


Sustainably connected

A stylized map of Europe composed of white geometric lines forming a network of triangles and polygons. A green dotted line runs diagonally across the map, passing through a small green circle located in Central Europe, representing the location of Landsberg am Lech.

Landsberg am Lech,
Germany
48° 3' 36.396" N
10° 51' 16.704" E

A white ceramic bowl filled with a mix of black, white, and red peppercorns.

Sustainability Report
2017

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Dr Peter Stadelmann

Chief Executive Officer

Born in 1965, Dr Stadelmann has been a member of the Executive Board at RATIONAL since 2012. He has been CEO since January 2014. He previously spent over 20 years in a variety of managerial functions at the Malik Management Centre St. Gallen. From 2006, he spent six years as operational Managing Director of the Malik Group. //

Dr Axel Kaufmann

Chief Financial Officer

Born in 1969, Dr Kaufmann has been Chief Financial Officer at RATIONAL since October 2015. After completing his education and studies, he joined Deutsche Bank, and was then at Siemens AG for over ten years before moving to Nokia Networks, where he took up managerial positions in the fields of finance and strategy. He was Chief Financial Officer at Koenig & Bauer AG from 2010. //

Peter Wiedemann

Chief Technical Officer

Born in 1959, Mr Wiedemann joined RATIONAL GmbH in 1988 as an engineer. He went on to work as a product manager, supported the development of the American subsidiary and took over the technical division as a member of the management team in January 1996. Since September 1999, he has had the same responsibility as a member of the Executive Board. //

Markus Paschmann

Chief Sales Officer

Born in 1966, Mr Paschmann has been Chief Sales Officer at RATIONAL since December 2013. After completing his studies in industrial engineering, he began his career at Siemens AG. He was then, among other things, head of the Global Business Unit Electronics at the Harting Technology Group and Managing Director. In 2006, he joined the Executive Board of Sick AG. //

Foreword by the Executive Board

Dear Ladies and Gentlemen,

Sustainable action and a responsible role in society have been core elements of our corporate policy since RATIONAL was founded. Responsible corporate management and treating our environment with respect are a matter of course for us. In addition, we assume responsibility for our employees, make a positive contribution to the development of society and work together with all stakeholders in a spirit of long-term partnership and respect. The aim is to ensure that our children and grandchildren will continue to enjoy an intact ecological, social and economic structure.

In our role as a solution provider for thermal preparation of food, we make a sustainable contribution to meeting the basic human need for warm food when outside of home through our innovative products and services. We support people in the professional kitchens of the world in preparing healthy meals of a consistently high quality, with savings in time and, above all, in resources.

We believe that a healthy diet is an important benefit of our technology, since our appliances cook food more gently than traditional cooking methods, thus helping people to eat better. The appliances need less fat, preserve vitamins and minerals in vegetables and fish and do not generate any harmful substances during the cooking process.

Moreover, the excellent efficiency of our products and services makes an important contribution to safeguarding resources and protecting the environment. This is something we want to ensure not only through our cooking appliances, however, but also with our numerous services, which we offer our customers free of charge.

Take ConnectedCooking, for instance, which we launched in 2017, and which allows our customers to connect with their appliances using the cloud-based Internet platform. Many activities become redundant thanks to automatic software updates, transfer of recipes, remote control of appliances as well as remote access by service partners. Not only does this in turn save time but also a wealth of resources. Our endeavours in this respect earned us the "Green Ribbon" for sustainability in the catering and food service market at the Intergastra trade show in Stuttgart in February 2018.

We are happy about that and also a little bit proud. And we see it at the same time as an incentive to raise our own standards for environmentally friendly products a little further in future too.



Dr Peter Stadelmann
CEO of RATIONAL AG

The RATIONAL Group's business model

The RATIONAL Group produces and distributes cooking appliances for thermal preparation of food for large-scale and commercial kitchens worldwide. Revenue is also generated with accessories, care products and service parts. Our products are targeted at businesses that prepare at least 20 hot meals a day. Our primary corporate aim of delivering maximum benefit for customers is firmly entrenched in our corporate philosophy.

Our products are high quality and very durable capital goods. They have an estimated life of 10 to 12 years on average, though this varies greatly depending on the intensity of use. In many cases, the appliances are also used by our customers over many decades.

The Group's parent company is RATIONAL Aktiengesellschaft, whose registered office is located in Landsberg am Lech, Germany. Through 33 subsidiaries, of which 26 are sales companies, and local trading partners, the company markets its products all over the world. The RATIONAL Group is divided into two operating segments, RATIONAL and FRIMA.

The majority of our sales revenues is generated with the SelfCookingCenter®, a combi-steamer with intelligent cooking processes. Combi-steamer technology involves transferring the heat during cooking via steam, hot air or a combination of the two. The software integrated into the SelfCookingCenter® recognises the size and consistency of the food and controls the cooking process until the desired cooking result is attained. In addition, we offer our customers a basic model of the combi-steamer called the CombiMaster® Plus. These two products allow us to replace conventional cooking appliances like stoves, ovens or even a grill.

Our core market is Europe, where we generate around 60% of our sales revenues. New markets in the Americas and Asia – including the United States, Canada, Mexico, Brazil, China and India – are growing in importance for us.

Since 2005, we have also offered the VarioCookingCenter®, a product that complements the combi-steamer technology. This product cooks with direct contact heat or in liquid. It targets the same customer groups and can replace even more traditional cooking appliances such as deep-fat fryers, boiling pans or tilting frying pans. While the bulk of our sales is still concentrated in Europe at present, we are already active in some overseas markets, such as Japan or Australia, through selected partners.

Our two combi-steam models are produced exclusively at headquarters in Landsberg am Lech (Germany). The VarioCookingCenter® is manufactured in Wittenheim (France).

We focus on low proprietary value creation in production, which essentially lies in the final assembly of the products and production of stainless steel components. We source some 80% to 85% of all components from external partners.

We only use our own resources if an item can be manufactured with better quality or more cost-effectively in-house than by third parties or if a specific element of system expertise is especially important for the future development of our products and services.

We therefore enter into long-term partnerships with reliable suppliers. Intensive collaboration with suppliers and the high quality of the primary products, the logistics processes and the corporate quality of the suppliers are thus crucial aspects for us. 86% of all suppliers of series products are based in Germany and some 14% in other European countries.

About this report

Commitment to sustainability

Sustainability and future-proof development mean placing environmental aspects on an equal footing with social and economic interests. The aim is to ensure that our children and grandchildren will continue to enjoy an intact ecological, social and economic structure.

Information on the non-financial consolidated report – Delimitation with respect to sustainability report

The sustainability report to hand, which likewise includes the special 2017 non-financial consolidated report, serves to fulfil the legal requirements with respect to the CSR Directive Implementation Act for implementing Directive 2014/95/EU. What the policy makers are aiming to do is to increase corporate transparency with respect to ecological and social aspects. This includes information on the environment and on human rights as well as on combating corruption and bribery.

The contents of the non-financial consolidated report in accordance with Sections 315b and 315c in conjunction with 289c to 289e of the German Commercial Code (HGB) are shown without underlining. The texts shown with dotted underlining are part of the sustainability report only, but not the non-financial consolidated report.

Moreover, this sustainability report contains further voluntary information. We therefore exceed the legally required minimum requirements in respect of non-financial declarations in our reporting, as apply to certain publicly traded companies for the 2017 fiscal year.

The reporting period corresponds to the fiscal year from 1 January to 31 December 2017. Any matters described that refer to previous years or already to the first months of 2018 are also relevant for the preceding fiscal year or relate directly to measures or activities in 2017. Restatements of information compared with previous reports are essentially based on the legal requirements relating to the non-financial consolidated report in accordance with the German Commercial Code (HGB). There were no significant changes in respect of the list of key topics and the topic boundaries compared to the previous reporting periods.

The Global Reporting Initiative Standards (GRI Standards) provide orientation for presenting the concepts in accordance with Section 289c (3) of the German Commercial Code (HGB). The term "management approaches" is therefore used consistently in this sustainability report.

The sustainability report was prepared in accordance with the GRI Standards: "Core" version. Among other aspects, this affects parts of the text contained in the special non-financial consolidated report. The conformity of the sustainability report with respect to the GRI Standards was not examined by the commissioned auditing company in this respect.

Auditing the non-financial consolidated report

The non-underlined information in the non-financial consolidated report was the subject of a limited assurance engagement under ISAE 3000 (Revised) by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). This audit was commissioned by the Supervisory Board of RATIONAL AG.

Information in the sustainability report above and beyond the legally required contents of the non-financial consolidated report was not the subject of any audit. References to information outside of the scope of the 2017 Group management report and consolidated financial statements serve as further information and are not part of the non-financial consolidated report.

The scope of the audit and the opinion are set out in the "Independent auditor's report on a limited assurance engagement for non-financial reporting". The results of the audit were presented to the Supervisory Board in the framework of a Supervisory Board meeting.

Publication

The sustainability report was published on time in April 2018. The report will be published annually in future. It is available online in PDF form on the company website at www.rational-online.com/de_de/Unternehmen/%C3%9Cber_uns/Nachhaltigkeit or can be requested in paper form at ir@rational-online.com.

Scope

This report refers in principle to the RATIONAL Group. In cases where information or performance indicators refer only to sub-segments of the Group, this will be stated explicitly.

Relevant non-financial performance indicators

The relevant non-financial performance indicators of the non-financial consolidated report are as follows:

- > Employee turnover
- > Employee satisfaction
- > Illness rate
- > Number of attendees at RATIONAL live seminars

Determining the material contents for the non-financial report

The material aspects for the non-financial report in accordance with the Section 289c of the German Commercial Code (HGB) were defined as follows in the survey of different stakeholder groups, in internal discussions with the relevant employees and managers and finally in the framework of a materiality workshop attended by the Executive Board. These are based primarily on the RATIONAL AG business model and the resulting influences on the respective sustainability aspects.

> **Environmental matters**

The resource consumption of appliances in worldwide operation represents the material focus of the RATIONAL business model in relation to environmental matters. The key aspects in this respect relate especially to savings in comparison with traditional cooking technology and ongoing reductions in resource consumption with each new development.

> **Employee matters**

The principal focus of the RATIONAL business model in relation to employee matters is employee satisfaction, which is reflected in the low employee turnover rate, the high satisfaction values in employee surveys and the low illness rate.

> **Social matters**

In terms of social matters, the RATIONAL business model focuses principally on the range of cooking appliances with health-promoting cooking methods or cooking processes, which encourage people to eat healthily.

> **Observance of human rights**

Observance of human rights is self-evident for RATIONAL. This topic is of major significance along the entire supply chain, given the limited vertical integration and intensive collaboration with suppliers. Internal rules of conduct (compliance management system, code of conduct, etc.) as well as the BME Code of Conduct for ensuring observance of human rights in the supply chain are important implementation elements in this respect.

> **Combating corruption and bribery**

Legally compliant behaviour and combating corruption and bribery are a matter of course for RATIONAL. This topic is of major significance along the entire supply chain, given the limited vertical integration and intensive collaboration with suppliers. Internal rules of conduct (compliance management system, code of conduct, anti-corruption policy, sanction list screening, etc.) as well as the BME Code of Conduct for ensuring the combating of corruption and bribery in the supply chain are important implementation elements in this respect.

> **Customer matters**

Offering our customers the maximum benefit is our primary corporate aim. This has been firmly entrenched in our corporate philosophy for many years. In this respect, customer satisfaction is the principal aspect of the RATIONAL business model in terms of customer matters.

Determining the material contents for the sustainability report in accordance with the GRI Standards (“Core” version)

The contents of this report on sustainability management have been prepared in compliance with the “Core” version of the Global Reporting Initiative guidelines (GRI Standards). Some of the contents are also contained in the latest Annual Report in addition to here and have been verified by the Group Auditor.

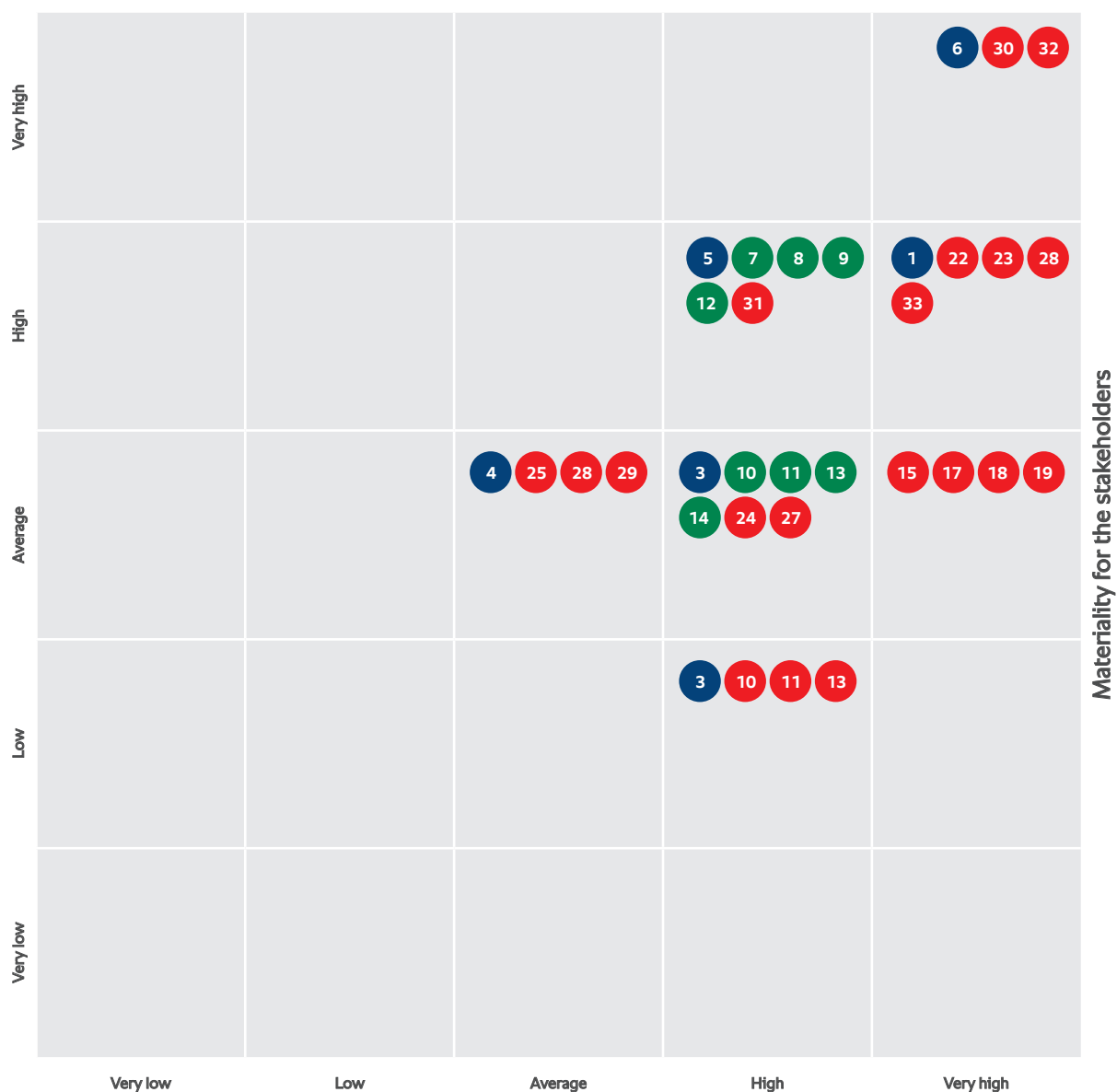
We identified the key topics to be reported on in the materiality analysis. Our sustainability approach considers the expectations of management and employees as well as the expectations of our stakeholders. A survey of the most important stakeholder groups in 2018 identified their focal topics on the subject of sustainability. The questions were based closely on the contents defined in the GRI Standards.

As part of the survey, customers, dealers, suppliers, capital market players and representatives of the general public (externally), as well as employees and managers (internally), rated 33 topics on a scale of “not at all important” to “extremely important”. We evaluated the results using our “Net Materiality Indicators” (NMI) proprietary tool and rated them from “very low” to “very high” according to their importance. The NMI tool is closely based on the calculation logic of the Net Promoter Score as it is known (https://de.wikipedia.org/wiki/Net_Promoter_Score).

Aspects considered to be of “material importance” in the scope of the evaluation were those action areas that were rated at least “high” both internally in the company and externally, or those topics that were classified either internally in the company or externally as “very high”.

The topics are graded in the matrix below according to their materiality for the stakeholders (external) and for the organisation (internal).

Materiality for the organisation



GRI 200 Economy
 201 Economic Performance
 202 Market Presence
 203 Indirect Economic Impacts
 204 Procurement Practices
 205 Anti-corruption
 206 Anti-competitive Behaviour

GRI 300 Environment
 301 Materials
 302 Energy
 303 Water
 304 Biodiversity
 305 Emissions
 306 Effluents and Waste
 307 Environmental Compliance
 308 Supplier Environmental Assessment

GRI 400 Social
 401 Employment
 402 Labour/Management Relations
 403 Occupational Health and Safety
 404 Training and Education
 405 Diversity and Equal Opportunity
 406 Non-discrimination
 407 Freedom of Association and Collective Bargaining
 408 Child Labour
 409 Forced or Compulsory Labour
 410 Security Practices
 411 Rights of Indigenous Peoples
 412 Human Rights Assessment
 413 Local Communities
 414 Supplier Social Assessment
 415 Public Policy
 416 Customer Health and Safety
 417 Marketing and Labelling
 418 Customer Privacy
 419 Socioeconomic Compliance

Risk analysis

Risks in general are understood to be all internal and external activities that may negatively impact the achievement of desired objectives in a defined reporting period. Risks are assessed on the basis of two criteria, i.e. amount of damage (or impact) and probability of occurrence.

In accordance with Section 289c of the German Commercial Code (HGB), the non-financial report should include indication of the material risks associated with own business activity of the corporation and which are or will be very likely to have negative effects on the aspects outlined above, as well as the handling of these risks by the corporation.

We focus in this respect on the risks that exist due to business activity for areas outside of the company. The net approach is used when assessing risks, i.e. when assessing the risks, we include any countermeasures taken, which reduce the probability of occurrence and the possible extent of damage.

The risk analysis includes potential risks that can arise from the business activity of producing companies in general and from the business activity of RATIONAL AG in particular.

The definition of material risks from the business activity relates to the two core questions in Section 289c of the German Commercial Code (HGB)

- a) Should the relevant risk from the business activity of RATIONAL AG be classified as very probable?
- b) Does the relevant risk have potential to have a serious impact on the respective aspect?

Delimitation with respect to the RATIONAL AG risk management system in accordance with Section 91 (2) German Stock Corporation Act (AktG)

The RATIONAL risk management system refers to all internal and external activities that may negatively impact the achievement of business objectives or strategies in a defined reporting period. The primary aim of the risk management system in this respect is the continued existence of the company.

A risk session was conducted in 2017 in the framework of RATIONAL's risk management (in accordance with Section 91 (2) of the German Stock Corporation Act (AktG)). The objective of this risk session was to identify potential internal and external risks (early risk detection), the performance of an actual risk inventory, the assessment of potential risks and the initiation of appropriate measures. Workshops concerning this objective were conducted with selected managers in the course of the risk session in 2017. The RATIONAL risk register was expanded based on the results of these workshops. The relevant risks were discussed accordingly in the framework of an Executive Board meeting.

The following topic areas were dealt with as part of this process:

- > Environmental matters
- > Employee matters
- > Social matters
- > Observance of human rights
- > Combating corruption and bribery
- > Customer matters

No material risks were identified in this process, which are or will be very likely to have serious negative effects.

The result of the risk assessment is as follows:

No material risks result from the business activity of RATIONAL AG, which are or will be very likely to have serious negative effects on the non-financial aspects outlined in Section 289c of the German Commercial Code (HGB).

VERY HOT!



“We offer people working in commercial kitchens the most beneficial solution to their thermal cooking tasks”.

RATIONAL corporate philosophy

Customer benefit is our primary corporate aim

"Be attentive to customer needs and you will have less to fear from the competition".

Quote by Prof. Dr Hans-Jürgen Quadbeck-Seeger (* 1939), (translated freely from the original German), German chemist and member of the Commission of Inquiry on Genetic Engineering of the German Bundestag, who was awarded the Federal Cross of Merit for his commitment.

Our primary aim: to inspire customers

"We offer people working in commercial kitchens the most beneficial solution to their thermal cooking tasks". This is the overriding principle that has been enshrined in our corporate philosophy for many decades and applies to our dealings with our customers, suppliers, employees and investors.

Delivering maximum benefit for us means offering the best solutions for preparation of food, making daily routine in the kitchen easier and ensuring the best support throughout the entire customer relationship.

Every contact is a positive experience for the customer

RATIONAL views customers as long-term partners. A customer does not just become a customer for us because we have sold them a product, but rather when they use our appliances intensively on a regular basis and we can support them actively in this. The customer thus quickly gains experience of using the appliances and recognises their many possibilities. This also means however that detailed questions are increasingly common, which require an expert response from our specialists. And of course errors can also arise at times with intensive use, which have to be resolved. In all of these instances, we are on hand to support our customers, be it in the form of technical service or with a host of supporting tools that make life in the kitchen easier for chefs. It is important to us in this context to always offer customers the right training and development opportunities at the right time in accordance with their experiences with our appliances. We call this the RATIONAL ServicePlus package.

Before any purchase is made, we want to utilise all contact to create a positive experience for our potential customers, be it through our marketing, in social networks, at trade fairs or a RATIONAL live seminar. Initial experience with the SelfCookingCenter® or VarioCookingCenter® is offered as part of the live seminar, where interested parties can take part in a cookery demonstration lasting several hours with a RATIONAL chef.

When it comes to the purchase, support is on hand from our sales staff as well as our retail and technical service partners with respect to installing the appliance, with personal start-up training provided on site. In case of initial difficulties or simply if questions arise, our sales experts can be called on in addition to RATIONAL application consulting and our RATIONAL ChefLine®.

Once the customer has gained initial experience with the SelfCookingCenter® or the VarioCookingCenter®, we help them to improve on this continually.

Our Academy RATIONAL or the expert kitchens as they are known provide such support for example. Experienced RATIONAL master chefs or also enthusiastic users show their colleagues who have already purchased an appliance the tips and tricks for getting even more from their SelfCookingCenter® or VarioCookingCenter®.

Or there is also ConnectedCooking: we have been offering our customers a free, cloud-based networking solution since March 2017, which allows them to connect to their appliances, control them remotely, update the software and transfer cooking programmes. We bundled all of our digital customer platforms in September 2017 by combining ConnectedCooking, the former Club RATIONAL with its more than 120,000 members and "My FRIMA".

The aim of these free services is to enable optimum use of the appliances for our customers, tailored to their personal needs.

For us it is important that we view all customer contact as an opportunity to inspire a customer. If the customer has had a negative experience in the past, this is an opportunity for us to overcompensate for this error, and perhaps make them a champion for us instead. In other words, a satisfied and loyal customer who would always purchase a product from RATIONAL again and also recommend this product to their friends and colleagues.

Chefs in sales – From professional to professional

Because our sales employees are usually trained chefs, they understand the language of our customers and can put themselves in their shoes. That's why we know precisely which solutions we have to offer them to solve their problems. Our customers thus become equal partners with whom we engage as peers. And who are happy to entrust us with their problems.

Strong personalities are needed in sales to show the customer how we value them and listen to their wishes and needs but also their feedback, even if it is negative at times. And of course these employees have to be trained accordingly and be supported by the best technical equipment. This means we are always in a position to properly appraise the customer's current situation, assess their needs with respect to appliances, services or support offers and address these needs appropriately.

The bond of trust established in this way at the same time leads to open communication with our customers and to honest and constructive feedback, which is taken on board by us and from which we can learn a great deal. This in turn leads to a close customer relationship and deep mutual trust.

Customer satisfaction surveys

To ensure that we properly assess the needs of our customers, we conduct a broad-based customer survey once a year with Kantar TNS in which we query the satisfaction with our products and services, but also potential and necessary improvements.

The last comprehensive customer satisfaction survey took place in 2017 and was concluded in March 2018, with just under 1,000 RATIONAL combi-steam customers in China, Japan, United Kingdom, USA and Germany from different customer segments taking part overall.

The TRIM index established in this survey measures the strength of the customer relationship in particular. The main aspects considered include the overall assessment of the customer relationship, the repurchase intention, the probability of recommendations and the competitive advantage perceived by the customer. The index can record values of between -66 and 134, with RATIONAL scoring a 93. That makes us just outside the top 10% of companies with an index value of 94 points.

The size of the score and the score itself, which largely correlates with last year's results, indicates a continually good relationship with our customers. Despite the very high overall satisfaction rating by customers, there are many opportunities for improvement. Specific action areas were successfully identified from the responses in relation to contacts, support and further training, online and social media activities as well as appliance features. We will analyse and assess these and implement them on a target group-specific basis for each customer group and country in the coming years.

Repeat enquiries

We also use a structured questionnaire to carry out an ongoing survey with various customer contacts concerning general satisfaction with our products and services as well as the specific satisfaction with the current contact.

These surveys are evaluated and presented to the Executive Board. Appropriate measures are elaborated from the responses to all of these questions together with the top decision makers in the respective sales regions and the Executive Board to enable us to serve our customers even more effectively in the future, to offer them an even more positive experience and to increase their satisfaction rating even further.


In future we will further strengthen the concept of structured customer feedback after each customer contact, so we can get even closer to reaching our goal of all contact with RATIONAL being a positive experience for our customers.

Interest in our products and services

An important indicator of customer satisfaction and interest in our products is the number of participants at our RATIONAL live seminars, which are reported to senior management in the framework of monthly reporting. Our plan was to increase the number of participants in 2017 by around 7% compared to the previous year and we succeeded in achieving this. Overall we welcomed some 107,000 participants to our RATIONAL live seminars in 2017. The participation rates were successfully increased continually in past years, thus indicating a high level of interest in our products.

Direct feedback to the CEO

And finally, a particular feature of RATIONAL: if customers are not completely satisfied with our products or services, they can send their comments or criticisms directly to our CEO, Dr Peter Stadelmann, who will actively assist in finding a solution and resolving the cause of the problem. Some 81 queries were received and dealt with in 2017.



“Let food be thy medicine
and medicine be thy food.”
Hippocrates

Gentle cooking for a healthier and more nutritious diet

The primary corporate aim entrenched in our company's philosophy of offering maximum benefit for our customers also focuses on the topic of healthy nutrition. In addition to optimally hygienic preparation of food, we want to ensure the value of the consumed foodstuffs is maintained at the highest level.

Our company founder Siegfried Meister decided back in 1983 to focus on combi-steamer technology, where steam and convection are combined in one appliance. More than 90 % of all appliances sold in 2017 were combi-steamers.

No harmful substances are produced during the cooking process when food is prepared by steaming. In addition, a significantly higher proportion of vitamins, minerals, trace elements and secondary plant substances are preserved with steaming than with traditional cooking methods.

Cooking using our combi-steamers therefore promotes people's health and well-being.

This is our way of encouraging people to eat healthily.

The following statements refer to the RATIONAL combi-steamer, since this appliance accounts for 95 % of the installed base of RATIONAL appliances.

Healthy nutrition – More than a fad

Everyone is talking about healthy eating these days. But a healthy diet is not merely a fad. Even Hippocrates pointed out the beneficial effect of high-quality food in ancient Greece.

Healthy nutrition has numerous facets. We are currently seeing the emergence of a host of eating trends – vegan, vegetarian, fruitarian, flexitarian, paleo, clean eating, low-carb, raw fruits and vegetables, slow food, and many more. We at RATIONAL, however, believe that high-quality food performs important functions regardless of the respective diet.

The most important task of food is to supply the human body with nutrients – provided the food is free from bacteria, viruses, toxins, chemicals and heavy metals that are hazardous to health. Accordingly, healthy nutrition depends not only on what we eat, but also on the right way to prepare it.

The quality of the food is as important as the type of food we select. High-quality foods are healthier, but often cost more, because they are produced, stored and transported more elaborately and with more care. The greatest customer benefit of RATIONAL's technology lies in preparing healthy meals of a consistently high quality. Optimum steam saturation, product-specific temperature and time control as well as perfect uniformity virtually eliminate waste and minimise weight loss.

Chefs benefit in terms of money too thanks to the savings in raw materials – lower liquid loss with high steam saturation, less waste – which they can in turn spend on higher-quality ingredients to serve guests higher-value dishes. The SelfCookingCenter® thus already makes a positive contribution to choosing healthy meals when purchasing the food.

In addition, the cooking method itself plays a crucial role. Many cooking methods are regarded as unhealthy since they require a lot of fat, generate harmful substances or destroy valuable nutrients in the food. Steam is currently considered to be the healthiest cooking method since the dishes prepared are rich in vitamins and need less fat. And since the food loses less weight – more fluid is retained in the food being cooked – there is more of it and the person eating it feels satiated more quickly. Compared with other cooking methods, this results in more nutrients overall in proportion to the intake of calories.

Based on decades of RATIONAL cooking research, we have developed intelligent cooking profiles that use perfectly coordinated hardware and software to consistently produce top-quality food according to the cultural eating and cooking habits of people in more than 100 countries – with reliable results every time. In terms of smell, taste, sound, look and texture, the meals match the cultural and personal culinary expectations and give an appetising impression. As a result, it makes a positive contribution to people's well-being. The SelfCookingCenter® perfects the cooking process with steam, convection, or a combination of the two. It combines nutritionally high-quality food with tasty meals that appeal to all the senses, thus optimising all the benefits of steaming.

Legal provisions

Germany currently has more than 700 relevant food law regulations. Among others, these include provisions on the topics of food hygiene, contamination as well as residues and harmful substances, some of which are also relevant for the cooking process. (Source: www.ihk-wiesbaden.de/recht/rechtsberatung/Produkte/Lebensmittelrecht/1255656)

At RATIONAL we keep an eye on these legal provisions at all times. Even before these provisions become enshrined in law, we are well prepared, since we closely monitor the preceding discussions. In many cases, for example, we offer solutions for our customers that comply with limit values or ensure legally compliant cooking processes even before the relevant provision becomes binding.

More nutrients

Traditional food preparation reduces valuable nutrients through heat or by flushing them out. Scientific studies show that steaming preserves minerals, vitamins, trace elements, secondary plant substances and other nutrients much more effectively, which in turn strengthens the immune system. Since RATIONAL appliances saturate the food with steam very quickly, they cook much faster than competitor models that we compared. This stops enzymes that break down water-soluble vitamins or secondary plant materials (such as chlorophyll) very rapidly, and the valuable nutrients are retained more effectively.

Thanks to special cooking methods available with the SelfCookingCenter®, such as iLevelControl or Finishing®, the right dish in the right amount can be served fresh at any time with a large number or wide variety of dishes. This avoids nutrient killers like keeping food warm or reheating it.

Less fat

Food cooked in a combi-steamer with steam and convection needs very little fat. The RATIONAL CombiFry® system allows food to be deep-fried in top quality and without additional fat. Scientific studies have shown that gentle fat-free cooking is much healthier and can reduce caloric content by up to two thirds.

Fewer harmful substances

Grilling, roasting, frying, baking and deep-frying produce harmful substances like acrylamide, which is suspected of causing cancer. RATIONAL cooking profiles are designed in such a way that the food is fried and baked as gently as possible. Steaming is not currently known to generate any harmful substances. Germany's Federal Ministry of Food and Agriculture therefore recommends steaming as the preferred cooking method.

Its only risk involves the transfer of micro-organisms and harmful substances in the water to food surfaces, particularly in countries with low water quality. Since RATIONAL appliances produce the steam outside of the cooking cavity in a separate steam generator, no harmful substances can enter the cooking cavity or reach the food.

Best hygiene

RATIONAL products are always supplied with default settings, which ensure the hygienic safety of the cooking process with customary original quality of the food. The accurate temperature control in the SelfCookingCenter® ensures that high-risk foods are heated to hygienically safe temperatures to minimise dangerous germs in the food being cooked.

The intelligent CareControl system guarantees high levels of hygiene at all times.

Automatic recording of the HACCP data (hazard analysis critical control point) allows the chef to monitor and ensure the hygienic safety of the food served at all times.

The HACCP data recorded can then be evaluated continually by the chef on a daily basis using ConnectedCooking and made available to the regulatory authority as needed. ConnectedCooking allows direct intervention during ongoing cooking processes to make any necessary adaptations so as to ensure the hygienic safety of the food served.

Multi-resistant pathogens are an increasing problem in the generation of foodstuffs but also in further processing stages. In addition to high hygiene standards, this problem can be brought under control by using the right cooking methods. A basic rule to remember when cooking meat, for example, is that most of the dangerous germs are destroyed after 10 minutes at 70 degrees.

Our laboratory specialists keep up to date with this topic, for example through various newsletters or daily news reports from the renowned Robert Koch Institute. The best possible solutions for killing off bacteria and viruses by cooking are then integrated into our cooking profiles.

In this way we ensure at all times that our customers and their guests can produce and consume hygienically safe dishes.

Academy RATIONAL – Expert kitchens

Since healthy nutrition is important to us, we offer training courses for specific target groups at our Academy RATIONAL.

At the Vital Academy for company catering, we cook healthy and diverse meals with customers that enrich their catering operations, make their employees more effective and prevent the “post-lunch doldrums”. In school and kindergarten catering we focus predominantly on healthy and varied meals that are suitable for children, that become the children's favourite dishes and permanently arouse their desire for delicious and healthy food. We show our customers how they can use their existing kitchen equipment to achieve safety in food and serving quality. In this we follow the guidelines of the German Nutrition Society (Deutsche Gesellschaft für Ernährung, DGE) and provide tips on HACCP documentation.

We were able to secure Holger Stromberg, the former chef of Germany's national football team, as an ambassador for healthy, balanced and tasty food. He imparts his knowledge and experience to kitchen managers in expert kitchens at RATIONAL and helps them to show children how delicious healthy food can be.

Success story: School cafeterias

The first U.S. states introduced the so-called “no frying policy” in the mid-2000s. School cafeterias and caterers are required to minimise the use of unhealthy cooking methods and receive funding for purchasing appropriate appliances, such as combi-steamers. In the meantime, this policy has been implemented in many U.S. states, with more to follow.

A government initiative was adopted in the UK in February 2014 that guarantees a free school lunch to all pupils in grades 1 and 2. Deep-fried or battered foods may only be offered on the menu twice a week. In the search for alternative food preparation technologies, many schools decided to equip their school cafeterias with SelfCookingCenters®.



// **"The least movement is
of importance to all nature."**
Blaise Pascal

Active environmental protection

According to the WWF, around 30 % of the resources consumed worldwide are used to feed people. Alongside agricultural food production, this also includes global logistics and food preparation.

Protecting the environment is a key component of our sustainability endeavours. Accordingly, an important goal at RATIONAL, as early as the research and development stage, is to leave the smallest possible footprint along the entire value chain of our products.

We work to ensure this internally and together with our customers and suppliers, by not only continually improving the energy and resource efficiency of our production processes, but above all of our products.

We set ourselves annual targets in this respect for reducing resource consumption as well as waste and wastewater volumes in the company as a proportion of the production volume.

In comparison to the manufacture of appliances, significantly more resources are consumed during their use in the kitchen. This is therefore where the greatest savings potential lies in our view.

Our conclusion: We set ourselves goals to improve the resource efficiency of our products with each new development.

At RATIONAL we call this approach whiteefficiency®.

The information and details provided below refer in essence to the resource savings of the some 550,000 RATIONAL combi-steamers currently in use. These account for 95 % of the installed base of RATIONAL appliances.

Environmental protection through the use of our appliances by customers – Resource efficiency combines ecological and economic objectives

For our customers, resource efficiency is becoming an increasingly significant criterion for investment decisions. For this reason, it is particularly important in the daily use of our appliances in the kitchen.

Because of the excellent economic efficiency of our products, major savings can therefore be made in terms of energy, raw materials, water, cleaning chemicals, space and working hours in the use of our appliances in customers' kitchens. And of course this also has a major positive impact on our ecological footprint.

It is critical in our view that every conserved resource saves money for our customers too, which means that ecological and economic goals are mutually dependent and have a positive mutual effect.

That is why we pay special attention in our research and development to the resource efficiency of our cooking appliances in addition to the cooking quality. In order to improve these product features continually and thus offer our customers even greater benefits, we enhance staffing and financial capacities in this area on an ongoing basis. Just short of 150 people currently work in the area of research and development on improving our products and services. We spent around 34 million euros on research and development in 2017. This corresponds to some 5 % of our sales revenues. Moreover, we are working intensively with external research facilities and universities on integrating the latest scientific findings into our development work.

The collective aim is to ensure new developments which – in addition to improving cooking quality – continually improve the consumption of the resources outlined above during the cooking and cleaning process and thus protect the environment and reduce costs for our customers. Specific savings targets are defined accordingly in the respective research projects. These are regularly assessed and checked in project reports and in the steering committee meetings in the presence of the Chief Technical Officer.

The new SelfCookingCenter® and the new CombiMaster® Plus – A milestone in resource efficiency

The latest new developments where we made significant improvements in the resource efficiency were the new SelfCookingCenter® in 2016 and the new CombiMaster® Plus in 2017. These appliance series use around 10% less energy compared with the predecessor model. This is thanks to the new triple-pane glass door, energy-saving LED lighting, an improved door seal and even shorter cooking times.

We estimate at present that some 550,000 RATIONAL appliances are currently in use worldwide, producing around 120 million meals per day. With traditional cooking methods, we estimate the annual energy used to produce these meals is around 56 million megawatt hours (144 billion megajoule). With RATIONAL appliances, our customers on average save around a third of this energy. This is the equivalent to the annual power generation of two average nuclear power plants or the total energy consumption of more than 600,000 single-family homes.¹

In addition, food is saved through the use of our technology, especially meat. With steam preparation and much faster cooking times in our appliances, cooking loss – moisture lost from meat – can be reduced by up to 30%². Moreover, our appliances cook evenly from the lowest to the highest shelf, and the intelligent cooking profiles ensure the desired result every time. As a result, there is hardly any waste, and

our customers can serve virtually 100% of the meals they produce to their guests. Chefs need to purchase fewer raw ingredients, which in turn do not need to be produced, processed and transported. In total, our customers therefore save around 250,000 tonnes of meat per year.³

In addition, our products consume fewer cleaning chemicals and water. Efficient CareControl, the automatic cleaning system, detects the general level of care and contamination and calculates the best cleaning process on this basis, which reduces the consumption of energy, water and chemicals. This is kind to the customers' wallet and the environment.

Proven in practice

The information provided in this area refers to the SelfCookingCenter® and VarioCookingCenter®.

In collaboration with the ABB Schweiz AG staff restaurant in Dättwil-Baden operated by catering company SV Schweiz, the Zurich University of Applied Sciences (ahzw) scientifically examined the energy and water savings when using multifunctional cooking appliances in comparison with traditional cooking technology. The study took place in 2014 as part of the refurbishment of the kitchen at ABB Schweiz AG. The results are still fully applicable today.

The study compared the consumption values per meal produced prior to refurbishing the kitchen (i.e. with traditional equipment) and following refurbishment (i.e. with the SelfCookingCenter® and VarioCookingCenter®). The measurement period was eight weeks in each case.

Compared with traditional cooking methods, energy savings of 34% and water savings of 53% were recorded per meal produced by using the RATIONAL technology.

¹ Assumptions: All of the appliances sold in the last 12 years are still in use, average usage is 6 days a week, 1.5 KWh of energy consumption is saved with each meal cooked, a German nuclear power plant produces around 10 million MWh each year, a single-family home extending over 130 square metres of living space consumes some 30 MWh of energy each year

² According to internal comparison measurements to competitor appliances

³ Assumptions: every second dish contains 200g of meat

RATIONAL products bear the US ENERGY STAR

The US ENERGY STAR is the symbol of energy efficiency supported by the U.S. Government and offers information that consumers and companies can rely on to make informed decisions. Thousands of industrial, commercial, utility, government and local organisations trust in their partnership with the US environmental protection agency EPA to deliver cost-saving energy efficiency solutions. (Source: www.energystar.gov)

For our products to have the right to bear the US ENERGY STAR, their energy consumption is first determined by an independent testing institute. These measured values are then submitted by this institute to ENERGY STAR.

If the consumption values comply with the demanding limit values of the US ENERGY STAR, the relevant product is entitled to bear the seal. This procedure has to be carried out separately for all appliance types and sizes. The measured values have to be verified regularly by spot checks. The limit values mentioned above are adjusted downward at regular intervals in order to encourage improved energy efficiency. The label is only assigned for a product category, however, if a sufficient number of measured values for products from different manufacturers exist in this category.

Some 80 % of RATIONAL products sold in the 2017 fiscal year are entitled to bear the ENERGY STAR. A sufficient number of measured values have not been submitted for the remaining appliance types and sizes, which means there is no ENERGY STAR in these categories.

“Green Ribbon” for sustainability in the catering and food service market

RATIONAL has repeatedly been awarded the “Green Ribbon” for sustainability in the catering and food service market. The prize is awarded jointly by the German business magazine “gastronomie & hotellerie” and “GV-kompakt”, a specialists magazine for communal catering, and recognises companies, service providers and users who achieve relevant sustainability effects with their products and services.

RATIONAL was awarded the prize for the connectivity solution “ConnectedCooking”, which was launched in 2017. Travel times and driving distances and therefore valuable resources can be saved thanks to the networking of the appliances, automatic software updates, remote access and incorporation of technical service partners in this network. This solution therefore makes a valuable contribution to the conservation of our scarce resources.

The prize was awarded in the framework of the Intergastra trade show in Stuttgart in February 2018.

Long service life – Almost complete recyclability

Our researchers and developers place especially great emphasis on the durability of our products by designing them from the start for a minimum life cycle of ten years, even under extreme loads. We also focus on the use of recyclable components. Over 90% of all the materials used can be recycled with little technical effort and with almost no residue and returned to the raw material cycle.

The table below shows the distribution of materials used in the production process of the RATIONAL combi-steamer in 2017. The distribution is measured by the weight of the materials as an average for the RATIONAL appliance family.

Used materials by weight		in %
		2017
Stainless steel		75
Glass		9
Electrical materials		6
Insulation		5
Plastics		4
Electronics		1

Environmental protection through resource-efficient production and logistics processes

The information presented below up to the end of the section refers to the production of the RATIONAL combi-steamer at Landsberg am Lech.

We want to extract the maximum benefit from every resource used, thereby minimising the negative impact on the environment. We achieve this, for example, by using recoverable components and running environmentally certified production facilities.

As a company that focuses on sustainability, we incorporate environmental considerations into all of our business decisions. We maintain an environmental management system that is certified according to ISO 14001 and an energy management system that is certified according to ISO 50001, and set ambitious targets for the reduction of waste as well as for resources, water, energy and fuel consumption. Our targets for 2017 were to reduce consumption of electricity, fuel, gas, water, cardboard and paper by 1% per appliance produced. We were able to achieve these objectives.

Consumption of the main sources of energy used within the organisation (electricity, diesel, petrol and natural gas) developed year on year in 2017 as follows:

Energy consumption

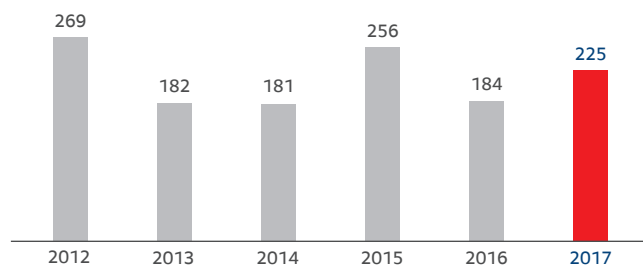
Per appliance produced	2016	2017	Change in %
Electricity (in kWh)	162.8	100.3	- 8
Diesel (in l)	6.3	5.7	- 10
Petrol (in l)	0.9	0.8	- 15
Natural gas (in kWh)	53.7	45.3	- 16

Paper consumption within the organisation is down 28% in 2017 from 401 grammes to 288 grammes per appliance produced.

Water consumption per appliance produced increased by around 22% over the previous year. The main reason for the disproportionate increase was the site supply for constructing the new assembly hall at the Landsberg site.

Water consumption per appliance produced

in l



Almost no waste water is generated by our production processes. Any water that is polluted is cleaned and turned into drinking water quality by a treatment plant which is regularly checked by an independent institute. Regular tests are conducted to check the quality of waste water. No protected bodies of water are affected by the withdrawal of water and discharge of waste water. All our service water is provided by the municipal utility Stadtwerke Landsberg from sources that are not at risk. The groundwater at the location is used to operate a heat pump and is recycled after heat exchange. RATIONAL discharges its waste water into the sewerage network of Stadtwerke Landsberg.

To ensure environmental compatibility, sea freight is preferred to air transport for overseas shipments. Products are only shipped by plane if time is particularly critical. Our road transport logistics are performed using HGVs by ISO 14001-certified external companies. The RATIONAL fleet is always kept state-of-the-art. Around 90% of the vehicles comply with the Euro 6 standard and the rest essentially meet the Euro 5 standard.

Waste is systematically reduced and recycled in an environmentally friendly manner and by separating it into fractions. Waste is recycled or recovered for its energy in accordance with the high legal standards and the recommendations of our waste disposal company. Food waste from our staff restaurants is taken to a biogas plant. The low quantities of hazardous matter are disposed of by a specialist company in compliance with ISO 14001. Our compliance with these standards is continually monitored in internal audits and certified annually by external auditors (DEKRA).

Electropolishing slurry and oil-smeared absorbent materials are the only hazardous waste we generate in our production processes. Electropolishing slurry is produced by an electrochemical weld seam cleaning process. The significant reduction in electropolishing slurry is attributable to improved welding technology and so to less need for electropolishing. We expect further reductions in the future. We will convert the welding process for all appliance types in the medium term so that no more electropolishing slurry is generated. The oil-smeared absorbent materials comprise paper towels that are slightly soiled with cleaning agents and oil and are used to clean and maintain the machines, mainly in our training workshop and to a small degree in component production. All other types of waste are classified as non-hazardous.

Waste generation

Total disposed waste	2016	2017	Change in %
Hazardous ¹ (in g)	1.1	0.9	– 19
Total recycled waste			
Hazardous ² (in g)	0.8	0.4	– 55
Non-hazardous ³ (in g)	19.0	17.0	– 11

1 Electropolishing slurry

2 Oil-smeared absorbent materials

3 Paper, wood, metal, commercial waste, mixed scrap, rubble, catering waste, glass, electronic waste

Distinguished for environmentally-friendly production

We were awarded the "Lean & Green Management Award" in 2014 in the manufacturing industry SME category and have been entitled to bear the corresponding label since then. This award honours companies that combine economic targets with resource efficiency. The Lean & Green consultants certified RATIONAL for its "Impressive green successes in the energy, water, waste and sewage consumption figures".

"Customer-focused and business-minded employees are real-life values at RATIONAL," they continued. Ergonomics is defined as a clear focus and the environment-friendly design is a firm target specified in the production guidelines, explained the jury.

Environmentally certified supplier

Apart from the environmental compatibility of our products and our production processes, we also want to ensure that our high standards are maintained within our entire supply chain.

A number of our current suppliers of series products are certified in accordance with environmental management standards, for example under ISO 14001 and ISO 50001. There were no changes in the supply chain that had significant actual or potential ecological impacts in 2017.

You will find additional information in this regard in the Section "Cooperation in partnership with suppliers".



**“Coming together is a
beginning, staying together
is progress, and working
together is success.”**

Henry Ford

Satisfied employees

To be successful, we need the people who are best for us. Ambitious employees who develop the best solutions for our customers.

These people see themselves as Entrepreneurs in the Company (U.i.U.[®]), and act as if it was their own company. They work independently in their own area, yet regard themselves as team players.

And we need the best managers, who act like good gardeners, creating an environment in which their employees can grow and flourish.

When leaders lead properly, their employees will enjoy coming to work. And that they are doing an excellent job has been demonstrated once again by the impressive figure of 91 % of employees who are proud to work for RATIONAL. Low staff turnover rates and illness rates underpin the high satisfaction level of our U.i.U.[®].

The total number of employees in the Group rose in 2017 from 1,713 to 1,884 (as of 31 December 2017). The table below shows the regional distribution: the reasons for the main changes compared to the previous year include the increase in staff numbers in the regions and internal restructuring. A breakdown by gender, employment contract and employment relationship is not provided.

Employees by region

	2016	2017	Change in %
Germany	971	1058	9
Europe (excluding Germany)	396	471	19
Americas	101	119	18
Asia	70	80	14
Rest of the world	138	138	0
	37	18	- 51

317 (2016: 283) new employees were hired worldwide in the reporting period. The figures are not differentiated by gender, age and region.

The best employees and managers

To be successful, we need the people who are best for us. People who succeed in reconciling opposites. They must be creative, yet efficient. Innovative, yet traditional. International and with a family feel.

We need ambitious employees who are not merely content with what has already been achieved. Who believe that things can always be done better, faster, more economically. People who question the status quo and try out new things. Who do not give up, even when faced with seemingly insurmountable challenges and keep chipping away in order to develop the best solutions for our customers.

And these are the people we have in our company. People with different backgrounds, training and experience. They approach the development of our solutions from different perspectives and ask themselves with every idea: does it benefit our customers? Although their thinking is focused on detail, they take a holistic view of customer needs. They adapt our products and services flexibly to what customers want, while always maintaining the company's long-established strengths. These people see themselves as Entrepreneurs in

the Company and act as if it was their own company. They work independently in their own area, yet regard themselves as team players.

And these people need the best managers, who act like good gardeners, creating an environment in which their employees can grow and flourish. They allow their employees to do what they are best at and help them develop according to their strengths. They have trust in them and assign them responsible tasks. They show them how important each individual employee is to the success of the whole company.

It is especially important to us in this regard that employees do what they do best and what they enjoy. And of course, they should be able to recognise their contribution to the company's success at all times. Because only those who do what they enjoy and can see the contribution they are making towards the whole will ultimately be satisfied both with themselves and their work. This is fundamental for the satisfaction of employees from our perspective.

When leaders lead properly, their employees will enjoy coming to work and make a lasting contribution to the successful development of the company. That they are doing an excellent job has been demonstrated once again by the impressive figure of 91% of employees who are proud to work for RATIONAL and the comparatively low employee turnover rate. Because of this high level of satisfaction, our employees do not want a collective bargaining agreement.

Leadership principles

We formulated the RATIONAL leadership principles in order to provide support for managers. These principles are intended to inspire them to reflect and to encourage daily implementation. Enabling and empowering employees is a simple and fast means of implementing the RATIONAL leadership principles and thus "enthusiastic commitment among all U.i.U.[®]".

Moreover, we use our regular management training as a framework for providing instruction in the leadership principles as well as their implementation in case studies and role plays with the support of professional trainers and generally a Board Member.

The Entrepreneur in the Company (U.i.U.[®])

The principle of the Entrepreneur in the Company (U.i.U.[®]), which encompasses a decentralised management structure, high levels of personal responsibility and self-organisation, forms the basis for collaboration between employees throughout the Group and for the self-image of all RATIONAL Group employees. The U.i.U.[®] entrepreneurs operate as independent business people within their own area of responsibility and are committed to the company's best interests. They endeavour to fulfil their tasks as well as possible, enhance their working methods, make the necessary decisions and take independent responsibility for them. They learn from their mistakes in order to avoid them in future. They are on a par with colleagues and superiors, and put forward their own opinions.

Because of the growth recorded in recent years and the increasing international reach, we are gradually shifting competence and responsibility to our subsidiaries in line with the U.i.U.[®] philosophy. To optimise local processes, we are also creating support functions in major national organisations, such as culinary application experts, IT support or human resources management and development.

U.i.U.[®] workshops

In the U.i.U.[®] workshops, the manager engages in discussion with the respective team on whether opportunities exist to act as an U.i.U.[®] and where potential for improvement may still lie. Key topics derived from the resulting action areas are tackled specifically in the workshop and examined in greater detail. Specific measures are then elaborated in collaboration between the team and manager. A total of 102 U.i.U.[®] workshops were conducted in 2017.

High level of employee satisfaction – Low turnover rate

Key indicators for customer satisfaction are generated and discussed in the U.i.U.[®] workshops mentioned above. The survey from 2017 shows that 91% (2016: 89%) of all employees who took part are proud to work for RATIONAL. The results of the employee satisfaction surveys in the framework of the U.i.U.[®] workshops are presented to the Executive Board on an annual basis.

One result is the strong feeling of loyalty among our workforce. In 2017, 130 employees (2016: 106) throughout the Group were honoured for their long service to the company, of whom 6 employees have been with RATIONAL for 30 years and 2 employees for 35 years.

As a result of the high employee loyalty and satisfaction, the turnover rate in 2017 was just 9% (2016: 8%). This figure is part of the monthly reporting to senior management. The figures are not differentiated by gender, age and region.

Employee health and safety

The information provided in this area refers to the Landsberg am Lech site in Germany, at which more than 50% of the entire workforce is employed.

The health and safety of all employees is a matter of great importance for us. To prevent accidents at work and promote the health of employees, safety instruction and training are carried out at regular intervals, and the company doctor is available for regular check-ups. This is reflected in the low accident and sickness rate. A total of 31 industrial accidents occurred in 2017 (2016: 19). The absenteeism rate as a result of accidents was less than 0.1% as in the previous year. The most frequent types of injury included cuts (35%), bruises (23%) and whiplash (16%).

A safety audit is carried out annually by an external auditor, which identifies individual fields in which occupational safety can still be improved further. These measures will be discussed, prioritised and implemented.

At 4.2% (2016: 4.5%), the average illness rate was significantly better than in the German mechanical and plant engineering sector (5.2%). For data protection reasons, no differentiation is made by gender or region in calculating the absenteeism and sickness rates. There have been no work-related fatalities in the entire history of RATIONAL.

Equal rights and equal opportunities


All employees are equally valued, are given the same respect and have comparable opportunities. By signing their contract of employment, they have committed themselves in writing to refrain from and act against any kind of discrimination, sexual harassment or other personal attacks against individuals. Four confidential contact persons are available to employees in the Group at all times. Any problems can be voiced and solved anonymously.

Skills, qualifications and experience are the only factors in deciding appointments or promotions. No distinction by gender is made as regards the standard entry-level salary. All companies and managerial levels in the RATIONAL Group are included in the calculation.

Share of employees who received a performance review in 2017

	in %
Female employees	89
Male employees	92
Employees	91
Managers	100
Total	92

Performance reviews are given regularly by the target agreements being achieved. In total, a target agreement was concluded with 92% of all employees worldwide in 2017.

Three hands are shown giving a thumbs up gesture against a blurred green background. One hand is at the top left, another at the bottom left, and a third on the right side. The text is overlaid on the top-left hand.

/// **“The way to the goal starts on the day
you assume one-hundred percent
responsibility for what you do.”**

Dante

Ethics and legal compliance – worldwide

Compliance with all laws worldwide and alignment with nationally and internationally recognised standards of conduct as well as ethical conduct are a matter of course for us as a company. Observance of human rights and combating corruption and bribery are essential aspects in this regard.

This has an internal dimension, on the one hand, in terms of implementation in the RATIONAL Group, which we underpin with guidelines and policies and which all employees commit to when they sign their contract of employment.

On the other, we want to ensure that our high standards are also observed within our supply chain. You will find information in this regard in the Section “Cooperation in partnership with suppliers”.

Corporate Governance at RATIONAL – Ethical conduct and legal compliance are a matter of course for us

Observance of human rights

Observance of human rights is no longer merely a topic for states and governments. Companies from all sectors of industry increasingly see themselves as being responsible for incorporating human rights into their business standards. As locations and supply chains are becoming increasingly international, this is also a topic for small and medium sized enterprises like RATIONAL, whose production is focused exclusively in the core countries of Europe. Not all countries in which companies with subsidiaries or their suppliers are active have the same high legal standards that ensure observance of human rights. Since we are aware as a company of our enormous responsibility towards all people who contribute to the company's success within our supply chain, this topic has a high priority for us. As a global company, we regard observance of human rights as our social and ethical obligation and an important prerequisite for the sustainable development of our company. At the same time, we pay attention to the responsibility of national governments for protecting human rights.

Combating corruption and bribery

Incidents of corruption not only cause loss of image and resulting negative economic developments for the companies and institutions involved, they also cause damage to the economy. Corruption creates inefficiencies and inhibits political, economic and social development. It is therefore important to introduce suitable measures to combat corruption. Reducing the incidence of corruption and bribery improves the integrity of the business behaviour of all stakeholders and contributes to increasing the prosperity of broad sections of the population instead of just a small number of people.

Conformity with regulations as a core understanding

Social principles and policies are integral aspects of our actions and our internal standards. These standards demand that all employees worldwide behave fairly and compliantly with respect to other employees, colleagues and all business partners.

Investment agreements and contracts are not screened for human rights clauses, since we do not make any significant investments in regions with a worrying human rights situation. A vast proportion of RATIONAL's business activities are carried out in countries where strict legal standards apply. Production is performed exclusively at the Landsberg am Lech (Germany) and Wittenheim (France) locations. 82 % of RATIONAL employees work in Europe and 6 % in North America.

Strict legal standards apply in these countries, which promote observance of human rights and proper business conduct. In accordance with the Transparency International (TI) Corruption Perceptions Index (CPI), we largely do business in countries that have a low risk of corruption. Regardless of the country-specific probabilities of occurrence, our compliance management system should prevent, identify and sanction compliance violations in the form of corruption, fraud, violation of competition rules and other manifestations of white-collar crime in all markets in which we are active.

The RATIONAL compliance organisation

Responsibility for compliance in the RATIONAL Group lies with the Executive Board of RATIONAL AG. As regards implementation, the Compliance Officer is tasked with the setting up and enhanced development of the compliance management system. The Compliance Officer reports directly to the Executive Board. Moreover, local compliance managers have been appointed in the sales companies.

RATIONAL's primary compliance aim is to preserve our values through compliance with all relevant legal regulations and internal specifications and thus also protect the company and its institutions. The RATIONAL compliance management system is therefore focused on avoidance of rule violations that can result in significant disadvantages for the company and its employees through criminal responsibility, civil liability or loss of reputation.

The compliance programme

The legal provisions are set out in easy-to-understand language for all employees in our RATIONAL rules of conduct in business. The rules clearly formulate the requirements for our employees in terms of compliance with laws, the function of the RATIONAL corporate philosophy as a value system for the company, the handling of conflict situations and the responsibility of each individual to take account of these points. Employees confirm acknowledgement when they sign their employment contract.

Moreover, specific rules of behaviour for dealing with business partners are also described here. In particular, this affects the prohibition of unfair competition practices, ban on corruption, handling of donations of all kinds and the implementation of these standards with our suppliers.

This corporate policy deals moreover with the topic of avoidance of conflicts of interest. This relates especially to business dealings that can lead to conflicts between personal interests and the interests of RATIONAL or our customers, for example in the case of sideline activities.

The handling of information, especially personal data and trade secrets, is an important aspect of a trusted-based business relationship. Employees sign a confidentiality obligation and insider trading regulations.

The contents of the compliance policies are conveyed regularly in the framework of training. New employees are instructed in a timely manner on joining the company by their supervisors or the local compliance managers with respect to RATIONAL's compliance requirements and have to confirm their participation and acknowledgement by means of their signature. In addition, all employees who have contact with business partners on behalf of RATIONAL take part annually in compliance training and complete a test afterwards. The participation and the result of the test are documented in the compliance management system.

RATIONAL Group employees can consult the RATIONAL confidential advisors in conflict situations. Any disclosures received are categorised and forwarded to the Compliance Officer. If corruption is suspected, our employees are also free to contact our Compliance Officer anonymously at any time.

Once the disclosures to hand have been examined and assessed, the Compliance Officer involves the relevant company departments as well as the audit function and – insofar as is necessary – the investigating authorities. Furthermore, the Compliance Officer is responsible for seamlessly documenting the disclosures that are to be processed or any compliance incidents.

The "RATIONAL Leitfaden zum Verhalten im Wettbewerb (Guidelines for Conduct in Competition)" support employees by explaining when anti-competitive or restrictive agreements or concerted practices are involved. Such activities are prohibited. Sales employees as well as employees in sales-related areas receive training directly on joining the RATIONAL Group in relation to the contents of the guidelines. Refresher training is then carried out annually, attendance at which is mandatory for the relevant employees. Employees confirm their participation by means of their signature. Procedural controls are in place to ensure compliance with basic principles and guidelines. Standard contracts are therefore used for agreements with business partners, which have been approved in advance with a legal advisor. Moreover, contracts must be drawn up in line with the dual-control principle by two RATIONAL representatives in compliance with corporate guidelines.

The apparent giving or accepting of undue advantage and the associated suspicion of unlawful exerting of influence on business partners or public officials in business decisions is countered by compliance with the code of business conduct of the RATIONAL Group's anti-corruption policy. Documentation requirements exist in this respect as well as maximum permitted thresholds for giving and receiving of gifts and invitations. The policy also regulates against rendering of facilitation payments by RATIONAL. The affected employees receive training regularly from the local compliance managers concerning the requirements. Procedural controls are in place to ensure compliance with basic principles and guidelines. This refers, for instance, to the obligation to document gifts, standardised approval processes in compliance with the dual control principle and the use of standard contracts.

The basic principles for proper conduct from a tax perspective are stipulated in the RATIONAL Tax Handbook. Observance of compliance regulations is checked by Group Audit in the framework of regular audits of subsidiaries and central processes based on a documented audit concept. The results of the audits are reported to the Executive Board and the Supervisory Board of RATIONAL AG.

Conformity with regulations in the reporting period

No substantial fines arose in the reporting period beyond the normal course of business as a result of non-compliance with laws and regulations. There were no grievances about ecological, social or human rights impacts, labour practices or violation of customer privacy. There were no incidents or grievances filed due to corruption, anti-competitive behaviour or anti-trust and monopoly practices. RATIONAL is involved in lesser proceedings on the basis of alleged infringement of intellectual property rights as part of the normal course of business.

There were no incidents or grievances filed due to non-compliance with regulations or voluntary codes concerning product and service information and labelling and their impact on health and safety in the reporting period. There were also no incidents or grievances filed in relation to marketing communication for our products and services. Products that are classified as hazardous or are banned are not offered, sold or traded at RATIONAL.

Corporate Governance – Managing the company responsibly

The last amendment to the German Corporate Governance Code entered into force on 24 April 2017. We gave an account for the 2017 fiscal year in the Corporate Governance Report and in the Corporate Governance Statement according to Sections 289f and 315d of the German Commercial Code (HGB). RATIONAL AG largely complies with the recommendations and suggestions set out in the German Corporate Governance Code. We were able to issue a Declaration of Compliance as a result for the 2017 year under review, which comes into force in February 2018. This was resolved at the meeting of the Supervisory Board on 31 January 2018 pursuant to Section 161 of the German Stock Corporation Act (AktG) and published in the 2017 Annual Report and on the RATIONAL homepage.

For us corporate governance means managing the company properly and responsibly and controlling business operations efficiently. Globally applicable laws and legal provisions are maintained, nationally and internationally recognised standards are respected and serve as guidance for our actions. Conduct is inherently in keeping with the highest ethical standards and communication is open and transparent with all interested parties. The following self-image of our dealings with customers, colleagues, partners and suppliers is entrenched in our corporate philosophy: "We are always open, straightforward and honest."

Customer privacy

The RATIONAL AG data privacy management system is currently being adapted to take account of the provisions of the General Data Protection Regulation (GDPR), which comes into force on 25 May 2018.

The primary focus in this respect is the development of a corresponding data privacy management system and a compliance structure in the company that takes account in particular of the core processes for lawfulness of processing, protection of the rights of individuals and handling of data privacy incidents.

RATIONAL AG faces enormous challenges in this respect, which it will address in a number of ways. Measures were derived for implementing GDPR based on an evaluation of the situation to hand. A data privacy policy was prepared in accordance with the requirements of GDPR. Corporate guidelines were accordingly drawn up, for example, on the core processes in relation to protecting the rights of individuals and handling of data privacy incidents, and approved by the Executive Board in the course of 2018. The task of documenting the processing activities was initiated. Privacy and data protection impact assessments, a process for legally compliant contract data processing and the handling of information obligations are being introduced or implemented. Managers and employees are being made aware of and trained in privacy matters. Any measures already implemented are being examined and adapted where necessary in the framework of audits and data privacy training.

RATIONAL AG is facing up to this challenge and responsibility together with management. A data privacy officer has been appointed and will monitor implementation in accordance with the requirements of the supervisory authorities, especially the Data Protection Conference (DSK), the Bavarian State Office for Data Protection Supervision or also Article 29 of the Working Party. There were no substantiated complaints in the reporting period in relation to violation of the protection or loss of customer data.

Activities in associations and initiatives

A member of our management is chairman of the specialist department "Steam-convection ovens" at the HKI industry association (Industrieverband Haus-, Heiz und Küchentechnik e.V.). Another member of management also holds a leading position at the "United against waste – Gemeinsam gegen Verschwendung" initiative. Other RATIONAL employees work in leading positions or are members of the Foodservice Consultants Society International (FCSI) Deutschland-Österreich e.V., the Foodservice Consultants Society International (FCSI) Nordic, and the Institute of Culinary Art (ICA) Germany. (GRI 102-13).



**“You make your way
to the top together
with others.”**

Baltasar Gracían

Cooperation in partnership with suppliers

The previous sections focused heavily on the different sustainability aspects from the perspective of the RATIONAL Group. As a company with comparatively limited vertical integration, we also want to ensure that our high standards are maintained throughout our entire supply chain.

In addition to environmentally-friendly production processes, relevant topics in this regard in particular include combating corruption and bribery as well as observance of human rights along the entire supply chain.

Through our membership of the German Federal Association of Materials Management, Purchasing and Logistics e. V. (BME) as well as our commitment to the BME Code of Conduct, we also commit our suppliers to fulfilling these standards.

In this way, we ensure international and cross-industry minimum standards along the entire supply chain, which offer us and our suppliers nationally and internationally a basic level of protection.

The information presented in this section refers to collaboration with suppliers of components for the manufacture of the RATIONAL combi-steamer at the Landsberg am Lech site in Germany.

Supplier management

As a company with relatively little vertical integration, we collaborate very closely and comprehensively with our suppliers, with whom we develop long-term, partnership-based solutions.

86% of all suppliers of series products are based in Germany and some 14% in other European countries. All in all, we source series production material from more than 140 suppliers. We have already worked for six or more years with just under half of our suppliers.

Because the quality, productivity and reliability of our suppliers is important for the success of the company, we work in partnership with them and communicate our expectations openly. We offer them a long-term, reliable and trusting partnership and, in return, expect loyalty, quality, commitment, flexibility and innovative strength. And we naturally expect that our partners will also fulfil our high corporate governance standards within our supply chain too.

We are a member of the German Federal Association of Materials Management, Purchasing and Logistics e. V. (BME) and promote observance of human rights, ethical principles, fair labour practices and abolition of forced and child labour.

We advocate an environmentally friendly delivery and production process, support anti-corruption and anti-discrimination measures, and reject agreements or collusion in violation of antitrust law. That goes for all business locations of the RATIONAL Group. In accordance with our membership of BME and our commitment to the BME Code of Conduct, we likewise expect that our suppliers will also fulfil these standards.

Compliance with environmental and social compatibility is communicated to and expected of our suppliers in the framework of our participation in the "Code of Conduct" of the BME (German Federal Association of Materials Management, Purchasing and Logistics).

This Code of Conduct is part of our framework contracts. In addition, we refer in our orders and contracts to our corresponding expectations with respect to suppliers. Through their signature, contractors together with their business partners undertake to comply with this code of conduct and ensure that it is observed in their supply chain as well.

Since October 2012, we have also recommended that our suppliers accede to the BME Code of Conduct.

The BME Code of Conduct includes basic rules on the following points:

- > Combating of corruption
- > Antitrust law agreements
- > Child and forced labour
- > Compliance with ethical principles towards suppliers (compliance)
- > Observance of human rights
- > Environmental and health protection
- > Fair working conditions

The BME Code of Conduct also makes reference to the international regulatory framework, such as the "UN Global Compact" for example, and therefore to worldwide, cross-company relationships.

Supplier assessment

In order to obtain an initial estimate as part of procurement marketing as to whether suppliers live up to our corporate principles, they must answer a supplier self-assessment containing pinpointed questions on company organisation, technology, logistics, quality system, compliance and environmental management. This self-assessment is the basis for the further selection process and resultant supplier development and supplier loyalty measures. Suppliers are mainly chosen on the basis of the factors quality, cost and delivery time.

The criteria of "environmental standards" and "Code of Conduct" are included in the selection, but are not the sole exclusion criteria. Framework agreements are concluded with suppliers of series products and specify contractual standards, for example cooperation, quality assurance, claims for defects, prices, confidentiality/competition, integrity/code of conduct.

In addition to supplier certification, successful cooperation with suppliers is underpinned by long-term partner plans, monthly reporting for the principal key figures and regular audits (33 in 2017). The RATIONAL supplier system separately assesses product quality and the quality of cooperation.

As part of our regular supplier audits – performed, among other things, due to re-qualification of suppliers, relocation of production sites, routine planning, current events or process changes – we point out conspicuous anomalies in relation to environmental and social compatibility and demand that they be rectified. If the supplier does not comply, we reserve the right as the customer to immediately cancel contracts with due notice.

Closing remarks

The German sustainability strategy describes "the way to a fair future for our grandchildren". This strategy focuses on the following questions: What can we do to avoid diminishing the chances of people today and the chances of our children and grandchildren for a prosperous life? How can we preserve natural resources for us and for future generations? How can we make it possible for everyone to lead a life in dignity? (Source: German Sustainable Development Strategy 2016)

The desire to leave behind a livable world for our descendants also motivates us when we consider the impact of our business activity. We make our contribution above all through environmentally friendly products, health-promoting cooking methods and fair treatment of employees and business partners.

And we will continue to do this in the future. Since the company was founded, sustainable business has not been and never will be viewed merely as an end in itself, rather not least it is also an important foundation for the enduring success of RATIONAL.

We will therefore continue to support our customers in future in preparing healthy meals efficiently. In so doing we will fulfil our primary aim of offering maximum benefit for our customers.

Landsberg am Lech, 24 April 2018

RATIONAL AG
The Executive Board



Dr Peter Stadelmann
Chief Executive Officer



Dr Axel Kaufmann
Chief Financial Officer



Peter Wiedemann
Chief Technical Officer



Markus Paschmann
Chief Sales Officer

Independent Practitioner's Report

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting¹

To Rational AG, Landsberg am Lech

We have performed a limited assurance engagement on the separate non-financial group report pursuant to § (Article) 315b Abs. (paragraph) 3 ("Handelsgesetzbuch": "German Commercial Code") of Rational AG, Landsberg am Lech, (hereinafter the "Company") for the period from 01 January 2017 to 31 December 2017 (hereinafter the "Non-financial Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance §§ 315b and 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material mis-statement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 01 January to 31 December 2017 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

¹ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- > Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- > Inquiries of relevant personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- > Identification of the likely risks of material misstatement of the Non-financial Report
- > Analytical evaluation of selected disclosures in the Non-financial Report
- > Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- > Evaluation of the presentation of the non-financial information

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 01 January 2017 to 31 December 2017 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement.

The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

München, 24 April 2018
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer

ppa. Mirjam Kolmar

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Publisher and contact

RATIONAL Aktiengesellschaft
Iglinger Strasse 62
86899 Landsberg Am Lech

Dr Axel Kaufmann

Chief Financial Officer
Tel. +49 8191 237-209
Fax +49 8181 327-272
E-mail ir@rational-online.com

Stefan Arnold

Head Investor Relations
Tel. +49 8191 237-2209
Fax +49 8181 327-722209
E-mail ir@rational-online.com

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