1	
Equity instruments	15		11	
Debt instruments	29		22	
Real estate	1			
Derivatives				
Investment funds				
Asset-backed securities				
Structured debt				
Insurance contracts		92	2	73
Others				
Fair value of plan assets as at 31 Dec.	**45**	**92**	**36**	**73**

The plan assets do not contain any own financial instruments of the Haniel Group or any assets used by the Haniel Group.

The following table presents the development of the net pension provisions. It corresponds generally to the difference between the changes to the present value of defined benefit obligations and the fair value of the plan assets.

EUR million	2014	2013
Net pension provisions as at 1 Jan.	**247**	**581**
Foreign exchange rate adjustments	1	-22
Changes in the scope of consolidation and other changes		
Current service cost	12	39
Past service cost	-1	-1
Gains and losses arising from settlements		
Interest cost from compounding the defined benefit obligation	13	42
Return on plan assets	4	21
Actuarial gains and losses in respect of the defined benefit obligation	99	34
of which arising from experience adjustments		24
of which arising from changes in demographic assumptions		
of which arising from changes in financial assumptions	99	10
Remeasurements of plan assets	18	10
Employer's contributions to plan assets	4	42
Less current pension payments	8	16
Less payments in respect of settlements	3	
Reclassification of discontinued operations		-337
Net pension provisions as at 31 Dec.	**334**	**247**

The pension expenses for the financial year are presented in the income statement in personnel expenses in the amount of EUR 11 million (previous year: EUR 11 million), in finance costs in the amount of EUR 9 million (previous year: EUR 9 million), and in the profit after taxes of discontinued operations.

The following table presents how the present value of defined benefit obligations as at the reporting date would have changed given variations in isolated significant actuarial parameters.

EUR million	2014	2013
0.5 percentage points increase in the discount rate	-40	-23
0.5 percentage points decrease in the discount rate	46	27
0.5 percentage points increase in the salary trend	8	4
0.5 percentage points decrease in the salary trend	-6	-6
0.5 percentage points increase in the pension trend	18	13
0.5 percentage points decrease in the pension trend	-16	-13
One year increase in life expectancy	13	9
One year decrease in life expectancy	-12	-8

15 OTHER NON-CURRENT AND CURRENT PROVISIONS

EUR million	1 Jan. 2014	Foreign exchange rate adjustments	Changes in the scope of consolidation	Reclassi-fication	Interest effect	Additions	Reversals	Utilisations	**31 Dec. 2014**
Provisions for personnel	19					3	-2	-3	**17**
Provisions for removal	11					2	-1		**12**
Miscellaneous non-current provisions	86	2		-9	3	1		-2	**81**
Other non-current provisions	**116**	**2**	**0**	**-9**	**3**	**6**	**-3**	**-5**	**110**
Provisions for personnel	36	1				41	-3	-31	**44**
Provisions for litigation	2					2	-1		**3**
Provisions for warranties	3					1	-1	-1	**2**
Provisions for restructuring	18					1	-2	-9	**8**
Miscellaneous current provisions	63	1		9		5	-19	-13	**46**
Current provisions	**122**	**2**	**0**	**9**	**0**	**50**	**-26**	**-54**	**103**

The non-current provisions for personnel comprise obligations from performance cash plans, anniversaries and partial retirement schemes. Current provisions for personnel include bonuses, obligations under social plans and termination benefits.

Provisions for removal usually result from the construction and redesign of land and buildings (improvements and reconstruction) whose removal will be necessary in future because of contractual, constructive or legal obligations. The present value of expected expenses is immediately recognised as a liability and initially corresponds to an appropriate increase in the acquisition cost of the relevant tangible asset.

Current provisions for restructuring include all estimated costs for the restructuring of selected companies and/or business units on the basis of a restructuring plan adopted by the responsible management. The majority of provisions for restructuring as at the end of the year relate to the CWS-boco division.

In the financial year miscellaneous non-current and current provisions contain essentially provisions relating to business combinations and disposals in the amount of EUR 34 million (previous year: EUR 50 million) and provisions amounting to EUR 70 million (previous year: EUR 79 million) for damages in connection with sand-lime bricks that were produced in former Haniel building materials plants using lime substitutes, and which are being settled by Haniel on a goodwill basis. These provisions are measured based on the expected rehabilitation costs of the concerned properties.

The other non-current provisions are expected to be utilised as follows:

	31 Dec. 2014				31 Dec. 2013			
EUR million	Up to 2 years	2 to 5 years	More than 5 years	**Total**	Up to 2 years	2 to 5 years	More than 5 years	**Total**
Provisions for personnel	8	6	3	**17**	6	11	2	**19**
Provisions for removal	1		11	**12**			11	**11**
Miscellaneous non-current provisions	23	39	19	**81**	19	49	18	**86**
	32	**45**	**33**	**110**	**25**	**60**	**31**	**116**

16 OTHER NON-CURRENT LIABILITIES

The decline in other non-current liabilities results from the reclassification of purchase price liabilities from business combinations as other current liabilities.

17 TRADE PAYABLES AND SIMILAR LIABILITIES

EUR million	31 Dec. 2014	31 Dec. 2013
Trade payables	146	120
Prepayments received on account of orders	5	5
	151	**125**

18 OTHER CURRENT LIABILITIES

EUR million	31 Dec. 2014	31 Dec. 2013
Liabilities for other taxes	17	25
Liabilities for payroll and social security	11	10
Accrued expenses	100	129
Derivative financial instruments	19	25
Miscellaneous current liabilities	79	11
	226	**200**

The accrued expenses include in particular periodic expenses for interest, holiday leave not yet taken, rebates, bonuses and invoices in transit. Derivative financial instruments are described in detail under note 28. Other current liabilities include in particular liabilities from business combinations totalling EUR 61 million (previous year: EUR 0 million).

C. NOTES TO THE INCOME STATEMENT

19 REVENUE

EUR million	2014	2013
Trade sales	3,271	2,918
Service sales	673	662
	3,944	**3,580**

A breakdown of revenue by division and country is provided in the segment reporting on pages 72 and 73.

20 OTHER OPERATING INCOME

EUR million	2014	2013
Income from disposals of non-current assets	1	3
Reversals of valuation allowances on doubtful receivables	4	8
Rental and similar income	3	2
Miscellaneous operating income	25	27
	33	**40**

Among other things, the miscellaneous operating income includes subsidies for advertising expenses received and similar income in the amount of EUR 2 million (previous year: EUR 3 million), as well as reversals of impairment losses on property, plant and equipment in the amount of EUR 1 million (previous year: EUR 0 million). As in the previous year, no reversals of impairment losses were recorded in relation to intangible assets. In the previous year, this item also included income from the derecognition of contingent consideration in the amount of EUR 6 million relating to a business combination. As in the previous year, no contingent rental income was recognised in the financial year.

The following table presents the minimum incoming payments for operating leases in the coming years.

	2014				**2013**			
EUR million	Up to 1 year	1 to 5 years	More than 5 years	**Total**	Up to 1 year	1 to 5 years	More than 5 years	**Total**
Operating leases	1	1		**2**	2			**2**

EUR 10 million in minimum lease payments are expected in the coming years from the lease of a real estate under a financial lease (previous year: EUR 0 million). The unearned finance income amounted to EUR 3 million (previous year: EUR 0 million). The present value of outstanding minimum lease payments thus amounted to EUR 7 million as at the reporting date (previous year: EUR 0 million).

21 PERSONNEL EXPENSES

EUR million	2014	2013
Wages and salaries	462	444
Social security	83	80
Expenses for pensions and other benefits	21	20
Reversals of provisions for personnel expenses	-5	-8
	561	**536**

A breakdown of employees by division is contained in the segment reporting on pages 72 and 73.

22 OTHER OPERATING EXPENSES

EUR million	2014	2013
Valuation allowances on and write-offs of receivables	6	6
Losses from disposals of non-current assets	1	1
Reversals of provisions	-24	-9
Other operating taxes	6	6
Rental and operating lease expenses	57	56
Repairs and maintenance	34	34
Sales freight	11	12
Legal and consulting costs	18	18
IT services	20	19
Personnel leasing	12	9
Energy costs	45	45
Advertising costs and similar expenses	82	93
Travel and training costs	14	13
Miscellaneous operating, administrative and sales expenses	137	146
	419	**449**

The following table presents the minimum outgoing payments for operating leases in the coming years.

	2014				**2013**			
EUR million	Up to 1 year	1 to 5 years	More than 5 years	**Total**	Up to 1 year	1 to 5 years	More than 5 years	**Total**
Operating leases	46	97	57	**200**	44	78	27	**149**

As in the previous year, the minimum outgoing payments are not offset by any future minimum incoming lease payments from subletting arrangements.

Miscellaneous operating, administrative and sales expenses comprise numerous operating expenses, including communication costs, insurance premiums, auditing expenses and restructuring costs. Research and development costs are also reported under miscellaneous operating, administrative and sales expenses. As in the previous year, no noteworthy research and development costs were recognised.

23 OTHER INVESTMENT RESULT

EUR million	2014	2013
Income from financial assets available for sale		24
Impairments of financial assets available for sale		
	0	**24**

The previous year's income from financial assets available for sale resulted primarily from the sale of investment funds in the Holding and other companies segment.

24 FINANCE COSTS

EUR million	2014	2013
Interest and similar expenses	195	183
Interest expenses for pension and other provisions	12	10
Interest expenses under finance leases	2	2
	209	**195**

The interest and similar expenses in the financial year include expenses from bond redemptions above the principal amount in the Holding and other companies segment as well as from the early termination of cash flow hedges as a result of the elimination of hedged items. The interest and similar expenses in the previous year included income from the reduction of the carrying amounts of the euro benchmark bonds pursuant to IAS 39.AG8 as a result of the improvement in Haniel's rating as well as offsetting expenses from bond redemptions above the principal amount in the Holding and other companies segment.

25 OTHER NET FINANCIAL INCOME

EUR million	2014	2013
Interest and similar income	8	16
Miscellaneous financial income	1	10
	9	**26**

Changes in the fair value of derivative financial instruments recognised in profit or loss amounted to EUR -7 million in the financial year (previous year: EUR 3 million) and are included in miscellaneous financial income.

The net exchange differences amounted to EUR 8 million in the financial year (previous year: EUR -4 million). They are recognised in the miscellaneous financial income in the amount of EUR 8 million (previous year: EUR -3 million), and in the other operating expenses in the amount of EUR 0 million (previous year: EUR -1 million).

26 INCOME TAX EXPENSES

EUR million	2014	2013
Current taxes	47	42
Deferred taxes	12	-7
	59	**35**

As in the previous year, the current taxes do not include any prior-period tax expenses.

Deferred tax assets on tax loss carryforwards in the amount of EUR 3 million were reversed to expenses in the financial year (previous year: expenses of EUR 3 million). Write-downs amounting to EUR 2 million on deferred tax assets (previous year: EUR 2 million) were offset by EUR 2 million in reversals of write-downs (previous year: EUR 3 million).

The following table shows a reconciliation between the reported and the expected tax expense:

EUR million	2014	2013
Profit before taxes	31	117
Expected effective income tax rate	30.7%	30.7%
Expected tax expense	**10**	**36**
Deviation due to varying foreign tax rates	-2	-4
Tax portion for tax-exempt income	-1	-9
Tax portion for non-deductible expenses	60	54
Non-recognition, write-downs and utilisation of tax loss carryforwards	13	8
Result from investments accounted for at equity	-4	-29
Effect of non-tax-deductible goodwill impairments		2
Prior-period taxes	-11	-19
Other tax effects	-6	-4
Reported tax expense	**59**	**35**
Reported income tax rate	190.3%	29.9%

The expected effective income tax rate comprises corporate income tax, the solidarity surcharge and trade tax as pertinent for German corporations.

27 PROFIT AFTER TAXES FROM DISCONTINUED OPERATIONS

The profit after taxes from discontinued operations pursuant to the income statement includes the income and expenses of the Celesio division. As individual units within the Celesio division were already previously presented as discontinued operations, those units are presented separately in the following table.

Profit or loss from discontinued operations consisted of the following:

	2014		**2013**	
EUR million	Celesio division	of which DocMorris mail-order pharmacy, Pharmexx and Movianto	Celesio division	of which DocMorris mail-order pharmacy, Pharmexx and Movianto
Revenue	1,851		21,427	19
Cost of materials	1,653		19,074	16
Gross profit	198		2,353	3
Depreciation and amortisation			106	
Operating profit	41		427	
Result from investments accounted for at equity			4	
Other investment result	1		6	
Finance costs	12		145	
Other net financial income	-1		-4	
Profit before taxes	29		288	
Income tax expenses	11		97	
Profit after taxes	**18**	**0**	**191**	**0**
Revaluation and disposal gains/losses before taxes	696		-6	-5
Income taxes on revaluation and disposal gains/losses				
Revaluation and disposal gains/losses after taxes	**696**	**0**	**-6**	**-5**
Profit after taxes from discontinued operations according to income statement	**714**	**0**	**185**	**-5**

The discontinuation of depreciation/amortisation and the offsetting effect from the discontinuation of the equity method for the pertinent associates since the Celesio division was classified as a discontinued operation resulted in an improvement in profit after taxes by a total of EUR 9 million during the financial year (previous year: EUR 19 million).

D. OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 FINANCIAL RISK MANAGEMENT

In the context of its operating activities, the Haniel Group is exposed to financial risks. These primarily include liquidity risks, default risks, risks resulting from changes in interest and exchange rates, and price fluctuations in the commodity markets. The purpose of financial risk management is to reduce the extent of these financial risks.

The Management Board lays down the basic guidelines for financial risk management and determines the general procedures to be followed for hedging financial risks. The holding companies of the fully consolidated divisions have their own treasury departments, which identify, analyse and assess the financial risks before initiating preventive or mitigating measures. The central treasury department advises the subsidiaries and, in addition to its own hedging transactions, enters into hedges on their behalf as well. All hedges relate to an underlying hedged item. No derivative financial instruments are used for speculative purposes.

For financing purposes, the Haniel Group uses a variety of financing instruments in keeping with industry and commercial practice and subject to customary contractual provisions. No special financial risks arise from this practice. The two rating agencies Standard & Poor’s and Moody’s raised Haniel’s rating in the previous year to BB+ and Ba1. This reduced the interest rate for the two euro benchmark bonds issued in 2009 and 2010 by 125 basis points back to the original rate. The contractual conditions governing the euro bonds issued in February 2012 by Franz Haniel & Cie. GmbH with an issuing volume of EUR 400 million provide for an interest rate increase of 125 basis points if Haniel’s rating falls below BB or Ba2.

LIQUIDITY RISK

Liquidity risk is the risk of being unable to guarantee the Haniel Group’s solvency at all times. Liquidity risk is managed by financial planning measures taken by the fully consolidated divisions’ holding companies to ensure that the necessary resources are available to fund the operating business and investments. The financing requirement is determined according to the financial plans of the subsidiaries and the Holding Company. In order to cover the financing requirement, the Holding Company has at its disposal committed, unutilised credit facilities as well as a commercial paper programme and a Debt Issuance Programme. The liquidity risk is also managed within the fully consolidated divisions, which also have their own unutilised bilateral short- and long-term credit facilities. The Haniel Group seeks as a general rule to maintain an appropriate reserve of available credit facilities.

DEFAULT RISK

The default or credit risk is the risk of the Haniel Group's contractual partners not fulfilling their obligations. The Haniel Group is exposed to a default risk both in its operating business and in connection with financial instruments.

In view of the Haniel Group's diverse activities and the large number of existing customer relationships, entailing as a rule minor individual receivables, a concentration of default risks generally does not arise from trade receivables or from receivables from investments and other current assets. From the Group's perspective, the default risk is not significant. In the ELG division, however, due to its industry there are some significant individual trade receivables vis-à-vis major customers that are hedged with default insurance policies as necessary.

The investment of cash in selected financial products is governed by directives in the Haniel Group. Depending on the assessment of the counterparty's creditworthiness, corresponding limits are prescribed and monitored in order to avoid a concentration of default risks. Based on internal and external ratings, the default risks with respect to current and non-current financial assets as well as cash and cash equivalents may be summarized as follows.

EUR million	31 Dec. 2014	31 Dec. 2013
Low credit risk	612	29
Medium credit risk	95	16
Total	**707**	**45**

In addition to the carrying amounts of the (derivative) financial instruments with positive fair values recognised in the statement of financial position, the maximum default risk of the Haniel Group also includes the nominal amount of the financial guarantee contracts issued. As at the reporting date, financial guarantee contracts with a nominal volume totalling EUR 21 million (previous year: EUR 21 million) had been granted.

INTEREST RATE RISK

Interest rate risk is the risk of profit or loss being negatively affected by fluctuating market interest rates. The interest rate risk is limited with derivative financial instruments, chiefly interest rate swaps. Decisions on the use of derivative financial instruments are made on the basis of the planned indebtedness, the investment position and interest rate expectations. The interest rate hedging strategy is reviewed and new targets are defined at regular intervals. The Haniel Group generally seeks to maintain an appropriate hedged interest rate position.

The following interest rate sensitivity analysis illustrates the hypothetical effects on profit before taxes, other comprehensive income and equity, had the prevailing market interest rates changed on the reporting date. It is based on the assumptions that the figures as at the reporting date are representative for the whole year, and that the supposed change in market interest rates could have occurred on the reporting date. Tax effects are disregarded.

31 Dec. 2014	**+100 basis points**			**-100 basis points**		
EUR million	Profit before taxes	Other comprehensive income	**Equity**	Profit before taxes	Other comprehensive income	**Equity**
Euro market interest rates			**0**			**0**
USD market interest rates	2	1	**3**	-2	-1	**-3**
GBP market interest rates	-1	1	**0**	1	-1	**0**

31 Dec. 2013	**+100 basis points**			**-100 basis points**		
EUR million	Profit before taxes	Other comprehensive income	**Equity**	Profit before taxes	Other comprehensive income	**Equity**
Euro market interest rates	-1	8	**7**	1	-9	**-8**
USD market interest rates	-1	4	**3**	1	-4	**-3**
GBP market interest rates	-1	1	**0**	1	-1	**0**

EXCHANGE RATE RISK

Exchange rate risks arise from investments and financing measures undertaken in foreign currencies, and from the operating business in connection with buying and selling merchandise and services in currencies other than the functional currency. The resulting risk exposure is determined continually and hedged primarily by entering into forward currency contracts and currency swaps. The majority of exchange rate risks originate from changes in the EUR-USD and EUR-GBP rates.

Micro-hedges are the principal instruments used to hedge exchange rate risks. These entail the direct hedging of an underlying transaction with a currency derivative. Currency derivatives are also used to hedge forecast transactions in foreign currencies. In this case, the currency derivative (or a combination of several derivatives) that best reflects the probability of occurrence and timing of the forecast transaction is selected.

An exchange rate sensitivity analysis illustrates the theoretical effects on profit before taxes, other comprehensive income and equity of changes in the exchange rates of the currencies that are significant for the Haniel Group. The exchange rate sensitivity analysis is based on the non-derivative and derivative financial instruments held by the Group companies in non-functional currencies on the reporting date. It assumes that the exchange rates change by an indicated percentage rate on the reporting date. Movements over time, actual observed changes in other market parameters and tax effects are disregarded.

The medium- and long-term borrowing is predominantly done by the Franz Haniel & Cie. GmbH, the holding companies of the fully consolidated divisions and the financing companies located in Germany and the Netherlands. Depending on the borrowing requirements of the individual Group companies, these companies can also obtain loans in currencies other than the euro for disbursement within the Group. Since these loans are not taken out in the companies' functional currency, IFRS 7.40 requires that they be taken into account when measuring the exchange rate risk, even though such a risk does not exist from the perspective of the Group as a whole.

31 Dec. 2014	**+10%**			**-10%**		
EUR million	Profit before taxes	Other comprehensive income	**Equity**	Profit before taxes	Other comprehensive income	**Equity**
USD-EUR exchange rate	36		**36**	-36		**-36**
GBP-EUR exchange rate	7		**7**	-7		**-7**

31 Dec. 2013	**+10%**			**-10%**		
EUR million	Profit before taxes	Other comprehensive income	**Equity**	Profit before taxes	Other comprehensive income	**Equity**
USD-EUR exchange rate	18		**18**	-19		**-19**
GBP-EUR exchange rate	4		**4**	-5		**-5**

OTHER PRICE RISKS

These price risks concern the risks arising from fluctuating commodity prices, especially the price of nickel. The ELG division continually determines the risk exposures resulting from the purchase and sale of products and hedges these with respect to nickel primarily through the use of derivative financial instruments (nickel futures).

The sensitivities are measured, taking into account the effect on profit or loss of value changes in the (derivative) financial instruments, disregarding the compensating value changes in the hedged items.

A hypothetical increase (decrease) in the nickel price by USD 1,774 per tonne (previous year: USD 1,900 per tonne) (financial year: 12 per cent; previous year: 14 per cent of the spot nickel price as at the reporting date) would have reduced (raised) profit before taxes by EUR 18 (18) million (previous year: EUR 18 (18) million). The assumed change in the nickel price corresponds to the initial margin established by the London Metal Exchange (LME). This is the amount that must be deposited as margin when entering into a contract.

HEDGE ACCOUNTING

The Haniel Group enters into hedging transactions for the purpose of hedging both the fair values of certain assets or liabilities and future cash flows. This also includes currency hedges of planned sales and purchases of merchandise and services, and of investments and divestments.

In accordance with IAS 39, all derivatives entered into by the Haniel Group are initially recognised in the statement of financial position at cost, corresponding to fair value, and are subsequently measured at their fair value as at the reporting date. When accounting for hedges, the hedge accounting rules are sometimes applied. Under the hedge accounting rules, a derivative is classified either as a hedging instrument in a cash flow hedge if it is used to hedge future cash flows, as a hedging instrument in a fair value hedge if it is used to hedge the fair values of certain assets and liabilities, or as a hedging instrument in a hedge of a net investment in a foreign operation if it is used to hedge an investment recognised in a foreign currency.

Currency derivatives used to hedge existing items of the statement of financial position are usually not subjected to formal hedge accounting. The changes in the fair values of these derivatives, which, from an economic point of view, represent effective hedges in the context of the Group strategy, are recognised in profit or loss. Those changes are generally matched by opposite changes in the fair values of the hedged items.

CASH FLOW HEDGES – INTEREST RATE HEDGING

The Haniel Group obtains financing largely by way of long-term and short-term bilateral credit facilities, bonds and promissory loan notes. The bilateral credit facilities are generally utilised on a revolving basis with a short-term fixed-rate period. By entering into derivative financial instrument transactions, the Group hedges against rising market interest rates and thus against future increases in interest expenses. At the reporting date, the Group has hedged interest payments amounting to EUR 1 million, USD 1 million and GBP 1 million. These hedges originate from floating-rate liabilities with a nominal amount of EUR 25 million, USD 30 million and GBP 15 million. In the previous year interest payments in the amount of EUR 4 million, USD 2 million and GBP 1 million were hedged in continuing operations. These hedges originated from floating-rate liabilities with a nominal amount of EUR 263 million, USD 150 million and GBP 15 million.

CASH FLOW HEDGES – CURRENCY HEDGING

The Haniel Group enters into forward exchange contracts to hedge euro-denominated payments. The designated hedged items are highly probable payments denominated in various foreign currencies.

The designated underlying transactions as at 31 December 2014 amount to EUR 27 million. They mature in the amount of EUR 12 million in Q1 2015, in the amount of EUR 10 million in Q2 2015, and in the amount of EUR 5 million in Q3 2015.

The designated underlying transactions in continuing operations as at 31 December 2013 amounted to EUR 31 million. They matured in the amount of EUR 13 million in Q1 2014, in the amount of EUR 11 million in Q2 2014, and in the amount of EUR 7 million in Q3 2014.

In connection with cash flow hedges, losses of EUR 7 million (previous year: gains of EUR 12 million) were recognised in other comprehensive income for the financial year. Losses of EUR 19 million (previous year: losses of EUR 7 million) were transferred from other comprehensive income to finance costs and losses of EUR 3 million (previous year: losses of EUR 14 million) were transferred to profit after taxes from discontinued operations. Of these amounts, EUR 16 million were recognised in finance costs in the financial year (previous year: EUR 0 million) because previously existing hedges were revoked upon the disposal of the hedged items. In the previous year, EUR 2 million was also recognised in profit after taxes from discontinued operations for the same reason.

As in the previous year, there was no ineffectiveness from cash flow hedges.

FAIR VALUE HEDGE

As in the previous year, fair value hedge accounting was not applied in the financial year.

HEDGE OF A NET INVESTMENT IN A FOREIGN OPERATION

Non-derivative financial liabilities denominated in foreign currency are used to hedge the net investment in a foreign operation. As in the previous year, there were no significant ineffective portions of the net investment hedges.

In compliance with the hedging strategy pursued by the Haniel Group, the total derivative financial instruments position is composed as follows:

	31 Dec. 2014		**31 Dec. 2013**	
EUR million	Fair value	of which cash flow hedges	Fair value	of which cash flow hedges
Assets				
Interest rate instruments				
Currency instruments	1		8	
Other derivative financial instruments	10		2	
	11	**0**	**10**	**0**
Liabilities				
Interest rate instruments	13	9	23	23
Currency instruments	5		1	
Other derivative financial instruments	1		1	
	19	**9**	**25**	**23**

The table below shows the contractually agreed, undiscounted payments of interest and principal over time of the non-derivative financial liabilities, derivative liabilities and financial guarantee contracts existing as at 31 December 2014:

EUR million	Cash flows 2015	Cash flows 2016	Cash flows from 2017 to 2019	Cash flows from 2020 to 2024	Cash flows from 2025 onwards
Non-derivative financial liabilities and financial guarantee contracts					
Liabilities due to banks	-199	-108	-194	-49	
Bonds, commercial paper and other securitised debt	-131	-35	-517		
Liabilities to shareholders	-68	-48	-66		
Lease liabilities	-4	-4	-16	-15	-13
Other financial liabilities	-39	-12	-34	-41	-2
Liabilities from business combinations	-61				
Trade payables	-146				
Financial guarantee contracts	-4	-1	-2	-5	-9
	-652	**-208**	**-829**	**-110**	**-24**
Derivative liabilities					
Hedge accounting					
Derivatives (net settled)	-3	-3	-5	-1	
Derivatives (gross settled) inflows	19				
Derivatives (gross settled) outflows	-19				
	-3	**-3**	**-5**	**-1**	**0**
Without hedge accounting					
Derivatives (net settled)	-1	-1	-3	-1	
Derivatives (gross settled) inflows	385	1	18		
Derivatives (gross settled) outflows	-390	-1	-18		
	-6	**-1**	**-3**	**-1**	**0**
	-9	**-4**	**-8**	**-2**	**0**

For the financial guarantee contracts, the disclosure is made not on the basis of the estimated probable amount, but in the amount of the agreed maximum guarantee at the earliest possible date.

The contractually agreed, undiscounted payments of interest and principal over time of the non-derivative financial liabilities, derivative liabilities and financial guarantee contracts that existed in continuing operations as at 31 December 2013 were as follows:

EUR million	Cash flows 2014	Cash flows 2015	Cash flows from 2016 to 2018	Cash flows from 2019 to 2023	Cash flows from 2024 onwards
Non-derivative financial liabilities and financial guarantee contracts					
Liabilities due to banks	-172	-130	-245	-64	
Bonds, commercial paper and other securitised debt	-567	-229	-1,100		
Liabilities to shareholders	-64	-52	-60		
Lease liabilities	-6	-4	-12	-23	-14
Other financial liabilities	-37	-15	-31	-46	
Liabilities from business combinations		-54			
Trade payables	-120				
Financial guarantee contracts	-4	-1	-2	-4	-10
	-970	**-485**	**-1,450**	**-137**	**-24**
Derivative liabilities					
Hedge accounting					
Derivatives (net settled)	-8	-8	-17	-4	
Derivatives (gross settled) inflows	21				
Derivatives (gross settled) outflows	-21				
	-8	**-8**	**-17**	**-4**	**0**
Without hedge accounting					
Derivatives (net settled)					
Derivatives (gross settled) inflows	88	1			
Derivatives (gross settled) outflows	-89	-1			
	-1	**0**	**0**	**0**	**0**
	-9	**-8**	**-17**	**-4**	**0**

The repayments of principal are classified by the earliest period in which the creditors may demand repayment.

IAS 39 CATEGORISATION OF FINANCIAL INSTRUMENTS

ASSETS

EUR million	**Carrying amounts as at 31 Dec. 2014**	Financial assets held for trading	Loans and receivables	Financial assets available for sale	No IAS 39 category	Outside the scope of IFRS 7
Financial assets available for sale	**167**			167		
Other securities	**5**		5			
Loans	**16**		9		7	
Non-current financial assets	**188**	**0**	**14**	**167**	**7**	**0**
Trade receivables	**407**	**0**	**407**	**0**	**0**	**0**
Receivables from investments	**8**		8			
Other current assets	**72**		45			27
Receivables from investments and other current assets	**80**	**0**	**53**	**0**	**0**	**27**
Derivative financial instruments	**11**	11				
Financial assets available for sale	**160**			160		
Other securities and fixed-term deposits	**237**		237			
Current financial assets	**408**	**11**	**237**	**160**	**0**	**0**
Cash and cash equivalents	**111**	**0**	**111**	**0**	**0**	**0**
Assets held for sale	**29**	**0**	**8**	**0**	**0**	**21**

EUR million	**Carrying amounts as at 31 Dec. 2013**	Financial assets held for trading	Loans and receivables	Financial assets available for sale	No IAS 39 category	Outside the scope of IFRS 7
Financial assets available for sale	**6**			6		
Other securities	**0**					
Loans	**7**		7			
Non-current financial assets	**13**	**0**	**7**	**6**	**0**	**0**
Trade receivables	**360**	**0**	**360**	**0**	**0**	**0**
Receivables from investments	**6**		6			
Other current assets	**75**		47			28
Receivables from investments and other current assets	**81**	**0**	**53**	**0**	**0**	**28**
Derivative financial instruments	**10**	10				
Financial assets available for sale	**0**					
Other securities and fixed-term deposits	**0**					
Current financial assets	**10**	**10**	**0**	**0**	**0**	**0**
Cash and cash equivalents	**22**	**0**	**22**	**0**	**0**	**0**
Assets held for sale	**7,677**	**1**	**2,845**	**62**	**41**	**4,728**

IAS 39 CATEGORISATION OF FINANCIAL INSTRUMENTS

LIABILITIES

EUR million	**Carrying amounts as at 31 Dec. 2014**	Financial liabilities held for trading	Other financial liabilities	No IAS 39 category	Outside the scope of IFRS 7
Liabilities due to banks	**338**		338		
Bonds, commercial paper and other securitised debt	**531**		531		
Liabilities to shareholders	**100**		100		
Lease liabilities	**35**			35	
Other financial liabilities	**72**		72		
Non-current financial liabilities	**1,076**	**0**	**1,041**	**35**	**0**
Other non-current liabilities	**2**	**0**	**0**	**0**	**2**
Liabilities due to banks	**194**		194		
Bonds, commercial paper and other securitised debt	**102**		102		
Liabilities to shareholders	**63**		63		
Lease liabilities	**2**			2	
Other financial liabilities	**31**		31		
Current financial liabilities	**392**	**0**	**390**	**2**	**0**
Trade payables and similar liabilities	**151**	**0**	**146**	**0**	**5**
Liabilities for other taxes	**17**				17
Liabilities for payroll and social security	**11**				11
Accrued expenses	**100**		30		70
Derivative financial instruments	**19**	10		9	
Miscellaneous current liabilities	**79**		78		1
Other current liabilities	**226**	**10**	**108**	**9**	**99**
Liabilities held for sale	**9**	**0**	**5**	**0**	**4**

EUR million	**Carrying amounts as at 31 Dec. 2013**	Financial liabilities held for trading	Other financial liabilities	No IAS 39 category	Outside the scope of IFRS 7
Liabilities due to banks	**426**		426		
Bonds, commercial paper and other securitised debt	**1,129**		1,129		
Liabilities to shareholders	**100**		100		
Lease liabilities	**36**			36	
Other financial liabilities	**82**		82		
Non-current financial liabilities	**1,773**	**0**	**1,737**	**36**	**0**
Other non-current liabilities	**54**	**0**	**52**	**0**	**2**
Liabilities due to banks	**170**		170		
Bonds, commercial paper and other securitised debt	**466**		466		
Liabilities to shareholders	**55**		55		
Lease liabilities	**4**			4	
Other financial liabilities	**31**		31		
Current financial liabilities	**726**	**0**	**722**	**4**	**0**
Trade payables and similar liabilities	**125**	**0**	**120**	**0**	**5**
Liabilities for other taxes	**25**				25
Liabilities for payroll and social security	**10**				10
Accrued expenses	**129**		64		65
Derivative financial instruments	**25**	2		23	
Miscellaneous current liabilities	**11**		9		2
Other current liabilities	**200**	**2**	**73**	**23**	**102**
Liabilities held for sale	**5,406**	**9**	**4,230**	**37**	**1,130**

FAIR VALUE MEASUREMENT

The following table shows the assets and liabilities measured at fair value in the statement of financial position as at 31 December 2014, classified by the following input levels:

Level 1: Quoted prices in active markets for the identical asset or liability
Level 2: Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data
Level 3: Valuation techniques for which significant inputs are not based on observable market data

If assets and liabilities recurrently measured at fair value must be reclassified between the various levels because, for example, an asset is no longer traded in an active market or is traded for the first time, the reclassification is made at the end of the reporting period. No such transfers between Levels 1 and 2 took place either during the financial year or the previous year.

EUR million	**Total 31 Dec. 2014**	Level 1	Level 2	Level 3	Not measured at fair value
Assets					
Recurring fair value measurement					
Non-current financial assets					
Financial assets available for sale	**167**	142	20		5
Current financial assets					
Financial assets available for sale	**160**	150	10		
Derivative financial instruments	**11**		11		
Non-recurring fair value measurement					
Assets held for sale	**29**		6		23
Liabilities					
Recurring fair value measurement					
Other current liabilities					
Derivative financial instruments	**19**		19		
Non-recurring fair value measurement					
Liabilities held for sale	**9**				9

The table below shows the assets and liabilities measured at fair value in the statement of financial position as at 31 December 2013:

EUR million	**Total 31 Dec. 2013**	Level 1	Level 2	Level 3	Not measured at fair value
Assets					
Recurring fair value measurement					
Non-current financial assets					
Financial assets available for sale	**6**				6
Current financial assets					
Financial assets available for sale	**0**				
Derivative financial instruments	**10**		10		
Non-recurring fair value measurement					
Assets held for sale	**7,677**	5	1		7,671
Liabilities					
Recurring fair value measurement					
Other current liabilities					
Derivative financial instruments	**25**		25		
Non-recurring fair value measurement					
Liabilities held for sale	**5,406**		35		5,371

The financial assets available for sale category includes securities and investments in the amount of EUR 5 million (previous year: EUR 6 million) that are recognised at amortised cost. These were primarily investments in non-listed companies. It is not possible to reliably measure the fair value of these investments for lack of an active market.

In the previous year, the disclosure of the assets and liabilities measured at fair value within the assets and liabilities held for sale concerns the Celesio division's financial instruments measured at fair value.

The fair value of financial instruments traded in an active market (Level 1) is based on the quoted prices as at the reporting date. The fair values of assets and liabilities recurrently measured at fair value within Level 2 and Level 3 are determined using the DCF method. Expected future cash flows from the financial instruments are discounted using market interest rates with matching maturities. The Haniel Group takes into account the creditworthiness of the respective borrower by determining Credit Value Adjustments (CVA) or Debt Value Adjustments (DVA) based on a premium/discount method. If available, the CVA or DVA is determined using observable market prices for credit derivatives.

The table below shows a detailed reconciliation of assets and liabilities recurrently measured at fair value in Level 3, excluding contingent consideration from business combinations. In the previous year the reconciliation presented below concerns two investment funds in the Holding and other companies segment whose fair value measurement was determined using earnings multiples and which were sold.

EUR million	2014	2013
As at 1 Jan.	**0**	**141**
Foreign exchange rate adjustments		
Change in the scope of consolidation		
Additions		
Impairments		
Reversals of impairment losses		
Fair value changes recognised in other comprehensive income		2
Fair value changes recognised in profit or loss		
Disposals		143
Transfers into Level 3		
Transfers out of Level 3		
As at 31 Dec.	**0**	**0**
Unrealised gains or losses recognised in profit or loss relating to those financial instruments held at the reporting date	0	0

The following table shows the fair values of the financial instruments as at 31 December 2014 that are not recognised at fair value in the statement of financial position:

	Carrying amounts	**Fair value**		
EUR million		Level 1	Level 2	Level 3
Assets				
Non-current financial assets				
Other securities	5		5	
Loans	16		18	
Liabilities				
Financial liabilities				
Liabilities due to banks	532		534	
Bonds, commercial paper and other securitised debt	633	543	158	
Liabilities to shareholders	163		172	
Lease liabilities	37		47	
Other financial liabilities	103		108	
Other non-current liabilities				
Purchase price liabilities (not contingent)	0			

The following table shows the fair values of the financial instruments of the continuing operations as at 31 December 2013 that were not recognised at fair value in the statement of financial position:

	Carrying amounts	**Fair value**		
EUR million		Level 1	Level 2	Level 3
Assets				
Non-current financial assets				
Other securities	0			
Loans	7		8	
Liabilities				
Financial liabilities				
Liabilities due to banks	596		600	
Bonds, commercial paper and other securitised debt	1,595	1,479	287	
Liabilities to shareholders	155		159	
Lease liabilities	40		49	
Other financial liabilities	113		127	
Other non-current liabilities				
Purchase price liabilities (not contingent)	52		53	

The fair value of financial instruments traded in an active market (Level 1) is based on the quoted prices as at the reporting date. The fair values for Levels 2 and 3 are measured analogously to the method for assets and liabilities recurrently measured at fair value using the DCF method.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The table below provides an overview of the financial assets and liabilities that are offset in the statement of financial position. It also presents the extent to which there are netting agreements with contractual partners that do not result in a net presentation in the statement of financial position because not all conditions of IAS 32 for a net presentation are met. Global netting arrangements in the Haniel Group relate to derivative financial instruments, for which, in the event of default, the master agreements with the financial institutions stipulate offsetting mutual receivables and liabilities existing at that date. The following disclosures concerning the previous year pertain to the continuing operations.

Concerning assets the following items in the statement of financial position are affected:

				Master netting agreements		
EUR million	Financial assets (gross amounts)	Financial liabilities set off in the statement of financial position (gross amounts)	**Financial assets presented in the statement of financial position as at 31 Dec. 2014 (net amounts)**	Financial liabilities not set off in the statement of financial position	Received collateral	**Net amounts as at 31 Dec. 2014**
Derivative financial instruments						
with netting agreement	11		**11**	2		**9**
without netting agreement			**0**			**0**
	11	**0**	**11**	**2**	**0**	**9**

				Master netting agreements		
EUR million	Financial assets (gross amounts)	Financial liabilities set off in the statement of financial position (gross amounts)	**Financial assets presented in the statement of financial position as at 31 Dec. 2013 (net amounts)**	Financial liabilities not set off in the statement of financial position	Received collateral	**Net amounts as at 31 Dec. 2013**
Derivative financial instruments						
with netting agreement	10		**10**	5		**5**
without netting agreement			**0**			**0**
	10	**0**	**10**	**5**	**0**	**5**

Concerning liabilities the following items in the statement of financial position are affected:

				Master netting agreements		
EUR million	Financial liabilities (gross amounts)	Financial assets set off in the statement of financial position (gross amounts)	**Financial liabilities presented in the statement of financial position as at 31 Dec. 2014 (net amounts)**	Financial assets not set off in the statement of financial position	Pledged collateral	**Net amounts as at 31 Dec. 2014**
Derivative financial instruments						
with netting agreement	4		**4**	2		**2**
without netting agreement	15		**15**			**15**
	19	**0**	**19**	**2**	**0**	**17**

				Master netting agreements		
EUR million	Financial liabilities (gross amounts)	Financial assets set off in the statement of financial position (gross amounts)	**Financial liabilities presented in the statement of financial position as at 31 Dec. 2013 (net amounts)**	Financial assets not set off in the statement of financial position	Pledged collateral	**Net amounts as at 31 Dec. 2013**
Derivative financial instruments						
with netting agreement	10		**10**	5		**5**
without netting agreement	15		**15**			**15**
	25	**0**	**25**	**5**	**0**	**20**

NET GAINS OR LOSSES FROM IAS 39 CATEGORIES

The net gains or losses recognised in the income statement for continuing operations from the IAS 39 categories consist of the following:

EUR million	2014	2013
Financial assets and liabilities held for trading	-23	36
Financial assets available for sale	2	24
Financial assets held to maturity		
Loans and receivables	1	10
Other financial liabilities	-162	-167
	-182	**-97**

The net gain or loss on financial assets and liabilities held for trading purposes includes gains and losses from fair value changes, as well as interest income and expenses arising from these financial instruments. The net gain or loss on financial assets available for sale includes in particular income and expenses from bonds and investment funds in the Holding and other companies segment recognised in profit or loss. The net gain or loss from loans and receivables consists primarily of interest income and impairments and reversals of impairments on these financial instruments. The net gain or loss from other financial liabilities consists primarily of interest expenses and exchange differences arising from the measurement of non-operating liabilities denominated in foreign currencies.

Changes in the fair value of financial assets available for sale in the amount of EUR 1 million (previous year: EUR 3 million) were recognised in other comprehensive income during the financial year. Amounts arising from fair value changes totalling EUR 1 million were transferred from other comprehensive income to the other net financial income (previous year: EUR 24 million transferred to other investment result).

Interest and similar expenses include EUR 170 million from financial liabilities not measured at fair value during the financial year (previous year: EUR 165 million). Interest and similar income include interest income from financial assets not measured at fair value through profit or loss amounting to EUR 8 million in the financial year (previous year: EUR 16 million). Interest income of EUR 12 million was recognised in the previous year from impaired financial instruments that have since been disposed of.

29 CONTINGENT LIABILITIES

EUR million	31 Dec. 2014	31 Dec. 2013
Liabilities from bills of exchange		
Liabilities from		
guarantees	517	506
miscellaneous contingent liabilities		
	517	**506**

As in the previous year the liabilities from guarantees concern primarily the Holding and other companies segment and are related to disposals of companies. Certain provisions were also recognised in connection with these matters. These are recognised under the relevant item. The liabilities from guarantees include financial guarantee contracts within the meaning of IAS 39 in the amount of EUR 21 million (previous year: EUR 21 million).

As in the previous year, no contingent receivables exist as at the reporting date.

30 BUSINESS COMBINATIONS AND DISPOSALS OF CONSOLIDATED COMPANIES

Several smaller business combinations were conducted during the financial year, particularly in the Celesio division. The consideration transferred for the acquisitions totalled EUR 3 million and represented cash transactions during the financial year. Even in the aggregate, the acquisitions are not material for the presentation of the Haniel Group's net assets, financial position, and results of operations. There is no contingent consideration from business combinations in the financial year.

The Celesio division with a total of 341 individual companies was deconsolidated during the financial year. The total assets and liabilities disposed of through this disposal are comprised as follows:

EUR million	Carrying amounts
Assets	
Property, plant and equipment	527
Intangible assets	2,284
Investments accounted for at equity	78
Financial assets	109
Other non-current assets	36
Income tax assets	2
Deferred taxes	104
Non-current assets	**3,140**
Inventories	1,549
Trade receivables	2,157
Receivables from investments and other current assets	301
Financial assets	14
Income tax assets	20
Cash and cash equivalents	476
Current assets	**4,517**
	7,657
Liabilities	
Financial liabilities	1,398
Pension provisions	335
Other non-current provisions	63
Deferred taxes	45
Non-current liabilities	**1,841**
Financial liabilities	513
Current provisions	147
Trade payables and similar liabilities	2,271
Income tax liabilities	61
Other current liabilities	527
Current liabilities	**3,519**
	5,360

The consideration received for the disposal was EUR 1,999 million. Taking into account the cash and cash equivalents of EUR 476 million in the disposed division, and the paid transaction costs of EUR 15 million, the total cash amount for the disposal was EUR 1,508 million. As at the deconsolidation date, the share of non-controlling interests in the Celesio division's net assets was EUR 1,140 million. Taking into account transaction costs incurred during the financial year and the other comprehensive income of EUR -132 million to be reclassified to profit or loss, the net result from the disposal amounts to EUR 696 million in total, and is included in the profit after taxes from discontinued operations.

31 NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows shows the changes in the Haniel Group's cash and cash equivalents in the course of the financial year resulting from cash inflows and outflows. The statement of cash flows is divided into cash flow from operating, investing and financing activities. The cash and cash equivalents reported at the reporting date are the total of cash on hand, bank balances with an original maturity of less than three months, and cheques, and are identical to the cash and cash equivalents reported in the statement of financial position.

The cash flow from operating activities is determined indirectly on the basis of the profit after taxes and essentially contains sales-related payments, dividends from investments accounted for at equity, interest paid and received as well as tax payments. Haniel's internal cash earnings indicator used for management purposes, Haniel cash flow, is shown as a separate line item. Haniel cash flow is the profit after taxes, adjusted for all material non-cash income and expenses, and non-recurring, non-operating income and expenses, plus other cash components. Haniel cash flow consequently corresponds to the cash flow from operating activities excluding changes in current net assets.

The cash flow from investing activities includes payments for purchases and disposals of individual assets as well as for consolidated companies and other business units.

The cash flow from financing activities comprises payments in connection with shareholder transactions as well as financial liabilities. The shareholder transactions essentially include payments to shareholders and payments from changes in shares in companies already consolidated. The payments to shareholders comprise dividend payments to the shareholders of Franz Haniel & Cie. GmbH in the amount of EUR 30 million (previous year: EUR 0 million).

The cash flow from financing activities also includes the cash changes in financial liabilities. As in the previous year, payments for the repayment of financial liabilities include in particular amounts for the repurchase of euro bonds and commercial paper in the Holding and other companies segment as well as the repayment of bank loans and promissory loan notes.

The statement of cash flows contains the following cash flows which are attributable to discontinued operations:

EUR million	2014	2013
Cash flow from operating activities	-69	315
Cash flow from investing activities	-5	-42
Cash flow from financing activities	11	-254

32 NOTES TO SEGMENT REPORTING

In the segment reporting, the reportable segments are the three fully consolidated divisions, the investment in METRO AG accounted for at equity and the Holding and other companies segment. The breakdown of the segments reflects the Group structure. It is defined using the management approach, taking internal monitoring and reporting, as well as the organisational structure, into account.

In segment reporting the Celesio division that was sold in the beginning of 2014 is reported as a discontinued operation in its entirety. Pursuant to IFRS 5, the result from the sale of the Celesio division by the Franz Haniel & Cie. GmbH is presented in the income statement in profit after taxes from discontinued operations.

The same accounting standards are used for segment reporting and for the consolidated financial statements. In the reported segment assets, goodwill is allocated to the relevant division. Transactions between the divisions take place on an arm's length basis. The financial liabilities encompass the non-current and current financial liabilities contained in the statement of financial position. The sum of this amount and the other liabilities recognised in the statement of financial position is the Group's total liabilities. Recognised investments in non-current segment assets include additions to property, plant and equipment, intangible assets, investments accounted for at equity and non-current financial assets.

CWS-boco is a leading service provider of washroom hygiene products and textile services in Europe. CWS specialises in washroom products and dust control mats. The boco brand offers rental workwear.

ELG's core business is the trading and recycling of primary and secondary commodities particularly for the stainless steel industry.

TAKKT is the leading B2B direct marketing specialist for business equipment in Europe and North America.

The Metro investment concerns the investment in METRO AG accounted for at equity, which is described in greater detail in note 3.

The Holding and other companies segment essentially comprises the Franz Haniel & Cie. GmbH and its financing companies, excluding the Metro investment.

33 RELATED-PARTY DISCLOSURES

The significant related parties of the Haniel Group are associates including their subsidiaries. The disclosures in this section also contain the values of the Celesio division up to the disposal date.

Revenue attributable to business with associates in the financial year totalled EUR 12 million (previous year: EUR 21 million). Expenses in connection with transactions with associates amounted to EUR 1 million (previous year: EUR 2 million). As at the reporting date, trade receivables from and payables to associates amounted to EUR 3 million and EUR 0 million, respectively (previous year: EUR 5 million and EUR 0 million, respectively). All business relations with associates are governed by contracts and conducted at prices and conditions that would equally have been agreed with third parties.

Related persons of the Haniel Group are key management personnel. This includes the members of the Supervisory Board of Franz Haniel & Cie. GmbH and the members of the top-tier executive group. The top-tier executive group comprises the members of the Management Board of the Haniel Holding Company as well as the Management Board members or Managing Directors of the holding companies of the fully consolidated divisions.

As in the previous year, a portion of the item liabilities to shareholders is attributable to members of the Supervisory Board of Franz Haniel & Cie. GmbH. Some of the bonds, commercial paper and other securitised debt that are likewise indicated under note 13 are held by key management personnel.

In recent years, Franz Haniel & Cie. GmbH offered the executives of the Haniel Group the opportunity to subscribe to registered debt securities (Haniel Performance Bonds). The bonds bear interest corresponding to the return on total capital of the Haniel Group before taxes, plus a subordination premium of 3 percentage points. The original maturities ranged from 5 to 10 years. As at the reporting date, a liability in the amount of EUR 5 million (previous year: EUR 5 million) from the bonds subscribed to by members of the top-tier executive group is recognised.

The companies of the Haniel Group have not otherwise entered into reportable transactions with key management personnel. This also applies to close relatives of this group of persons.

In some cases, key management personnel are members of executive or supervisory bodies of other companies with which the Haniel Group engages in regular business relations. All transactions with these companies are conducted at arm's length.

In the current financial year, the members of the top-tier executive group received compensation amounting to EUR 16 million (previous year: EUR 27 million). Of this total, an amount of EUR 12 million (previous year: EUR 13 million) was attributable to short-term employee benefits, EUR 2 million (previous year: EUR 2 million) to post-employment benefits, and EUR 1 million (previous year: EUR 4 million) to termination benefits. Additionally, this group of persons were granted share-based payments of EUR 1 million (previous year: EUR 7 million) and other long-term benefits of EUR 0 million (previous year: EUR 1 million). The two latter compensation components are described in greater detail in the following section. As at the reporting date, the present value of defined benefit obligations of members of the top-tier executive group amounted to EUR 14 million (previous year: EUR 15 million). The members of the Supervisory Board of Franz Haniel & Cie. GmbH received the same total remuneration as in the previous year. In addition, employee representatives to the Supervisory Board who work for the Haniel Group received salaries from their employment, which are in line with the market.

COMPENSATION SERVING AS LONG-TERM INCENTIVE

For members of the top-tier executive group, the performance compensation comprises performance cash plans as a variable component. These plans are oriented on the value growth of Haniel or of the respective fully consolidated divisions and therefore on the sustainability of the Haniel Group's success.

The performance cash plans granted during the financial year have a term of four years. The actual payment from these plans is limited in amount and is made in cash depending on target achievement and the fulfilment of stipulated requirements at the end of the term.

Target attainment in the CWS-boco and ELG divisions is essentially measured on the development of value-based performance indicators. These performance cash plans are therefore presented as other long-term benefits.

In contrast, target attainment in the performance cash plans for the Management Board of TAKKT AG and Franz Haniel & Cie. GmbH is based primarily on the development of the share price or market value in the period under consideration. Accordingly, the performance cash plans are classified as cash-settled share-based payments as defined in IFRS 2. The future payment amount is measured at the fair value of the liability taking into account the contractual terms and conditions. At TAKKT, a binomial option pricing model is used to determine the share price-based component. Material measurement assumptions here concern the risk-free interest rate and the applied volatilities based on historical observable data. The liability is remeasured at each reporting date and at the date of settlement. Any changes in fair value are recognised in profit or loss. The performance cash plans for the Management Board of the disposed-of Celesio division are also classified as cash-settled share-based payments as defined in IFRS 2. The total expense from all cash-settled share-based payments was EUR 1 million (previous year: EUR 7 million). The liability recognised in this respect amounted to EUR 7 million as at the reporting date (previous year: EUR 13 million).

34 DISCLOSURES REQUIRED UNDER NATIONAL LEGISLATION

COMPENSATION PAID TO THE COMPANY'S EXECUTIVE BODIES IN ACCORDANCE WITH SECTION 314 (1) NO. 6 OF THE GERMAN COMMERCIAL CODE

With reference to Section 286 (4) of the German Commercial Code, the total remuneration of the Management Board of Franz Haniel & Cie. GmbH in the financial year is not disclosed. The total remuneration of the Supervisory Board was EUR 0.6 million (previous year: EUR 0.6 million); that of the Advisory Board was EUR 0.2 million (previous year: EUR 0.2 million). The remuneration of former members of these bodies and of their survivors was EUR 2.1 million (previous year: EUR 2.0 million). Pension provisions amounting to EUR 24.8 million (previous year: EUR 25.0 million) were recognised for the former members of the above bodies and their survivors.

DECLARATION ACCORDING TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG), ISSUED BY THE LISTED COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO SECTION 314 (1) NO. 8 OF THE GERMAN COMMERCIAL CODE

The following listed companies are included in the consolidated financial statements as at 31 December 2014: TAKKT AG (fully consolidated) and METRO AG (accounted for at equity). Each of these companies has issued the declaration prescribed by Section 161 of the German Stock Corporation Act. These declarations have been made public on the companies' individual websites (www.takkt.com; www.metrogroup.de).

AUDITOR'S FEE PURSUANT TO SECTION 314(1) NO. 9 OF THE GERMAN COMMERCIAL CODE

The fee paid to the group auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Germany, for Franz Haniel & Cie. GmbH and its subsidiaries amounted to EUR 0.9 million in the financial year (previous year: EUR 1.1 million). This total fee comprises services in connection with auditing financial statements in the amount of EUR 0.8 million (previous year: EUR 0.9 million) and other services in the amount of EUR 0.1 million (previous year: EUR 0.2 million).

DISCLOSURE OF SHAREHOLDINGS PURSUANT TO SECTION 313 (2) AND (3) OF THE GERMAN COMMERCIAL CODE

The full list of shareholdings of Franz Haniel & Cie. GmbH and the Haniel Group, which forms a part of these notes to the consolidated financial statements, is published in the Federal Gazette (Bundesanzeiger) and on the www.haniel.com website. The shareholdings of TAKKT AG and METRO AG as at 31 December 2014 are indicated in the individual companies' annual reports and/or on their websites (www.takkt.com; www.metrogroup.de).

NUMBER OF EMPLOYEES PURSUANT TO SECTION 314(1) NO. 4 OF THE GERMAN COMMERCIAL CODE

The number of employees in the Haniel Group, averaged from quarterly figures, was 11,544 (previous year: 50,279) based on a headcount, and 10,519 (previous year: 39,234) on a full-time basis. The disclosures for the previous year also contain the employees of the disposed-of Celesio division. A breakdown of employees by division is provided in the segment reporting on pages 72 and 73.

EXEMPTION ACCORDING TO SECTIONS 264 (3) AND 264B OF THE GERMAN COMMERCIAL CODE

The following companies are exempt from the obligation to publish their annual financial statements pursuant to Section 264 (3) of the German Commercial Code:

- Haniel Finance Deutschland GmbH, Duisburg
- Haniel Immobilien Verwaltungsgesellschaft mbH, Duisburg
- Metro Vermögensverwaltung GmbH, Düsseldorf
- Metro Finanzdienstleistungs GmbH, Düsseldorf
- 1. HSB Verwaltung GmbH, Schönefeld-Waltersdorf
- CWS-boco International GmbH, Duisburg
- CWS-boco Service GmbH, Duisburg
- CWS-boco Supply Chain Management GmbH, Lauterbach
- CWS-boco Welker GmbH, Bremen
- CWS-boco Deutschland GmbH, Hamburg
- Verwaltungsgesellschaft CWS-boco HealthCare mbH, Hamburg
- ELG Haniel GmbH, Duisburg
- Eisenlegierungen Handelsgesellschaft mbH, Duisburg
- ELG Haniel Trading GmbH, Duisburg
- ELG Utica Alloys International GmbH, Duisburg
- ELG Carbon Fibre International GmbH, Duisburg

Metro Vermögensverwaltung GmbH & Co. KG, Düsseldorf, 1. HSB Beteiligungsverwaltung GmbH & Co. KG, Schönefeld-Waltersdorf, and CWS-boco HealthCare GmbH & Co. KG, Warburg, are exempt from the obligation to publish annual financial statements pursuant to Sections 264a and 264b of the German Commercial Code.

35 EVENTS AFTER THE REPORTING DATE

No reportable events took place after the reporting date.

36 PROFIT APPROPRIATION PROPOSAL OF FRANZ HANIEL & CIE. GMBH

After deducting appropriate write-downs and recognising adequate valuation allowances and provisions, the net income for the financial year reported in the annual financial statements of Franz Haniel & Cie. GmbH, prepared in accordance with the German Commercial Code, amounts to EUR 1,052 million.

The Management Board proposes to pay out a dividend of EUR 40 million.

The shareholders will therefore receive a dividend of 4 per cent on the subscribed capital of EUR 1.0 billion. This represents an amount of EUR 2.00 per EUR 50 ordinary share.

Duisburg, 5 March 2015

The Management Board

Gemkow **Funck**

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group Report of the Management Board includes a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Duisburg, 5 March 2015

The Management Board

Gemkow **Funck**

AUDITORS' REPORT

We have audited the consolidated financial statements prepared by Franz Haniel & Cie. GmbH, Duisburg, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, together with the Group Report of the Management Board for the financial year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and the Group Report of the Management Board in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB (Handelsgesetzbuch – German Commercial Code), are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group Report of the Management Board based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the assets, liabilities, financial position, and profit or loss in the consolidated financial statements in conformity with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group Report of the Management Board are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group Report of the Management Board. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group Report of the Management Board is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Essen, 5 March 2015

PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Granderath
Wirtschaftsprüfer
(German Public Auditor)

Wienands
Wirtschaftsprüfer
(German Public Auditor)

GLOSSARY

B

B2B – Business-to-Business The sale of goods or services to other companies or corporate customers.

C

Capital employed Difference between total assets and the non-interest-bearing capital provided.

Cash flow Balance of cash receipts and cash payments in a reporting period. A measure of a company's financial and earning power. For example, operating cash flow indicates how much of the recognised net profit for the period is reflected in cash inflows from operating activities. This cash flow can be used to finance capital expenditures, repay liabilities or pay dividends.

Commercial paper Special instruments (money market paper), usually discount bonds, issued in order to finance short-term credit needs. As a rule, the issuer requires an excellent → rating in order to place and deal in papers of this kind.

Compliance A key element of → corporate governance. It denotes the observance of relevant laws and internal guidelines.

Consolidation In the consolidated financial statements, the Group, comprising several legally independent companies, is depicted as if it were a single business. Consolidation consists of bookkeeping techniques that eliminate all intragroup transactions. It eliminates the double counting of intragroup transactions when consolidated financial statements are being prepared from the data contained in the annual financial statements of the individual Group companies.

Convertible bond An interest-bearing corporate bond that carries a conversion right for a specified number of shares in the company. Because of this option, convertible bonds have a lower interest rate than non-convertibles.

Corporate governance Rules, statutes, directives and recommendations pertaining to how a company is managed and controlled. The principles of corporate governance at Haniel are described in greater detail in the corporate governance report on pages 29 and 30.

COSO – Committee of Sponsoring Organizations of the Treadway Commission A joint initiative of private sector organisations in the USA dedicated to the development of frameworks and guidance on the establishment and structuring of internal control systems (→ ICS).

Cost of capital Product of the → weighted average cost of capital and the average → capital employed.

Current net assets Current net assets essentially comprise trade receivables and inventories less trade payables. This is an indicator used to determine the capital needed to finance operating activities.

D

DCF – Discounted Cash Flow A method by which future cash flows are discounted to determine the net present value. The Haniel Group uses DCF calculations to assess the profitability of investment projects and business acquisitions and to determine the → fair value of non-listed financial instruments.

Debt Issuance Programme An annually renewed prospectus listed by a European stock market for the issue of medium-term bonds at any time.

Deferred taxes Differences between the requirements under tax law and the accounting and measurement regulations according to → IFRS give rise to variances in the amounts recognised for assets and liabilities. Consequently, the tax burden anticipated on the basis of the profit reported in the consolidated financial statements differs from the actual amount payable. To allow a corresponding tax expense to be posted in the income statement, the effects of these deviations are counterbalanced by deferrals.

Derivative A contract that is dependent on another asset (underlying asset). The → fair value of derivative financial instruments can therefore be derived from market values of traditional underlying assets, such as stocks and commodities, or from market prices, such as interest rates or exchange rates. Derivatives exist in a range of different forms, such as → options, → futures, interest rate caps and → swaps. In the context of Haniel's financial management, derivatives are used to hedge risk.

Divisions Various business activities and investments in the Haniel portfolio.

E

Early risk identification system Systematic reporting measures designed to detect adverse, risk-entailing developments in good time with the help of financial and non-financial company-specific indicators and factors. The early risk identification system forms part of → risk management.

E-commerce The marketing and sale of products and services via internet.

Equity method A method for measuring investments in companies over whose business and financial policy Haniel can exert a significant influence or over which it has joint control (investments accounted for at equity). Under the equity method, the carrying amount of the investment is determined by the change in the investor's proportionate interest in the investment's equity. Thus, the carrying amount is increased or decreased by the investor's share in the investment's profit or loss for the period. Distributions received from the investment reduce the carrying amount of the investment.

Equity ratio A capital management indicator within the Haniel Group which is calculated by dividing recognised equity by total assets.

F

Fair value A measurement approach based on market prices in accordance with → IFRS.

Family-equity company A holding company owned by a family which combines the professionalism of a private equity investor with the values of a family-owned company.

Financial liabilities The total non-current and current financial liabilities presented in the consolidated statement of financial position.

Free cash flow This indicates the cash flows from operating activities that were not used for capital expenditures. At Haniel, the free cash flow is the balance of the cash flow from operating activities and the cash flow from investing activities.

Full consolidation Procedure for including subsidiaries in the consolidated financial statements if they are under the parent company's control on the basis of a voting right majority or other means of influence. The subsidiary's individual assets and liabilities are included in the consolidated statement of financial position.

Future A listed → derivative in which two parties agree to trade a certain quantity of a reference asset, such as a foreign currency, at a future date at an agreed price.

G

Gearing A capital management indicator within the Haniel Group which is calculated by dividing the → net financial liabilities by the recognised equity.

Goodwill An intangible asset, that corresponds to the amount by which the purchase price for a business combination exceeds the total → fair value of the assets and liabilities acquired. Essentially, it represents the favourable future prospects accompanying the acquisition of the combined business and the expertise of the assembled workforce.

Goodwill impairment If → goodwill is recognised in the course of an acquisition, its carrying amount must be tested at least once a year for indication of impairment. If the anticipated future → cash flows from sales and other income and expenses associated with the takeover are lower than the carrying amount of goodwill at the time of the impairment test, the goodwill must be written down accordingly.

H

Haniel cash flow An internal indicator at the Haniel Group that comprises the profit after taxes, adjusted for all material non-cash income and expenditure, and non-recurring, non-operating income and expenses, plus other cash components. In detail, the profit after taxes is adjusted for non-cash depreciation, amortisation, impairment losses and reversals on non-current assets, the change in pension provisions and other non-current provisions, the income and expenses from changes in deferred taxes, the non-cash income and expenses and dividends from investments accounted for at equity, and the gains and losses from the disposal of non-current assets and consolidated companies and from remeasurement for changes in ownership interests and other non-cash income and expenses.

Haniel value added (HVA) Value-based performance indicator used by the Haniel Group, calculated by subtracting → cost of capital from the → return.

Hedging A strategy for managing interest and foreign exchange rate and other market price risks by means of → derivatives (derivative financial instruments), which limit the risks associated with the underlying transactions.

HGB – Handelsgesetzbuch (German Commercial Code) Legal basis for the annual financial statements (separate financial statements) of all companies registered in Germany. This is relevant to German corporations in connection with profit distribution.

I

IAS – International Accounting Standard(s) Financial reporting standard(s) within the → IFRS international regulatory framework.

IASB – International Accounting Standards Board An independent, international body which approves and continuously develops the → International Financial Reporting Standards (IFRS).

ICS – Internal control system Systematic control measures for monitoring whether existing rules for reducing risks are being observed. This is intended to ensure the functionality and cost-effectiveness of business processes and counteract any impairment of assets. It covers all material business processes, including accounting. The purpose of the accounting-related ICS is to ensure that financial reporting is reliable and that the risk of misstatements in the external and internal Group Reports is minimised.

IFRS – International Financial Reporting Standard(s) An international regulatory framework of accounting standards and interpretations which are developed by the → IASB (International Accounting Standards Board) and ratified by the European Commission. These accounting standards are intended to ensure the internationally comparable preparation of accounts. → Publicly traded companies registered in the EU are required to prepare their consolidated financial statements according to the provisions of IFRS.

IFRS IC – International Financial Reporting Standards Interpretations Committee An independent, international body which issues interpretations and guidance on issues not specifically covered by the → IFRS.

Interest cover ratio A capital management indicator within the Haniel Group that is derived as a quotient from certain items of the income statement. The sum of the → operating profit, → result from investments accounted for at equity and other investment result is divided by the sum of the finance costs and other net financial income. This indicator states how many times the interest to be paid to lenders and financial investors is covered by earnings from the operating business and investments.

M

Market value gearing Relationship between → net financial liabilities at the Holding Company Franz Haniel & Cie. and the market value of Haniel's investment portfolio.

Multi-channel Combination and integration of a variety of channels to approach customers and to market offered products and services.

N

Net financial liabilities Difference between → financial liabilities and cash and cash equivalents recognised in the consolidated statement of financial position.

Nickel pig iron A substitute product used particularly in China to produce stainless steel. Nickel pig iron is produced from lower-quality nickel ore which comes primarily from Indonesia and the Philippines.

Non-controlling interests Interests in the equity of subsidiaries of the Haniel Group held by third parties.

O

Operating profit This measure of earnings shows the profit contribution made in the period by the operating business, that is to say from the purchase and sale of goods and the provision of services, after deducting the associated expenses. The amount recognised in the income statement is the result before the profit/loss from investments and discontinued operations, interest and income tax expense.

Option Agreement between two parties granting one party the right to receive or sell a certain quantity of an underlying asset, such as a foreign currency, at an agreed price at a later date.

P

Plan assets Comprise assets that are held by a fund invested for the long term for satisfying payments to employees as well as qualified insurance contracts.

Publicly traded companies Enterprises that have issued securities, e.g. shares or bonds, which are publicly listed and traded (on a stock exchange).

Purchase price allocation Allocation of the purchase price in a business combination to the individual assets and liabilities acquired. The acquired assets and liabilities are measured at → fair value. If the purchase price exceeds the net assets acquired, this gives rise to → goodwill.

R

Rating A credit score given to companies or financial instruments by agencies, such as Standard & Poor's or Moody's, or banks.

Recognised investments include the acquisition of non-current assets such as buildings, machinery or software. Specifically, the acquisition of assets reported under property, plant and equipment, intangible assets, investments accounted for at equity or non-current financial assets.

Result from investments accounted for at equity Includes the portion of the net profit for the period attributable to Haniel which is generated by companies measured in the consolidated financial statements according to the → equity method.

Return → Operating profit of continuing and discontinued operations plus profit/loss from investments and other net financial income less income tax expenses.

Return on capital employed (ROCE) Value-based performance indicator used within the Haniel Group that is determined by dividing the → return by the average → capital employed.

Risk management Systematic procedures for identifying and assessing potential risks for the Group, and for deciding on, implementing and monitoring measures to avoid risks and/or reduce their possible negative impact.

S

Scope of consolidation The companies included in the consolidated financial statements.

Statement of cash flows The statement of cash flows is used to determine and depict cash inflows and outflows. It shows the cash that is generated and expended in a period (→ cash flow).

Strategic business unit (SBU) The organisational level below division. The strategic business units can be structured according to various criteria, e.g. regions or product groups. The strategic business units are frequently depicted in internal controlling and planning processes for analysis purposes, in order to illuminate trends in the → divisions.

Superalloys At the ELG division, these are high-alloy, nickel-containing scrap and titanium scrap processed by ELG for its customers.

Sustainability The model of sustainable development pursues the objective of engaging in business activity to create not only economic value, but also ecological and social benefits, without undermining the development opportunities of future generations (corporate responsibility – CR).

Swap An agreement between two parties to exchange commodity or cash flows in the future. In an interest rate swap, interest payments are exchanged for an agreed principal amount on the basis of different interest rates. Thus, floating interest rates can be exchanged with fixed interest rates, for example.

U

United Nations Global Compact (UN Global Compact) Initiative of the United Nations under which companies undertake to align their business activities and strategies with ten universally accepted principles relating to human rights, labour standards, environmental protection and the fight against corruption.

W

Web-focused brands sell their products and services primarily via the Internet.

Weighted average cost of capital (WACC) Represents the return demanded by providers of capital in relation to the → capital employed in the company. It is defined as the weighted average cost of equity and debt; the cost of the equity component corresponds to the return expectations of shareholders, taking into account business model-specific risks. The cost of the debt component reflects the long-term financing conditions of the company.

COMMUNICATION ON PROGRESS: UN GLOBAL COMPACT

Corporate Responsibility is an integral component of Haniel's corporate strategy. The Holding Company underscored this by joining the UN Global Compact on 27 March 2014.

In its first Communication on Progress, the Haniel Holding Company reports on management systems and measures to implement the ten principles in the areas of human rights, labour standards, environmental protection and the fight against corruption.

WE SUPPORT

PRINCIPLE	OBLIGATIONS AND MANAGEMENT SYSTEMS
Human rights and labour standards	
1. Support of human rights 2. No complicity in human rights abuses 3. Upholding the freedom of association and the effective recognition of the right to collective bargaining 4. Elimination of all forms of forced and compulsory labour 5. Abolition of child labour 6. Elimination of discrimination	Code of Conduct
	Investment and enterprise valuation guidelines
	A: Management processes along the phases of the investment cycle B: Decision-making processes relating to financial investments
	Development and continued education
	A: Works agreement on confidential work B: Works agreement on telecommuting/ home office
	Health management
Environmental protection	
7. Precautionary approach to environmental challenges 8. Promotion of greater environmental responsibility 9. Diffusion of environmentally friendly technologies	Code of Conduct
	Increasing employee awareness
	Reduction of Holding Company's climate footprint
	Reduction of divisions' climate footprint
Anti-corruption	
10. Anti-corruption measures	Code of Conduct
	Compliance management system
	Compliance guidelines

You have questions in the context of corporate responsibility at Haniel?
Please contact responsibility@haniel.de

MEASURES IN 2014	ACCOMPLISHMENTS IN 2014	FURTHER INFORMATION
Integration of human rights aspects and labour standards into the Code of Conduct and requiring the divisions – to the extent legally permissible – to issue corresponding guidelines	The updated Code of Conduct entered into force on 17 March 2014.	Page 31 – 34 CR Scorecard 2014 www.haniel.de/en/responsibility/corporate-governance/code-of-conduct
Integration of CR aspects and the principles of the Code of Conduct into the guidelines	The updated guidelines entered into force on 1 November 2014. Since then, all investment and acquisition proposals by the Holding Company and the divisions must factor in CR aspects and the implications for the objectives in Haniel's CR action areas must be weighed and assessed.	Page 31 – 34 CR Scorecard 2014
Launch of a project to integrate review criteria in accordance with the principles of the UN Global Compact within the key management processes along the phases of the investment cycle and in the decision-making process related to financial investments	A: CR review criteria have been integrated into the upstream assessment process for potential acquisition targets. B: Since the autumn of 2014, CR aspects have been taken into consideration when deciding on financial investments.	Page 31 – 34 CR Scorecard 2014 CR Report 2013, Page 35
A: Launch of a project aimed at increasing penetration of annual development reviews B: Offering of a comprehensive further education and training programme at the Haniel Academy as a central component of human resources development within the Haniel Group	A: In 2014, supervisors held a review with 98.6 per cent of Holding Company employees to discuss their abilities and potential, and agreed on individual development plans.	Page 31 – 34 CR Scorecard 2014
A: Flexible working hours through flexitime or part-time B: Offering employees option to work from home office if this is possible	B: The works agreement on telecommuting/home office entered into force on 1 January 2014.	Page 31 – 34
Development of a holistic approach for a company health management system with comprehensive measures relating to health care, sport and fitness, nutrition and stress prevention.	In 2014, health-promoting measures were expanded, for instance to include a more comprehensive sport offering and the provision of fruit.	Page 31 – 34

Integration of environmental aspects into the Code of Conduct and requiring the divisions to issue corresponding guidelines	The updated Code of Conduct entered into force on 17 March 2014.	Page 31 – 34 www.haniel.de/en/responsibility/corporate-governance/code-of-conduct
A: Employee training on CR issues B: Regular communication on issues relating to CR, including week-long campaign with comprehensive information on waste management, paper use and energy efficiency	Publication of the first CR Report on 26 April 2014	Page 31 – 34 CR Scorecard 2014
A: Launch of a project to increase energy efficiency and identify potential savings and to implement initial measures B: Procurement of electricity from renewable sources of energy C: Continuous reduction of CO_2 emissions from company cars through Green Car Policy	B: 100 percent of the electricity used by the Holding Company is generated using renewable energies. C: The CO_2 thresholds for newly acquired company cars were reduced by 10g/km in 2014.	Page 31 – 34 CR Report 2013, Page 15
Agreement of targets with the divisions in order to help reduce their climate footprint	A: CWS-boco saved 8.5 per cent in energy used per kilogramme of laundry throughout the Group (aggregated from figures for hand towel rolls, mats and workwear) as compared to 2012. B: The "Optimize my Day" dispatch planning tool introduced in 2013 enabled CWS-boco to drive 850.000 fewer kilometres in 2014. C: TAKKT increased the share of revenue attributable to sustainable products to 6.6 per cent.	Page 31 – 34 CR Scorecard 2014 CR Report 2013, Page 27

Discussion and consolidation of compliance-relevant issues such as anti-corruption aspects in the updated Code of Conduct and requiring the divisions to issue corresponding guidelines	The updated Code of Conduct entered into force on 17 March 2014.	Page 29 www.haniel.de/en/responsibility/corporate-governance/code-of-conduct
Continuous monitoring of compliance with statutory and internal Group requirements through preventative measures, including compliance reporting, a compliance officer and a compliance helpline	Presentation on Compliance at the 2014 Group Conference focusing on anti-corruption and antitrust law issues	Page 29
Development of new compliance guidelines	The compliance guidelines entered into force on 1 May 2014.	

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