

SIMPLY

sustainable.

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Foundations

Foreword by the Executive Board



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.



Dr Peter Stadelmann

Chief Executive Officer

Born in 1965, Dr Peter Stadelmann has been a member of the Executive Board at RATIONAL since 2012. He has been the CEO since January 2014. He previously spent more than 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.



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. From 2006 to 2013 he was member of the Executive Board of Sick AG.

Dear Ladies and Gentlemen,

Over the course of the past years, the company has increasingly focused its efforts on sustainability in the way we act and do business. 2019 was the year when young people worldwide took to the streets to call for more sustainable action, and was shaped by a policy shift towards more ecology and, above all, consumers who are more aware and pay very close attention to what products they buy.

Sustainable action and a commitment to social responsibility 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 our 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 ecologically, socially and economically intact world.

Sustainability is an integral part of our business model. As an innovative solution provider for thermal preparation of food, we make a major contribution to providing people with food cooked outside the home. We support people in the professional kitchens of the world in safely preparing healthy meals of a consistently high quality while saving time and resources.

We consider a healthy diet to be an invaluable benefit of our technology, our products cook food more gently than traditional cooking appliances and help people have a healthier and more nutritious diet. Cooking in the SelfCookingCenter®, the CombiMaster® Plus and the VarioCookingCenter® requires less fat, preserves vitamins and minerals in vegetables and meat, and generates fewer harmful substances during the cooking process.

Moreover, the great efficiency of our products and services makes an important contribution to safeguarding resources and protecting the environment. Less space, less cleaning agent and lower consumption of energy, water and raw materials are all attributes that score points for our appliances against conventional cooking appliances in commercial kitchens. This is something we want to ensure not only through our cooking appliances, however, but also through the numerous services which we offer our customers free of charge.

The ConnectedCooking Internet platform allows our customers to connect the cooking appliances, operate them more easily and, thanks to their integrated hygiene management, ensure the safety of the food served. Many steps are rendered redundant thanks to automatic software updates, transfer of recipes, energy and hygiene management, remote control of appliances as well as remote access by service partners, which saves not only time but also a wealth of resources.

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

Dr Peter Stadelmann
CEO of RATIONAL AG



About this report

Business model for the RATIONAL Group

Section 289c (1) of the German Commercial Code (HGB) stipulates that the business model must be described in brief in the non-financial statement. It is presented in the section "Fundamental information about the Group" of the management report, which is why we refer readers to that section here. It deals with the Group's organisational structure and locations, products and services, segments, and markets, customers and competitive situation (https://www.rational-online.com/media/investor_relations/annual_reports/RATIONAL_Annual_Report_2019.pdf).

Information on the separate non-financial consolidated report

This separate non-financial consolidated report pursuant to Section 315b (3) of the German Commercial Code (HGB) serves to fulfil the legal requirements with respect to the CSR Directive Implementation Act. What the policy makers are aiming to do is to increase corporate transparency with respect to ecological and social issues. This includes details concerning employee and social matters, protecting the environment and human rights, as well as efforts to combat corruption and bribery.

The contents are in accordance with Section 315c in conjunction with 289c to 289e of the German Commercial Code (HGB). We therefore fulfil the legal requirements imposed on certain publicly traded companies since the 2017 fiscal year.

For this report we are focussing specifically on the interests of our stakeholders. In view of the large number and heterogeneity of the frameworks, we see no existing framework as the most appropriate at this time.

The reporting period corresponds to the fiscal year from 1 January to 31 December 2019. Any matters described that refer to previous years or to the first months of 2020 are also relevant for the preceding fiscal year or relate directly to measures or activities in 2019.

Delimitation of the sustainability report with respect to the separate non-financial consolidated report

Some sections in this report are not part of the separate non-financial consolidated report. Contents that are not part of the separate non-financial consolidated report are indicated by grey shading in the sections in question.

The remaining contents are part of the separate non-financial consolidated report and are in accordance with Section 315c in conjunction with 289c to 289e of the German Commercial Code (HGB).

Auditing the non-financial consolidated report

The separate 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. References to information outside of the scope of the 2019 Group management report and consolidated financial statements serve as further information and are not part of the separate 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 separate non-financial consolidated report was published on time in April 2020. It is published annually and is available online in PDF form on the company website (at rational-online.com/en_gb/Company/About_us/Sustainability) 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.

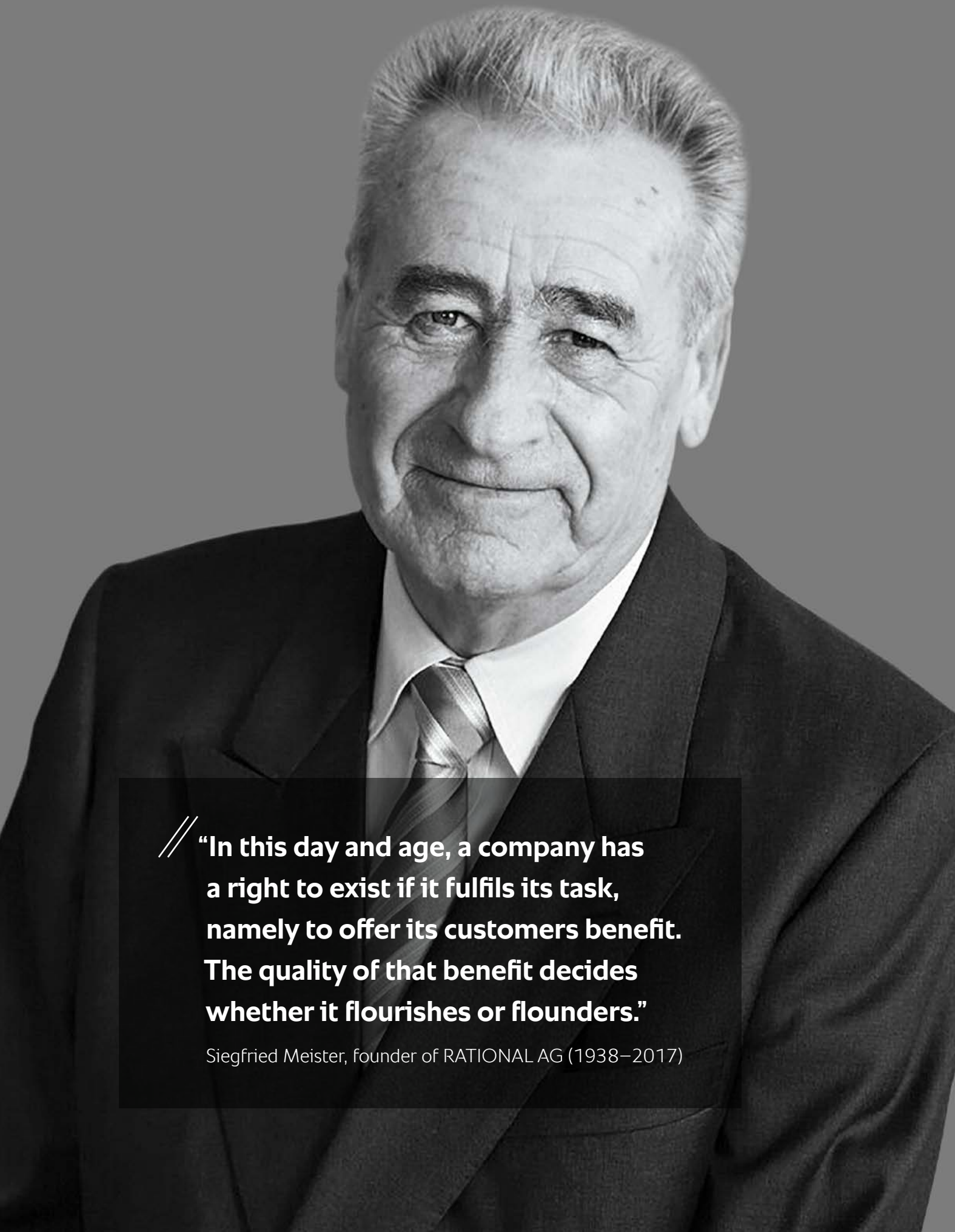
Relevant non-financial performance control indicators

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

- > Employee satisfaction: employee turnover (p. 41)
- > Customer satisfaction: number of attendees (participating companies) at RATIONAL live seminars (p. 25)

Strategy





/// **“In this day and age, a company has a right to exist if it fulfils its task, namely to offer its customers benefit. The quality of that benefit decides whether it flourishes or flounders.”**

Siegfried Meister, founder of RATIONAL AG (1938–2017)

People are at the heart of everything

For us, sustainability means taking all aspects of doing business into equal account in commercial decision-making.

It goes without saying that profitable, long-term growth is very important for a company like RATIONAL AG. However, we believe that one corporate goal is especially vital for a company to be successful on a long-term, sustainable basis.

It is our conviction that customer benefit must be at the heart of all activities. The quality of the customer benefit a company achieves ultimately decides whether it reaps long-term success. The founder of our company, Siegfried Meister, was always keenly aware of that. That is why his focus from the outset was on delivering maximum customer benefit – and is also why he defined it as our primary aim in our corporate philosophy.

Our vision

Yet we not only ask how we can maximise benefit for our direct customers. We specifically ask how we can increase benefit for all stakeholders, who are also defined as customers in RATIONAL's philosophy. In everything we do, we strive to safeguard and improve the living and working conditions of the persons in question.

A core criterion in formulating our sustainability vision is not to view commercial and sustainability objectives in separation. It is our unswerving belief that sustainable business as a conscious entrepreneurial decision must always include both aspects.

We believe the following visions are key in that:

- > Our appliances enable our customers to work as efficiently as possible in the kitchen in terms of resources, space and time.
- > We help our customers to serve their guests healthy, high-quality meals.

> We offer our employees long-term job security, stability and the opportunity to work independently and with personal responsibility.

> We create security and stability for dealers, suppliers, end customers and shareholders by generating continuous, sustainable growth.

> We preserve living conditions for future generations.

RATIONAL is committed to translating those cornerstones of its philosophy into concrete action. If we can achieve these aspects over the long term, we can contribute to a future that is fit to live in for our grandchildren.

Our materiality process

Stakeholder dialogue is a core element of authentically practised sustainability. The company needs it to address the differing interests of its various partners. It also helps us to expand our own commercial perspectives, identify important social developments early on and take appropriate action. That is why we strive to include all important stakeholders and their interests in all our considerations and developments. These stakeholders are our suppliers, dealers, customers, our customers' guests, our employees and their families, society and later generations.

Materiality analysis

In 2019 and 2020, different stakeholder groups were surveyed, discussions were conducted with relevant employees and managers at the company and a materiality workshop attended by the Executive Board was held in order to determine the material aspects for the separate non-financial consolidated report in accordance with the Section 289c (3) of the German Commercial Code (HGB).

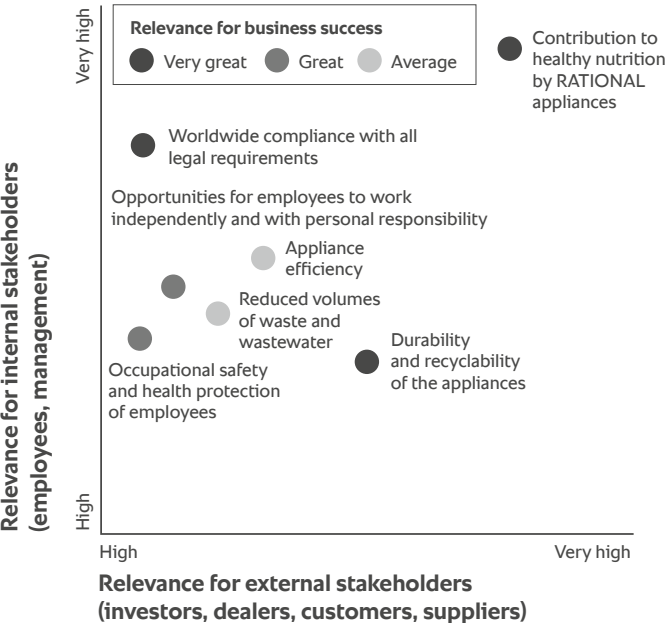
That enabled us to obtain information on which sustainability matters are relevant to stakeholders and which strategic and operational issues we need to pay special attention to.

A total of 2,115 persons were surveyed, including employees, management, the Executive Board, dealers, suppliers, customers, investors and the general public. We asked our stakeholders to select what they consider the most important sustainability aspects in eight categories: economic matters, RATIONAL products, production/logistics, customer matters, social matters, employee matters, corporate culture, and compliance.

We also surveyed the Executive Board and a selected group of people at the company to obtain their assessment of the impact of these sustainability aspects on commercial success. Within these eight categories, those surveyed were able to select the aspect they believed the most important for the company's business development, performance and situation. As a result, we were able to identify the issues that have a material impact on sustainability aspects and on the company's business performance and situation.

An analysis of the material issues is presented in the following materiality matrix. Material issues in our analysis are those action areas that were assessed as being most important within one of the categories in terms of their materiality for the non-financial aspect and the impact of that aspect on the company's business development, performance and situation. We look at the category "economic matters" separately, since it can be regarded as a financial aspect.

Important sustainability aspects	Assignment to the material aspects dealt with in the non-financial statement (HGB)	Assigned to the section "Simply sustainable" Documents audited separately	SDG
Economic stability and reliable partners		1. Long-term, stable growth. RATIONAL as a dependable partner	8
Appliance efficiency	Customer matters	2. Our greatest asset. The customer. Appliances that offer efficiency in diverse ways: energy	7
Working safely with the appliances			3
Healthy nutrition	Social matters	3. Food made easy. Gentle cooking for a healthy diet	3
Durability and recyclability	Environmental matters	4. Less is more. Durability and recyclability of our products	12
Reduced volumes of waste and wastewater	Environmental matters	5. Kind to the environment. Production and logistics Drinking water consumption and volume of waste	6
Corporate culture Working independently and with personal responsibility	Employee matters	6. Our engine that drives sustainability. Our employees Entrepreneur in the company Health and safety of employees	8
Employees: Occupational health and safety	Employee matters		
Worldwide compliance with all legal requirements	Human rights, anti-corruption	7. A matter of course. Ethics and legal compliance	16



These strategically relevant action areas are grouped and assigned to the respective sections in this report in the table below. The identified sustainability issues are assigned to the matters dealt with in the non-financial statement, which are audited by external auditors.

Issues not assigned to any of the matters were not audited by the auditor, since they are not considered material and are therefore not included in the separate non-financial consolidated report. A number of sections in this report are based on the 17 global Sustainable Development Goals (SDGs) adopted by the United Nations. The identified sustainability aspects make a positive contribution to achievement of the SDGs.

Our strategy

In developing our sustainability strategy, we reconcile our stakeholders' expectations and RATIONAL's vision. The materiality matrix presented here shows the action areas assessed as being very important from the external and internal perspective. These action areas are the core content of our sustainability strategy. Our vision and our stakeholders' expectations are translated into a strategy and fields of activity as follows.

1. Long-term, stable growth.

RATIONAL as a dependable partner.

The company is therefore a reliable long-term partner for dealers, suppliers and customers, and RATIONAL shares are a secure long-term investment for shareholders. RATIONAL continuously develops path-breaking innovations to ensure its continued success moving ahead.

2. Our greatest asset: the customer

Efficient products: Offering our customers maximum benefit is our primary corporate aim. That is why we want to offer our customers appliances that save time, resources and space in kitchens all around the world.

Ergonomics and occupational safety for users of our appliances: We are particularly committed to providing a safe working environment for our customers. That is why we do everything to ensure ergonomic and safe operation of our appliances.

3. Food made easy. Gentle cooking for a healthy diet.

Enabling and fostering healthy nutrition with a range of appliances that offer health-promoting cooking methods is a key element of RATIONAL's business model .

4. Less is more. Durability and recyclability of our products

Our top priority is for our appliances to save resources. That is why we ensure our appliances can be used by the customer for as long and as intensively as possible and that their components can be recycled.

5. Kind to the environment. Our production processes.

Efficient and environmentally friendly logistics and production processes are integral aspects of RATIONAL's activities. That is why RATIONAL keeps on working to minimise energy and paper consumption, waste, waste water and emissions in its processes.

6. The engine that drives our actions. Our employees.

Entrepreneurs in the Company: We believe it is particularly important to establish a culture in which our employees can act independently and with personal responsibility. That is why we strive to create the freedom for our employees to see themselves and act as "Entrepreneurs in the Company" in their sphere of responsibility.

Training and education at RATIONAL: Training and education offerings are necessary to maintain productivity and preserve innovative skills at our company. All employees therefore benefit from continuous further training measures. We also foster high potentials by offering young talent programmes, dual courses of study and training courses.

A safe and healthy working environment for all employees: Satisfied, motivated employees are vital to RATIONAL and its development. That is why we offer our employees a safe working environment that protects their health.

7. A matter of course. Ethics and legal compliance.

RATIONAL is wholeheartedly committed to upholding human rights. Legally compliant behaviour and combating corruption and bribery are a matter of course for RATIONAL. Internal rules of conduct as well as the BME Code of Conduct for ensuring compliance with all applicable laws worldwide and observance of human rights in the supply chain are important elements in this respect.

Simply sustainable



“Many companies focus their activities on rapid growth and maximising short-term profit, and structure their organisations accordingly. At RATIONAL, we think and act differently. For us, financial key performance indicators merely serve as the yardstick of how well we have fulfilled our entrepreneurial role. They are the result of combining the right strategy with the right actions.”

Siegfried Meister, founder of RATIONAL AG (1938–2017)



Long-term, stable growth. RATIONAL as a dependable partner.



SDG 8

RATIONAL has grown continuously and stably since it was founded. The company thereby helps increase prosperity, while offering safe jobs with good conditions. RATIONAL keeps on developing new technologies and innovations, making it equipped to also tackle whatever lies ahead.

have a strong trust in RATIONAL, not least because of that long-term stability.

RATIONAL continuously conducts research and develops new technologies and innovations in order to keep on ensuring that it delivers maximum benefit to its customers. As a result, we secure our market and technology leadership and are able to adapt to changes in customer needs at all times.

The company believes that the prime focus of forward-looking, entrepreneurial activity is always on delivering customer benefit. It is our conviction that this is the foundation of our success and the reason why we have grown continuously, stably and profitably since being founded.

We believe that sustainable business is not only a commercial advantage, but also a bedrock of broad prosperity. This way of doing business creates jobs and tax revenue on a permanent basis, making it the foundation for an efficient welfare state.

We have grown by an annual average of 9% over the past 10 years. In 2019, we achieved sales revenues of 844 million euros. We have more than doubled our global headcount in the past 10 years, to 2,258 at the end of 2019.

We refer here to the 2019 Annual Report for details on RATIONAL's business and financial performance (https://www.rational-online.com/media/investor_relations/annual_reports/RATIONAL_Annual_Report_2019.pdf).

Thanks to our sustainable growth, we offer our employees safe jobs with good conditions and are a long-term, reliable business partner. Our customers and other business partners

“Of course the future interests me. I’m going to spend the rest of my life there.”

Mark Twain, American writer
(1835–1910)

Our greatest asset. The customer.

Appliances that offer efficiency in diverse ways

Leveraging the effects of responsible use of resources and the added value that creates for customers are key aspects for RATIONAL. It is crucial in this respect for our customers to protect the environment by reducing consumption and also to benefit financially when they save resources. Guided by that vision, we pay special attention in our research and development to the efficiency of our cooking appliances in addition to the cooking quality. In order to keep on improving product features that enhance efficiency, we are constantly increasing our personnel and financial capacities in this area. More than 170 employees currently work in research and development on improving our products and services. We spent around 42 million euros on research and development in 2019. 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. Specific targets for saving resources are defined 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.

Our customers are also paying greater attention to ecological aspects and making sure that they themselves act with an eye to conserving resources. Our products with their low energy consumption also help them to achieve their own ecological goals.

Significant savings in energy and water compared with traditional cooking methods

We want to replace traditional cooking appliances that consume a lot of energy and thus become more attractive to customers. And we are doing so successfully, as shown by a 2014 study by the Zurich University of Applied Sciences¹. It scientifically examined the energy and water savings from using multifunctional cooking appliances in comparison with traditional cooking technology. The study compared the consumption values per meal produced prior to refurbishing the kitchen with traditional equipment and following refurbishment with RATIONAL's 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% for each meal produced were achieved by using the RATIONAL technology.

Energy



SDG 7

RATIONAL's products help save energy compared to traditional cooking appliances and predecessor models. That reduces the use of energy resources.

Our prime goal is always to deliver customer benefit and satisfaction. Everyday work in a kitchen normally entails very high levels of energy consumption, heavy peak demand periods and hence high costs for our customers. Thanks to our energy-efficient products, we can slash those costs and, as a result, enhance our customers' satisfaction.

¹ In collaboration with the ABB Schweiz AG staff restaurant in Dättwil-Baden operated by the catering company SV Schweiz

Constantly energy-efficient

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.

Our state-of-the-art connectivity solution

ConnectedCooking

Our state-of-the-art connectivity solution ConnectedCooking offers additional ways of optimising energy consumption during use. The "View Energy Consumption" module allows ConnectedCooking users to check energy consumption during the cooking process centrally across multiple appliances. That is particularly effective for customers who want a central means of controlling appliances at different locations simultaneously.

Chefs can also cut energy consumption by using recipes that are provided centrally in ConnectedCooking and require little energy to make.

Moreover, remote maintenance reduces callouts for service technicians and the time and travel that involves, thereby saving precious resources. We were awarded the “Green Ribbon” environmental label for this.

Holistic concept for the kitchen

However, our goals are not confined to enhancing our appliances. Because we look at the big picture and want to optimise the kitchen as a whole. That covers all potential aspects – from ventilation, air-conditioning and heating systems to ways of saving space.

However, the main focus is on peak demand periods. These are periods in which there is a brief, but large increase in demand for power in the grid, with the result that electricity is also particularly expensive during them. Power consumption is distributed as evenly as possible in kitchens that have an efficient design – a goal RATIONAL already practises in some areas and intends to address to an even greater extent moving ahead. As a result, there is less intensive demand at peak times (e.g. 00:00 to 12:00 hours) throughout the grid, electricity is cheaper as a result of even distribution and the supply of power is more secure.

EnergyStar award

Thanks to the high energy efficiency of our appliances, around 72% of the products RATIONAL sold in 2019 have the right to bear the U.S. ENERGY STAR².

The U.S. ENERGY STAR is the symbol of energy efficiency supported by the U.S. Government. The energy consumption of our appliances is determined by an independent testing institute, submitted by it to ENERGY STAR and then examined by ENERGY STAR to ascertain whether the demanding limit values are achieved.

2 The label is only assigned for a product category if a sufficient number of measured values for products from different manufacturers exist in this category. A sufficient number of measured values have not been submitted for RATIONAL's remaining appliance types and sizes, which means that no ENERGY STAR can be assigned as yet in these categories.

Did you know ...?

If the roughly 140 million meals produced daily in our appliances were prepared with conventional cooking methods, we estimate the annual energy consumption to be more than 41 million megawatt hours. RATIONAL appliances only consume just under 27 million megawatt hours, which is equal to savings of roughly a third.

Raw materials

With steam preparation and greatly reduced cooking times in our appliances, cooking loss – moisture lost from meat – can be reduced by 10% to up to 30% compared to traditional cooking. Moreover, our appliances cook evenly on all racks, and the intelligent cooking profiles ensure the desired result every time, virtually eliminating waste.

Based on an estimated number of 140 million meals prepared each day in our appliances and the assumptions in the table below, our customers worldwide can save around 280 thousand tonnes of meat per year:

Cooking loss compared with conventional cooking appliances	
Meals per day	140,000,000
Share of meat dishes in all dishes worldwide	40%
Raw materials per meat dish (kg)	0.16
Total meat used per day (t)	8,960
Total meat used per year (6 days/week) (t)	2,803,200
Raw material savings (conservative calculation)	10%
Savings of meat per year (t)	280,320

CO₂

The annual savings in CO₂ through using our technology amount to around 8.6 million tonnes as a result of the reduced energy consumption and less use of meat.

Water

Our appliances also save a lot of drinking water. These savings result from the use of both models. A practical study demonstrated total water savings of 53% through the use of our appliances compared to traditional cooking technology. Based on the estimate of up to 140 million meals prepared each day, this results in savings of around 63 billion litres of water per year compared to traditional cooking methods.

Time

RATIONAL combi-steamers and VarioCookingCenters® make work significantly easier for their users and help to noticeably reduce stress in terms of time, performance and physical strain.

Overnight cooking and ConnectedCooking spread out the cook's workload, because the equipment works without their physical presence and can also be controlled and adjusted remotely. Intelligent cooking profiles and the automatic raising and lowering system of the VarioCookingCenter® reduce the cook's time pressure since the food does not have to be removed with down-to-the-second precision. The appliance stops on its own when it's done or automatically lifts the pasta from the boiling water.

The SelfCookingCenter® has a feature called iLevelControl, which makes it very simple to cook different products simultaneously. Different products can be placed on several racks and the SelfCookingCenter® notifies chefs when each has finished cooking. That means, for example, that a complete warm breakfast can be cooked in one SelfCookingCenter®, thereby saving chefs a huge amount of time.

Thanks to the fast cooking and response times of both appliance types and the resulting much faster heat-up times, cooks can plan their workday more flexibly. In the evening, the appliance doesn't need be cleaned manually, because it does that on its own.

Ergonomics and occupational safety in the professional kitchen

RATIONAL strives to protect the health of those who use its appliances. Work in commercial kitchens all over the world sometimes comes with its special risks. The stress and hectic pace involved, the need to haul heavy loads and handle hot liquids, and the heavy time pressure are recurrent challenges that chefs face.

The following overview shows what we consider to be the main health risks for employees in professional kitchens and the key sources of danger.

	Sources of danger									
	High heat radiation	Hot surfaces	Hot steam	Working height – overhead tasks	Air-borne toxins	Heavy loads	Hot liquids	High humidity	Cleaning chemicals	Stress
Health risks										
Spinal injuries				x		x				x
Scalding		x	x				x			
Burns		x								
Chemical burns									x	
Respiratory diseases					x				x	
Mental stress										x
Cardiovascular diseases	x				x			x		x
Cancer					x					

Reduction in the risk from hot liquids, steam and surfaces

The air quality in the kitchen is hot, humid and so very unhealthy when traditional cooking technology is used. A Norwegian study published in January 2019 shows that cooking also releases irritants and allergens into the air. As a result, kitchen staff are permanently subjected to pollution that is classified as hazardous to health.

RATIONAL combi-steamers have a closed cooking chamber that is highly insulated with a triple-pane glass door. In the VarioCookingCenter®, only the base of the pan is heated, and because of its high cooking speed and rapid response the appliance is only switched on when it actually needs to cook. With the VarioCookingCenter®, the edges of pans also remain completely cold so that users cannot burn themselves.

Another benefit is that the RATIONAL combi-steamer dispenses almost completely with hot fat. Work accidents involving hot fat can therefore practically be ruled out.

Both appliance types have automatic drains that eliminate the need for open drains for the hot, steaming water. A two-stage safety lock prevents injuries caused by large amounts of hot steam escaping from the combi-steamer and high levels of air pollution. Since the door can initially only be opened a crack, the exhaust system immediately extracts the air-steam mixture upwards so that it poses no hazard to the user. With the VarioCookingCenter®, the automatic tilting system helps the kitchen staff handle large amounts of hot liquid, thus reducing the risk of accidents.



“Health is not everything,
but without health, everything is nothing.”

Arthur Schopenhauer,
German philosopher and writer (1788-1860)

Improvement in cleaning processes

As with a household dishwasher, the SelfCookingCenter® and the CombiMaster® Plus clean themselves automatically with cleaning chemicals in tablet form. Chemical burns to the eyes, respiratory system and skin caused by spraying and handling liquid chemicals, as well as the transportation of bulkier liquid detergent containers, can thus be minimised.

Optimisation of ergonomics

The height of the highest rack position of an appliance plays a critical role for occupational safety. RATIONAL has set a groundbreaking standard in this area. RATIONAL appliances with a maximum rack height of 1.60 metres have been available for many years now, which is the maximum height recommended by the German Berufsgenossenschaft Nahrungsmittel und Gastgewerbe, the statutory accident insurance company for people in the food and catering industry. The restriction reduces not only the risk of burns from hot liquids being carried overhead, but also reduces the strain on the kitchen workers' backs because they no longer need to lift heavy containers overhead. Another source of back pain is minimised by special transport accessories for large amounts of food and the automatic tilting system of the VarioCookingCenter®.

Less time pressure

Stress is considered the source of many complaints. The pressure to perform, physical strain or lack of time can lead to various physical and/or mental illnesses. In section 2.1 “Appliances that offer efficiency in diverse ways” we describe how our appliances help reduce stress in everyday work.

Certification

To ensure the safety and health protection of the appliances, we have them certified with the German GS (“Tested Safety”) mark. That means we have the products tested and production inspected by an independent testing and certification body.

Customer satisfaction

The number of participants (participating companies) in our product demonstrations was an important indicator of customer satisfaction and interest in our products up to fiscal 2019. In the past, the number of companies enrolling in these seminars was an important early indicator for us of future business performance.

Interest in our products and services

All in all, were able to keep customer satisfaction at a high level. In the past fiscal year, a large number of existing and potential customers were able to find out about the advantages of our products first hand and try them out for themselves.

However, a 1% decline in the number of companies participating in our live seminars means that we fell well short of the expected rise.

In established markets, especially in Europe, live seminars now carry less weight than in markets where there is a lower level of awareness of the technologies. Accordingly, many countries focus on other sales and customer retention strategies in this regard and, in the meantime, less so on live seminars. Training and post-installation support given at the customer's premises in particular are gaining in importance here. What is more, vacant sales positions could not be filled as quickly as expected in some markets.

Customer surveys and implementing improvement suggestions

To reflect the varied nature of the sales and customer retention strategies, we are changing the indicator for customer satisfaction as from fiscal year 2020. In future we will use the global RATIONAL customer satisfaction index as a key control indicator. This index, which is based on the TRIM index of the opinion research institute Kantar, covers criteria such as company performance and customer preferences. This index value is shown on a scale of -50 to 150.

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

The TRIM index established in this survey primarily measures the strength of the customer relationship. RATIONAL achieved an average rating of 97 in the last customer surveys in a total of 14 countries. That puts us among one of the top 10% of companies³ in the Kantar surveys with an index value of 93 points. The size of the score and the score itself, which largely matches last year's results in countries where the survey was repeated, indicates a good ongoing relationship with our customers.

The latest customer satisfaction index includes customer surveys from the years 2016 to 2019, covering around 2,500 RATIONAL combi-steamer customers from 14 different markets who account for 66% of our total sales revenue.

In these highly detailed surveys, our customers point out where they think we can do even better. These suggestions are discussed with the Chief Sales Officer of RATIONAL AG and implemented by the respective national organisations.

In the meantime, a number of measures have already been defined. To cater even better to customer needs, we are now making focussed efforts in Spain, for example, to build up knowledge by training sales employees in specific customer segments, such as retail or catering. In Sweden, customers are provided with more intensive support after their initial contact with us and also during their contact with dealers. Our Technical Service team in Russia will focus more closely on customer requirements on the basis of the customer feedback it has received. Our aim is therefore to obtain even more customer assessments so that we can identify their needs and wishes more clearly and then work on customer-centric solutions together in direct contact with them. We also take immediate action if more than three days are needed to resolve technical problems.

3 Compared to other B2B industrial and service companies worldwide

“You should offer your body something good so that your soul likes to live in it.”

Winston Churchill, former British Prime Minister (1874-1965)

Food made easy. Gentle cooking for a healthy diet.



SDG 3

The ideal cooking quality of our products ensures a healthy diet by preserving nutrients, reducing harmful substances and delivering greater enjoyment. The appliances also guarantee high hygiene standards, which prevents the spread of pathogens.

Based on our estimates, 95% of the RATIONAL appliances currently in use are combi-steamers. More than 90% of all appliances sold in 2019 were combi-steamers. Accordingly, the following statements apply to combi-steamer technology.

Enjoyment

The enjoyment derived from eating is a factor that should not be underestimated in assessing the quality of food. Whether a meal is perceived by our senses as enjoyable and high-quality depends on what it looks like, the sounds made when food is eaten – such as the crispy crackling on a roast joint – taste, mouthfeel and smell.

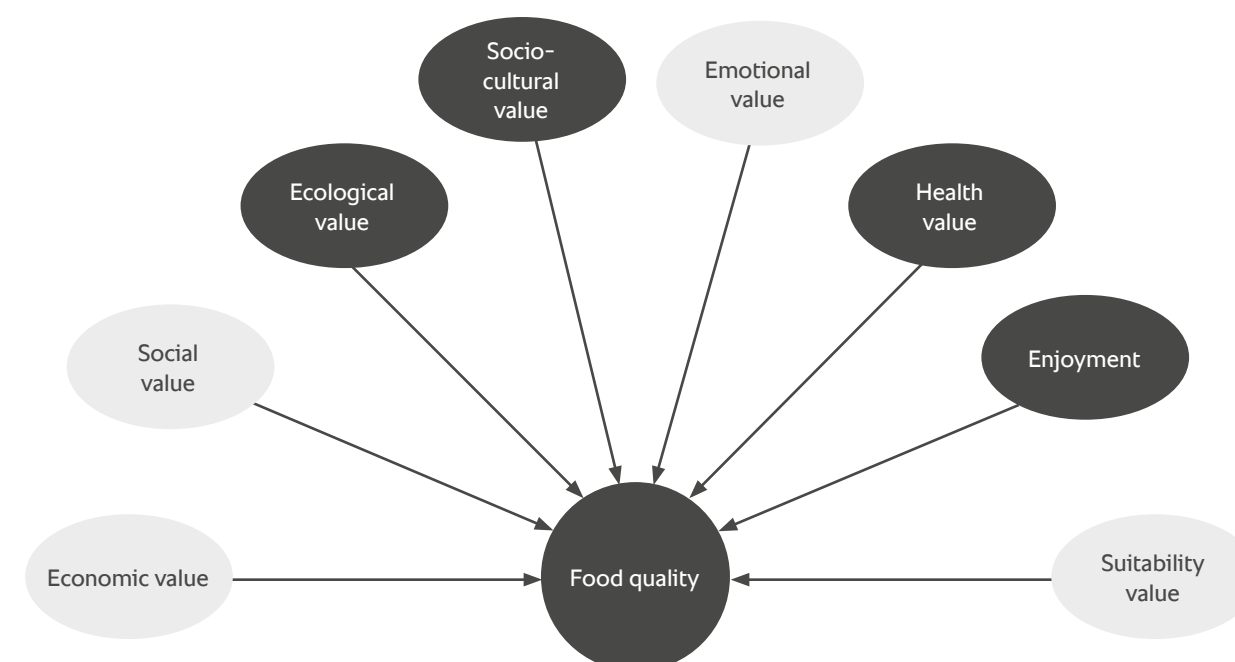
If these aspects are perceived as positive, that has a huge impact on the quality of food.

RATIONAL's mission is to offer people healthy, high-quality nutrition through the way our appliances cook food. Healthy nutrition is not only about providing important nutrients – eating is about enjoyment and feeling good.

There are eight dimensions of food quality according to the literature (see the figure). We can cater for four dimensions with our appliances and so make a significant contribution to better quality of life. These are the socio-cultural, health, enjoyment and ecological value.

Because of the importance of this issue, our nutrition experts work closely with the Executive Board to continuously improve and further develop the foods that are produced.

RATIONAL therefore has trained employees who are solely responsible for ascertaining the sensory aspects and enjoyment of the food when new appliance generations are being developed. For this, we have conducted diverse tests on sensory aspects with our sales chefs from a wide range of countries. In Shanghai we have founded our own application development centre to specifically address cooking requirements in China.



With each generation of appliances, we therefore increase the tastiness, the quality of the meals as perceived by our senses and hence the level of enjoyment.

RATIONAL's method of measuring the sensory perception of meals on the basis of look, sound, taste, mouthfeel and smell enables the quality of food to be quantified on a scale up to 100 percentage points. The cooking result is compared with the customer's expectations on the basis of a large number of characteristics. We have thus been able to achieve a food quality of 79 percentage points with our products to date. The cooking result is therefore very close to what customers ideally want.

Health value

The most important task of food is to provide our body with nutrients. 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. Steaming also allows food to be prepared with far less fat.

> More nutrients

Traditional food preparation depletes 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 the SelfCookingCenter® saturates the food with steam very quickly, it cooks much faster than competitor models with which we compared ours. 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-killing practices, like keeping food warm or reheating it.

Our connectivity solution ConnectedCooking enables cooking to be standardised on all connected appliances. Within the new recipe management system, users can post their own recipes in the globally accessible database or get inspiration from other recipes. If the recipes have been verified by RATIONAL, users can then rely on the meals being of a particularly high quality.

In the future, we will provide our connected customers with a private section in which they can add their own recipes. These recipes are then accompanied by details on nutrients, allergens and ingredients, meaning ConnectedCooking can always calculate how nutritious an overall meal is. That way, users can adapt very precisely to their guests' needs.

> Less fat

Food cooked in a combi-steamer with steam and convection requires 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

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, because grilling, roasting, frying, baking and deep-frying produce harmful substances in the food. RATIONAL cooking profiles are designed in such a way that the food is fried and baked as gently as possible to minimise the production of harmful substances.

The transfer of micro-organisms and harmful substances in the water to food is considered a risk, 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 in the water can enter the cooking cavity or reach the food.

> High hygiene standards

RATIONAL products are always supplied with default settings, which ensure the hygienic safety of the cooking process and maintain the 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.

Multi-resistant pathogens are an increasing problem in the generation of foodstuffs but also in further processing stages. In addition to setting 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. This rule can be applied using our core temperature sensor, which measures and documents the meat's core temperature during cooking.

The aim of the intelligent CareControl system is to achieve high hygiene standards. 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 adaptations necessary to ensure the hygienic safety of the food served.

Various newsletters and reports from the Robert-Koch-Institute additionally supply our laboratories with up-to-date information. The best possible solutions for killing off bacteria and viruses by cooking are then integrated into our cooking profiles.

In the future, we also want to present all cooking processes and temperature profiles in a transparent manner with ConnectedCooking. Users can display the steps that are critical to hygiene – from goods receipt to goods issue – on their smartphone with the aid of the "Task Management Tool". To ensure a flawless hygiene chain, for example, receipt of the goods must be documented correctly, the delivery note must

be received, the goods can be photographed and it's possible to track that the goods have been stored correctly in the cold store. Users can also set up extra temperature sensors outside and inside food that has not yet been placed in a RATIONAL appliance. In particular, that enables correct monitoring of food where hygiene is of critical importance, such as meat, at all times.

Socio-cultural value

Food creates a sense of identity. We associate it with home and familiar rituals. Every culture has its very own eating habits and atmospheres that are shaped by history and lifestyle. We at RATIONAL are aware of that. That is why it is hugely important for us to take into account as many eating habits as possible in developing our appliances.

Based on decades of RATIONAL cooking research, we have developed intelligent cooking profiles that use perfectly coordinated hardware and software to consistently produce food according to the cultural eating and cooking habits in around 120 countries. In terms of smell, taste, sound, look and texture, the meals increasingly match the cultural and personal culinary expectations in more and more countries.

Ecological value

In developing our products, we pay great attention to ensuring that they are as efficient as possible. As a result, our appliances save energy, water, cleaning chemicals, raw materials and time and reduce CO₂ in the preparation of food. This aspect is dealt with in detail in the section "Appliances that offer efficiency in diverse ways".



Interview

Our RATIONAL restaurants: healthy, tasty, resource-conserving

Visiting our staff restaurants is a highlight of every day for all employees at our Landsberg am Lech location. The meals prepared with RATIONAL appliances taste delicious, there is a wide range of meals to choose from every week, and the chefs at the restaurants are always bright and cheery.

That is no doubt due to the spirit of professionalism and collegiality with which our restaurants are organised and their commitment to using seasonal, regional and healthy food. Where possible, a personal partnership is forged with suppliers. A sustainable approach to the use of resources, such as waste or packaging, is integrated in day-to-day operations with apparent ease.

Andreas Deyerler, Head of Restaurants at RATIONAL, explains how he and his team have accomplished all that:

Mr Deyerler, what does your team pay attention to when selecting what to serve?

Mr Deyerler: We ensure the greatest possible choice and variety of foods and dishes and make sure they are prepared

so that their nutritional value is preserved. We always try to offer employees nutritious, low-fat meals. In addition, we regularly offer them tips on the subject of nutrition, in the form of workshops or written information in the staff restaurant.

What role do regional and seasonal foods play in the meals you offer?

Mr Deyerler: A big one. The regional origin of our fresh and unprepared foods means short transport routes for them, which directly helps protect the environment.

And what does that mean in concrete terms?

Mr Deyerler: Our aim is mainly to work with partners within a radius of 100 km. The shorter the distance, the fresher the food – always taking the criteria of availability and quality into consideration. It goes without saying that quality is vital, because our goal is to inspire our guests. Many of our products come from the immediate region around Landsberg or from near Lake Constance, Vorarlberg or Tyrol. We obtain fruit and vegetables from South Tyrol and some of our poultry or cheese from France, for example.

Apart from buying regional produce, we also aim to build long-term, reliable and direct partnerships. That enables us to strengthen very small producers and family-run companies in the region. Personal contact on equal terms and mutual respect are vital in that. We pay our suppliers fair prices and demand excellent quality in return. In particular, direct trading with the family businesses is important to us.

Do you pay attention to where meat and dairy products in particular come from?

Mr Deyerler: We are also committed to buying regional meat and dairy products. The butchers we work with have also signed a pledge to refrain from intensive animal farming and use of drugs and to promote animal welfare. Our dairy products come from the organic dairy farm Andechs & Berchtesgadener Land.

You offer regular workshops and cooking classes. What contents do you aim to impart in them?

Hr. Deyerler: We mainly want to pass on knowledge about healthy cooking using fresh and regional ingredients, for example, how to cook dishes that are low in sugar and salt or how to read and understand the list of ingredients on a label. In 2020, we're offering classes such as "Green cuisine –

healthy eating for the sake of our planet" or "Meat and how to smoke it".

Do your employees in the staff restaurant also attend training courses?

Mr Deyerler: Yes, our chefs undergo regular training in their field. That is based on various training and education offerings, which our employees also request on their own initiative. We also offer subject-specific training in RATIONAL appliances and application training seminars. Moreover, we frequently offer our chefs joint trips to our regional partners. All our chefs have visited our local butchers at least once to see where our meat comes from, for instance. There are also regular excursions to the asparagus grower or the fish farm directly by Lake Ammer.

Mr Deyerler, have you taken measures to avoid packaging waste as part of running the staff restaurant?

Mr Deyerler: Yes, especially at our suppliers and in packaging food for our guests. For example, we launched our own deposit and returnable packaging system with all our butchers and vegetable suppliers in 2018. Since then, most of our products have been supplied in reusable crates. In the restaurants themselves, all the napkins and table runners are fully compostable. To reduce the amount of packaging for our guests, we have stopped using all paper and plastic bags, to-go coffee cups, and disposable bowls for fruit salad. Instead of disposable packaging material, we now only provide compostable, resource-conserving packaging made from sugar cane or palm leaves. However, we also plan to completely stop the sale of disposable to-go bowls at the staff restaurants in the future. Employees can then bring their own reusable containers, which are then filled in the staff restaurant. On the subject of hygiene, there is naturally regular dialogue with Landsberg District Administration, which provides tips and information on compliance with legislation and guidelines.

Are there also measures to reduce food waste?

Mr Deyerler: Yes, we've also done quite a bit in that regard. We've reduced the size of portions in order to minimise leftovers. If guests are a bit hungrier, we offer them a free second helping. In addition, each meal is served individually for every guest – plates of food are not prepared in advance. That means no prepared dishes have to be thrown away. If something does happen to be left over, the food is either used again in the extensive salad buffet the next day or employees

Facts and figures about our restaurants

Meals produced daily	up to 600
Daily guests (morning snack/lunch/afternoon snack/dinner)	up to 1,000
Number of suppliers	approx. 30

take it home with them in the afternoon. Kitchen and food waste is taken to a nearby biogas plant.

We also do not look at our weekly menu in isolation. That means we devise the menu over a period of several weeks, taking into account the events at the Landsberg site, with an eye to using surplus food we produce. In principle, however, we seek to use purchase and prepare food in an economical manner. Synergies helps us save all relevant resources here.

Is efficient and safe work in the kitchen possible, especially given your hectic daily routine?

Mr Deyerler: Yes, definitely. It's rarely hectic, loud or disorderly in the kitchen, even when we're preparing meals. RATIONAL's appliances give our chefs confidence and security. We comply with the maximum volume loads, while the need to carry heavy pots and other hazards are eliminated.

What comes next? What will be new in the future?

Mr Deyerler: Our emotional target vision "The 2020+ Catering Concept" defines our future orientation and is also our motivation. The issues of sustainability and trust, quality assurance, safeguarding volumes, agility, health, digitalisation and continuous dialogue are also on the agenda moving ahead. The main focus is always on delivering maximum benefit for our guests and customers. For example, we aim to ensure that our guests continue to enjoy healthy food in the staff restaurants, maintain long-term and fair partnerships, and support organisations like the Tafel food bank and Wärmestube in Augsburg or United Against Waste.

Less is more. Durability and recyclability of our products.



SDG 12

RATIONAL's products are designed to last a very long time. The appliances can be recycled at the end of their service life due to the high degree of reusability of their components. As a result, we systematically avoid unnecessary material waste.

Based on our estimates, 95% of the RATIONAL appliances currently in use are combi-steamers. More than 90% of all appliances sold in 2019 were combi-steamers. Accordingly, the following statements apply to combi-steamer technology.

Protecting the environment is a key element in our sustainability efforts, which is why we strive to leave as small a footprint as possible across the entire product life cycle. We aim to ensure that by delivering appliances that have a long service life. After all, our goal is not to make a quick profit with products that last only a short time. We believe it is important for our customers to be able to use their high-quality appliances for as long as possible.

That is why RATIONAL wants to offer its customers appliances they can rely on for a long time to come, by designing them from the start for a minimum life cycle of ten years, even under extreme loads.

To enable that, the requirements for ensuring a product has a long service life are broken down in detail. The technical solution required to achieve that goal is then formulated. As a result, long-term functioning of individual parts – such as a pump – can be safeguarded.

Finally, our devices and their individual parts are subjected to intensive continuous testing. Ultimately, our internal endurance tests can then ensure that the appliances have a long service life.

However, if components or parts should fail, it is important that we are able to supply a replacement quickly. That means customers can continue using their original appliance with the new components. That is why we guarantee that customers' appliances will remain available for use – even those that we no longer produce.

In 2019, we generated sales revenue of 5.5 million euros from service parts for appliances that were produced only up to 2004 (2018: 6.3 million euros; 2017: 7.2 million euros). This confirms that many of our appliances are still in use even after at least 15 years.

However, we do not want our appliances to be simply thrown away when they reach the end of their long service life – after all, a large proportion of the components in them can be recycled. We have not yet enshrined recyclability as one of our goals. However, waste avoidance and reuse are important aspects for us and our customers and so we are planning to include it as a goal in development products in the future. That ensures future appliance generations will also be able to be recycled to a large extent.

A high degree of reusability means parts can be returned to the product cycle, resources are conserved and waste is minimised. Moreover, our customers can recycle the appliances after their long service life and so benefit from the high scrap value of stainless steel or electronics components. If customers wish, we collect their old appliances and return them to the raw material cycle.

Today, most of all the materials used can currently be recycled with little technical effort and with almost no residue and then returned to the raw material cycle. The table below shows the distribution of materials used in the production process of the RATIONAL combi-steamer. The distribution is measured by the weight of the materials as an average for the RATIONAL appliance family.

Materials used by weight (%)		
	2018	2019
Stainless steel	75	75
Glass	9	9
Electrical materials	6	6
Insulation	5	5
Plastic	4	4
Electronics	1	1

“Just avoid saying that fatal word: can't!”

Werner von Siemens,
German inventor and industrialist
(1816–1892)

“The least movement is
of importance to all nature.”

Blaise Pascal, French mathematician,
physicist and Christian philosopher
(1623–1662)

Kind to the environment. Production and logistics.

Resource-efficient production processes

Based on our estimates, 95% of the RATIONAL appliances currently in use are combi-steamers. More than 90% of all appliances sold in 2019 were combi-steamers. Accordingly, the following statements apply to Landsberg am Lech, the site where we make our combi-steamers.

As a company that focuses on sustainability, we incorporate environmental considerations as far as possible into all of our business decisions. As part of RATIONAL's environmental performance evaluation, we determine relevant consumption and disposal indicators, compare them against the targets defined at the start of the year, discuss them with senior management and develop appropriate measures.

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 targets every year for the reduction of waste as well as for resources, water, energy, and fuel consumption.

The quantitative targets for 2019 envisaged a reduction in consumption as defined in the table. It should be noted here that the reduction usually refers to the relative consumption per appliance, per square meter of floor space or per kilometre travelled.

Resource consumption – 2019 savings targets

	per appl. produced	per m ² floor space	per km travelled
Water	–1%		
Energy	–1%	–1%	
Fuel			–1%
Cardboard/paper	–1%		

Drinking water consumption



SDG 6

We specifically try to keep on reducing water consumption by setting targets for water savings.

We constantly strive to minimise our water consumption. As part of that, we regularly examine our drinking water networks for leaks where liquids may escape unintentionally.

Our target in 2019 was to save 1% of water per appliance produced. We were not able to achieve that, which is also due to the extensive construction work at the Landsberg location in 2019.

Our production processes require very little water. Any waste water that is polluted is cleaned and improved to drinking water quality by a treatment plant that 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 obtained from the municipal utility Stadtwerke Landsberg. We now operate four wells to use geothermal energy.

Water consumption

Per appliance produced	2018	2019	Change in %
Water consumption in litres	200	227	+ 14

Waste generation

Our goal is to reduce waste and dispose of it in an environmentally friendly manner, separate it into fractions, and in compliance with statutory regulations. Waste is recycled or recovered for its energy in accordance with the high legal standards and the recommendations of our waste disposal companies. The low quantities of hazardous substances are disposed of by a specialist company in compliance with the German Circular Economy Act. Our compliance with standards, legislation and guidelines is continually monitored in internal audits and certified annually by external auditors (DEKRA).

Hazardous waste

The types of waste classified as hazardous in our production processes totalled 2,514 kg in 2019.

Hazardous waste, disposed

in kg	2018	2019	Change in %
Total hazardous waste	2,228	2,514	+13
thereof electropolishing slurry	116	91	– 22
thereof alkalis	186	703	+278

The high proportion of alkaline substances is attributable to cleaning tabs which we had to dispose of in large quantities in 2019 due to damage during transportation.

Electropolishing slurry is a waste product from the production process. The plant for treating the waste water produced is regularly maintained. The process is monitored every month and external audits are conducted.

In 2015, we switched to improved welding technology in the production of most of the appliance types. The resulting reduced need for electropolishing has lowered the amount of electropolishing slurry produced overall. According to our environmental performance evaluation, electropolishing slurry was reduced by 26.6% relative to the volume of waste in 2019 (91 kg) compared to the figure for 2015 (124 kg). We will convert the welding process for most appliance types in the medium term so that significantly less electropolishing

slurry is once again generated. The new welding process is already used for all appliance types, apart from standalone units.

Non-hazardous waste

Waste materials not classified as hazardous are either recycled or disposed of. We pass on the reusable materials (stainless steel, mixed scrap metal, paper/cardboard, glass) to specialised recycling companies. We receive compensation from the disposal companies for these separated recyclables.

Wood and commercial waste, building rubble and some of the food waste are disposed of by certified disposal companies. Some of the food waste undergoes thermal recycling. Commercial waste is taken to suitable sorting plants by disposal companies engaged by RATIONAL so that some of this waste can be recycled.

Non-hazardous waste

in t	2018	2019	Change in %
Total non-hazardous	1,467	1,602	+ 9
thereof recycled	1,169	1,286	+10
thereof disposed	298	316	+ 6


Use of paper

Paper consumption at the Landsberg site fell by 9% year on year in 2019 from 720 to 657 grammes per appliance produced. The use of copy and writing paper was reduced as a result of increasing digitisation. In addition, we use print on demand for the appliances' manuals, which means that the latest version of them is printed only if they are actually ordered.

Paper consumption (in grammes)

Per appliance produced	2018	2019	Change in %
Copy and writing paper	243	229	– 6
Appliance manuals	478	428	– 10
Total paper consumption	720	657	– 9

Energy and fuel consumption



SDG 7

We specifically try to keep on reducing our energy consumption by setting targets for energy savings.

Energy consumption at the Landsberg site and fuel consumption by the vehicles registered at the site for the main sources of energy used (natural gas, electricity, diesel and petrol) developed year on year in 2019 as follows:

Direct energy consumption

	2018	2019	Change in %
Energy consumption (gas, electricity) in MWh	12,048	12,663	+ 5
Thereof Natural gas (MWh)	3,744	3,515	– 6%

Energy

The expansion of our assembly factory over several years has increased the gross floor space used by 18,000 square metres and hence by 30%. The building was put into operation in 2018. Its energy consumption increased due to the fact that it is now supplied with power all year round.

In addition, we began work on extending the building for the global shipping department in September 2019. Around 15,000 m² of gross floor space will be added. More electricity was therefore consumed as a result of the related construction measures.

In order to maximise the efficiency of our production processes, we rolled out a combined cooling system for the production facilities. It was introduced and expanded in 2019 in the assembly hall and the sheet metal working process. Since relevant plant components used to be supplied by energy-intensive local cooling units, the related emissions will be able to be reduced in the future.

Fuel

95% of company vehicles with internal combustion engines comply with the Euro-6 standard. Since 2018, we have also been using four small electric vehicles for in-house passenger transport. The sharp rise in specific fuel consumption per appliance produced is due to an increase in the fleet of vehicles for sales staff with a relatively high fuel consumption. These vehicles belonged to FRIMA Deutschland GmbH up to the beginning of 2019 and are now part of RATIONAL AG's fleet in the wake of the merger of the two brands FRIMA and RATIONAL.

As a result, specific consumption increased by 4% over the previous year (2018: 2,284 litres/vehicle; 2019: 2,372 litres/vehicle). As of fiscal 2019, the criteria applied are the mileage of all passenger cars and, in accordance with ISO 14001 and 50001, the key performance indicator "litres per 100 km".

Emissions

By using modern building technology and optimising our production processes, we hold CO₂ emissions to a low level. Since 2010, we have reduced specific CO₂ emissions by around 28%.

CO₂ emissions at Landsberg site

Per appliance produced	2018	2019	Change in %
CO ₂ emissions in kg	74.2	78.0	+5

As a result of the higher energy consumption, however, CO₂ emissions have also risen proportionately to the increased consumption of electricity and fuels since 2018. Accordingly, emissions per appliance produced rose by 5% in 2019.

Customer-focused packaging

SDG 12
Wherever possible, we use recyclable or environmentally friendly materials for packaging our combi-steamers.

Wherever it makes sense, we use recyclable or environmentally friendly materials. We especially try to avoid plastic and foil wherever the specific product characteristics make that possible. The corrugated cardboard packaging used for our appliances consists of 75% recycled material.

We focus in particular on avoiding transport damage by using suitable packaging materials. The table below shows the distribution of packaging materials for our various product groups.

Total amount of packaging materials RATIONAL Group 2019				
in t	Wood	Cardboard	Plastic	Foil
Appliances	568	10	32	1,195
Care products	19	610	115	91
Accessories	337	2	3	244
Service parts	206	0	24	81
Total	1,131	622	173	1,611
Percentage	32	18	5	45

In our appliance packaging, the share of recyclable materials is 97%. Plastic and foil account for only 3% of the packaging weight. Our service parts and accessories are almost exclusively packaged in cardboard and wood. It is only for care products that we primarily have to rely on plastic packaging. Most of these are sold in the form of tabs, but a small amount is also sold as a liquid product. To permanently ensure the product quality, the liquids must usually be packaged in canisters or in plastic buckets and foil. Accordingly, around 90% of the packaging material is plastic or foil.

For appliance packaging in particular, we see the potential to increasingly replace plastic and foil with corrugated cardboard in future. For the care products, this savings potential is limited due to the product properties described above.



“We will either find a way or make one.”
Hannibal Barkas (around 247–183 BC), Carthaginian general

“If you treat people as they are,
they will become worse.
If you treat them as they could
be, they will become better.”
Johann Wolfgang von Goethe, German poet
and naturalist (1749–1832)

Our engine that drives sustainability. Our employees.

The total number of employees in the Group rose in 2019 from 2,113 to 2,258 (as of 31 December 2019). The table below shows the regional distribution and development:

Employees by region			
	2018	2019	Change in %
Germany	1,144	1,232	+8
Europe (excluding Germany)	556	582	+5
North America	149	151	+1
Latin America	76	84	+11
Asia	173	196	+13
Rest of the world	15	13	
Total	2,113	2,258	+7

way. It is RATIONAL's conviction that U.i.U.[®] entrepreneurs are more satisfied and more loyal employees. The ability to act independently, contribute their own ideas and so help the company succeed fosters their motivation and willingness to do their bit for our business. That creates a lasting feeling of satisfaction among employees, makes them proud of themselves and RATIONAL and thus spurs them to make a crucial contribution to the company's success.

U.i.U.[®] Compass – high level of employee satisfaction

In 2018, we conducted our first Group-wide employee satisfaction survey in cooperation with the market research institute Kantar. 81% of our employees worldwide answered 49 questions and made use of the comments field to add their own remarks. To satisfy the high standard we set for ourselves, we compare our results with those of the best 25% companies from all Kantar surveys (top 25 benchmark).

Two values from the U.i.U.[®] Compass demonstrate very clearly that employees feel at home at RATIONAL: 89% of them are proud to work at our company. The engagement index stands at 83% (top 25% companies at Kantar: 85%).

Entrepreneur in the company

Our employees have been the basis of our success in recent decades. To be successful we need the best and most satisfied people who are highly committed and dedicated every day to being there for our customers.

It is precisely for such employees that we create an environment in which they can develop their abilities freely and independently. 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 that. The U.i.U.[®] entrepreneurs operate as independent business people within their own area of responsibility, think for themselves and like to shoulder responsibility. They learn from mistakes in order to avoid them in future. They are always on a par with colleagues and superiors, and put forward their own opinions. Finally, the U.i.U.[®] takes all decisions with the whole company and its objectives in mind.

Our goal is to create an atmosphere that helps our employees to develop personally and professionally in the best possible

Employees especially appreciated the good development opportunities as well as the clear assignment of responsibilities and setting of corporate goals. The employees also value being able to see clearly how their own work contributes to achieving the company's targets.

The main challenges listed by the employees are the increased workload due to the strong growth and the need for improvement to structures and decision-making processes.

Implementation

RATIONAL takes that feedback from employees very seriously and regards this instrument as a key milestone in its corporate culture, which is why many suggestions and wishes were put into practice following the survey. The RATIONAL Culture Circle was set up specifically for that and consists of volunteer international employees who help inject new impetus and fresh ideas in the fields of health, well-being, project management, process management and communication. The Culture Circle advises the Executive Board by making concrete suggestions and recommendations.

In order to meet employees' wishes for more flexible ways of working, a home office agreement was introduced for all employees at the Landsberg site and a number of further locations, such as in the U.S., and went into effect in March 2019. In addition, RATIONAL offers a four-week school holiday childcare programme for the Landsberg site, as well as an additional RATIONAL Children's Day on the Day of Prayer and Repentance at which employees' children aged between 3 and 13 are invited to get to know where their parents work and then spend a day packed with fun and games.

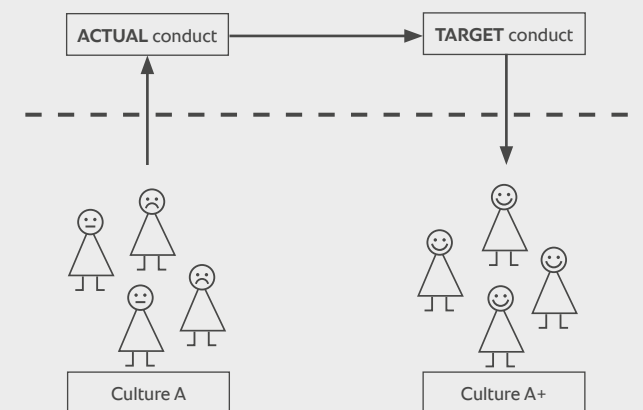
A cooperation agreement was concluded from December 2018 with a provider of corporate fitness services so as to promote the health of employees based in Germany. Our employees in Switzerland are also given a similar opportunity to maintain and improve their health. The Culture Circle also offers initiatives to raise awareness of health issues throughout the workforce. The ideas conceived in Landsberg are passed on to all subsidiaries. For example, all employees worldwide were required to take regular breaks during their daily work. Healthy meals were also prepared at the subsidiaries worldwide with the aid of centrally distributed recipes. At the same time, meat dishes and vegetarian meals were offered in Landsberg throughout the campaign, the focus of which was to provide a balanced diet for all individual needs, but specifically for vegetarians. The offering of free fruit and water was also expanded beyond Landsberg to a few other locations in North America, South America and Europe.

To strengthen communication channels at the company, two neutral contact persons in Switzerland and France were appointed in addition to the existing confidential advisors in Landsberg. Moreover, our forum for entrepreneurs, in which the Executive Board members report regularly on the latest business developments, was recorded in English for our international subsidiaries. Our employee magazine was also published in English and French in addition to German. Some locations, such as Brazil, even launched their own employee magazine containing articles of local interest.

We believe that the employee survey generates very great benefits for our company. Employees can actively shape RATIONAL's future and so make a valuable contribution to establishing a thriving and lively corporate culture. We surveyed our employees again in the spring of 2020 to maintain this lively spirit and high degree of engagement. The results will be available in the autumn of 2020.

Satisfied and loyal employees

As a reflection of the measures we have taken, employee retention and satisfaction are at a high level. One upshot is the strong feeling of loyalty among our workforce. Staff turnover was just 8% worldwide (2018: 7%).



Story

CHANGE like a U.i.U.®

Entrepreneurs in the Company (U.i.U.®) assume responsibility and show commitment: The RATIONAL Service Parts process (at RATIONAL we call departments "processes") shows how. The entire Service Parts process has actively helped shape a challenging cultural change with the aid of many small and large measures.

Frank feedback from employees in the U.i.U.® Compass

When the results of the first employee survey, the U.i.U.® Compass, were published in June 2018, it was clear to the process that there had to be fundamental changes. The feedback showed growing dissatisfaction among employees with a number of matters. They included a lack of clarity in

the assignment of responsibilities, exacerbated by a rapidly growing workforce, many different and new projects, the new digital world, and a highly heterogeneous age structure.

However, the frank and open feedback from employees did not result in resignation. On the contrary: It sparked an active and extensive change process. And that ultimately lasted one-and-a-half years. It was flanked by the HR Development team, but was mainly underpinned by the commitment of our employees.

But let us first return to June 2018. Many questions were raised back then: How can we shape a cultural change so as to create more trust and respect and achieve ideal collaboration again?

The journey: The start of cultural change

In order to accomplish a systematic process of change management accompanied by expert advice, we first created hard facts. "The journey" was chosen as the symbol of cultural change. It denotes the path for employees in the Service Parts process – from the results of the first U.i.U.® Compass to successful culture change at the beginning of 2020 and beyond.

Foundation of the Change Team

First of all, a Change Team was established. Its objective was to work towards achieving the impending change together with employees and managers and with the support of the Human Resources process. The Change Team was tasked with analysing situations and taking appropriate action.



The Change Team was of great importance in that, since each sub-process was represented with at least one person in it. Great care was taken to ensure a diverse composition: All age groups, employees with widely differing lengths of service and all genders were to be represented in the team. Its members, all of whom enjoyed a high degree of acceptance in the workforce, acted as keen, constructive critics and so were the ears and voice for employees' concerns.

Extensive stocktake

First of all, the team took stock of the current situation, recording all the challenges and expectations of managers and reviewing the projects.

The main result that revealed was the desire for a climate based on trust, mutual respect, better collaboration and clearer project management.

Action: Improving collaboration

Task descriptions and responsibilities for each team, for example, were defined in function charts so as to enable greater efficiency in collaboration within and between teams. An info market was then launched to present the function charts to all employees.

There was also (and will continue to be in the future) a short daily Shopfloor⁵ with all employees to ask them what has been achieved to date, what went well and what needs to be improved.

There were also advances in the teams' soft skills. Subjects that were discussed in particular included values, target visions and feedback.

Action: The boat as a new shared target vision

The target vision was jointly formulated at the same time. The symbol used for that was a boat – a place where everyone likes working and supports and respects each other. If everyone is sitting in the same boat, they all ask what individual contribution they can make to overcoming day-to-day challenges together.

⁵ Shopfloor = daily 20-minute meeting with all employees

Action: Greater mindfulness

One measure offered to all interested employees was extensive mindfulness and mediation training over a period of several weeks and a regular "Mindful Friday". That conveyed the message that a more heedful approach in tackling difficult issues, more deliberate breaks and self-awareness of personal emotions are permitted, welcome and even conducive to efficient collaboration.

And the exercises did indeed reap rewards: Employees were able to enhance their mindfulness, reduce stress and negative thoughts by consciously applying the techniques they learned, set priorities better and develop a stronger sense of empathy.

The training went down well: Even after the workshop ended, employees still met regularly to hone their mindfulness skills together. In unison with the mindfulness training, employees were also offered the opportunity to draw up a sort of "user guide" about themselves or create their own personal gratitude journal. The objective of all that was to enhance their own awareness and empathy for others in everyday (work) situations.

The travellers are on the right track

The surveys of the mood after many months show that we can change together since the new feedback from employees reveals that great results have been achieved.

Collaboration between teams has improved, a separate project team has been founded, the mindfulness meetings have been continued, and employees have recently begun holding quarterly meetings to share information on all issues.

The Change Team has also reformed itself and will help inject new impetus and fresh ideas moving ahead. Depending on needs, it addresses the issues of awareness of people and the environment.

Full steam ahead for all U.i.U.[®] entrepreneurs

The journey at Service Parts has shown that everyone needs to pitch in to accomplish such a change. Change does not come about by itself, but through mutual openness, a common understanding and the desire of every one of us to shoulder responsibility and make an active contribution to changing things – true to the spirit of the U.i.U.[®] principle.



Training and education at RATIONAL

We need to encourage U.i.U.[®] entrepreneurs who use their own mind, help shape our company and work independently, yet also challenge them. We offer extensive training and education opportunities to help our employees develop personally and professionally in the best possible way.

That increases know-how in the company, fosters innovativeness, performance and a willingness to achieve, and enhances employee satisfaction. Ultimately, all that has a positive impact on our company's productivity.

Internal further training

RATIONAL offers a large variety of interdisciplinary and subject-specific internal training throughout the company.

The number of participants in the interdisciplinary training courses alone – in fields such as languages, leadership or projects – was more than 540. These courses are highly popular and so are booked out very quickly. That is mainly attributable to their high quality: The feedback from the (mostly anonymous) surveys after them is always positive.

However, these interdisciplinary courses are just a small part of the further training we offer throughout the company. The individual departments also offer courses in sales, marketing, IT and many more subjects. 69 different internal courses were offered company-wide in 2019. We are also working continually to enhance our e-learning platform.

External further training

In addition to our extensive internal training, we offer employees opportunities to attend courses held by external providers. We spent just under 1 million euros on external training services worldwide in 2019.

Training

We see the focussed promotion of young, talented employees as an important building block for the company's successful development and fitness for the future. Qualified vocational training therefore enjoys a very high priority at RATIONAL. We currently employ 66 apprentices in the following disciplines: industrial business managers, warehouse logistics, industrial technicians, mechatronics engineers, metal technology and IT specialists. 19 employees are on dual courses of study, combining studies with practical experience in mechatronics, engineering, international business and hotel and lifecycle catering. In addition, as at the balance sheet date, a total of 31 junior employees were involved in various programmes.

Employee loyalty

Thanks to the continuous increase in our workforce, our efforts to foster young talents and our employees' high degree of loyalty, we have a very healthy mix of young, talented and ambitious employees and long-standing, experienced staff. Approximately half of the workforce has now been with RATIONAL for longer than five years. Around 1,000 relatively new colleagues who have joined us in the past two to three years inject a fresh perspective and their experience from earlier stations in their career.

The average age of the workforce at the reporting date in 2019 was 41. The table below shows the age structure:

Employee by age group	
in years:	2019
Average age	41
up to 30	17%
31 to 40	32%
41 to 50	29%
51 to 60	18%
> 60	3%



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. Five confidential advisors 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.

All companies and managerial levels in the RATIONAL Group are included in the calculation.

Employees per management level (m/f)			
Level	m	f	Total
Executive Board	4	0	4
Management	304	77	381
Employees	1,327	550	1,877
Total	1,635	627	2,262
Total without Executive Board	1,631	627	2,258

Employees' health and safety



SDG 3/8

We create an environment with decent working conditions as a result of stringent measures to safeguard the health and safety of our employees.

The health and safety of all employees is a matter of great importance for us. Our efforts in this area mean that employees at RATIONAL suffer fewer occupational illnesses, injuries and strains. Employees can feel satisfied, be motivated and perform well only if the environment they work in is safe.

The information provided in this section refers to the Landsberg am Lech site in Germany, at which more than 50% of the entire workforce is employed. Our second production site at Wittenheim in France is currently working to appoint persons responsible for occupational health and safety and to record related key indicators systematically. As a result, that site will also be able to be included in reporting in the future.

Organisation

RATIONAL has its own "Occupational Health and Safety Promotion" organisation, made up of experts in the field of safety at work. It addresses issues such as health protection, work safety, occupational healthcare, training of safety experts, risk assessments, and health and safety training and instruction. In addition, there are quarterly meetings of the Work Safety Committee (ASA), which are attended by the company doctor, safety experts, the entrepreneurs or representatives appointed by them, to discuss occupational safety and accident prevention. There are also annual safety audits by external auditors, who then submit a final report to the Executive Board. There are weekly internal inspections involving spot checks to ensure cleanliness and safety are maintained at the company. Special attention is paid in them to safety aspects, such as alarm plans, equipment, fire prevention, escape routes, protection of PCs and floor markings, and action is taken in response to breaches.

Measures to increase safety

Explicit measures to ensure safety at work are the risk and hazard assessments for machinery, workplaces, products and activities. The aim is to determine the condition of the machinery, operating facilities, workplaces and products and identify the risk potential from hazardous substances. As a result, we constantly have an eye on potential risk situations for our employees and can intervene and take action if and when necessary.

Working with hazardous substances is also a safety risk for our employees. To minimise that risk, RATIONAL maintains a hazardous substances register and is currently setting up a software solution for that. The goal is to reduce the number of hazardous substances in the work environment and completely eliminate potential carcinogens.

There was a total of 25 work accidents at the Landsberg site in 2019 (2018: 35). Accident-related absences in relation to the target work hours of our salaried and hourly employees was 0.1% (2018: 0.1%). This figure is included in the HR department's monthly reports to the Executive Board. There have been no work-related fatalities among RATIONAL employees in the company's entire history.

Measures to improve health

In order to promote employees' health, all staff are offered regular services by the company doctor.

A further measure to improve health and employees' work-life balance is the offering from qualitrain. RATIONAL enables staff to obtain low-cost membership so that they can keep fit and healthy in numerous sports and wellness facilities. 299 employees (as of 31 December 2019) are already making use of this opportunity.

At 5.0% (2018: 4.3%), the average sickness rate (sickness-related absences in relation to target work hours) at the Landsberg site was slightly above the average computed by the BKK industry association for German employees (4.7%). We invested 200 thousand euros in services from the company doctor and qualitrain in 2019.

A matter of course. Ethics and legal compliance.



SDG 16

RATIONAL pays strict attention to compliance with human rights and is committed to combating corruption, bribery and cartels. RATIONAL operates fairly and in compliance with the law. As a result, we help ensure a juster society and economy.

Compliance with all applicable 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 and for our employees. Observance of human rights and combating corruption and bribery are essential standards in this regard.

This section is divided into two parts: an internal dimension, on the one hand, in terms of implementation in the RATIONAL Group. In the second part, we aim to show that our high standards are also observed externally in our supply chain.

Internal dimension: RATIONAL's compliance programme

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.

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 cooperatively with respect to other employees, colleagues and all business partners.

A vast proportion of RATIONAL's business activities is carried out in countries where strict legal standards apply. Production is performed exclusively at the Landsberg am Lech (Germany) and Wittenheim (France) locations. 80% of RATIONAL employees work in Europe and 7% 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. The size of our subsidiary in the UK means we are a signatory to the UK Modern Slavery Act. As part of that, we undertake to disclose human rights risks in our operations and supply chains and report on how we minimise those risks.

Regardless of the country-specific probabilities of occurrence, our compliance management system is intended to prevent, identify and sanction compliance violations in all markets in which we are active. Business ties with persons from "risk countries" on the FATF blacklist or a sanctions list are not permitted in principle.

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

Dante Alighieri, Italian poet
and philosopher (1265–1321)

Involvement of the Executive Board and Compliance Officer

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 regularly to the Executive Board. Moreover, local compliance managers have been appointed in the sales companies.

Once these disclosures 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 carefully and immediately documenting the disclosures that are to be processed as well as any compliance incidents.

Involvement of employees**RATIONAL rules of conduct in business for employees**

The legal provisions are set out in easy-to-understand language for all employees in our RATIONAL rules of conduct in business. Employees confirm acknowledgement when they sign their employment contract. They define specific rules of behaviour for dealing with business partners, such as the prohibition of unfair competition practices or avoidance of conflicts of interest.

Employees also sign a confidentiality obligation and insider trading regulations.

Regular compliance training for employees

The contents of the compliance policies are conveyed regularly in the framework of training. New employees are provided with instruction on RATIONAL's compliance requirements and have to confirm their participation and acknowledgement by means of their signature. In 2019, all new employees who have contact with business partners on behalf of RATIONAL took part in compliance training. As part of that, all employees with access to the Internet complete an online training course. The other employees receive in-person training.

RATIONAL confidential advisors for employees

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

RATIONAL Guideline on Fair Competition for employees

This guideline explains when conduct can be regarded as preventing or restricting competition. Sales employees as well as employees in sales-related areas receive related training and confirm their participation by means of their signature. Procedural controls are in place to ensure compliance with basic principles.

The RATIONAL Group's anti-corruption policy

The RATIONAL Group's anti-corruption policy defines documentation requirements and maximum permitted thresholds for giving and receiving gifts and invitations. The policy also regulates against rendering of facilitation payments by RATIONAL.

The RATIONAL Tax Handbook

The basic principles for proper conduct from a tax perspective are stipulated in the RATIONAL Tax Handbook. Observance of compliance regulations is checked within 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.

Customer privacy

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

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. The company was not involved in any patent-related court action in 2019.

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 2019 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. As a result, we were able to issue a Declaration of Compliance for the 2019 year under review, which came into force in January 2020. This was resolved at the meeting of the Supervisory Board on 29 January 2020 pursuant to Section 161 of the German Stock Corporation Act (AktG) and published in the 2019 Annual Report and on the RATIONAL homepage.

External dimension: Our supplier management

The information presented in this section concerns collaboration with suppliers of components for the manufacture of RATIONAL combi-steamers at the Landsberg am Lech site in Germany. Since the combi-steamer segment accounts for around 90% of the total sales volume, the following information covers around 90% of our regular suppliers of series products.

As a company with low vertical integration, we collaborate very closely and comprehensively with our suppliers. We offer them a long-term, reliable and trusting partnership and, in return, expect loyalty, quality, and innovative strength.

All in all, we source production material from more than 150 suppliers of series products. 84% of all suppliers of series products are based in Germany and some 16% in other European countries (including Turkey and Switzerland). We have worked for six or more years with more than 75% of our suppliers.

Successful ethical collaboration

As part of our participation in the Code of Conduct of the German Federal Association of Materials Management, Purchasing and Logistics e. V. (BME)⁶, we expect our suppliers to have an environmentally friendly delivery and production policy, 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.

These expectations are communicated to suppliers in framework agreements (of which the Code of Conduct is a part) and in orders. 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.

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 (57 in 2019). The RATIONAL supplier system separately assesses product quality and the quality of cooperation.

Process for selecting new suppliers

In order to obtain an initial estimate, as part of procurement marketing, as to whether suppliers can live up to our corporate principles, they must answer a supplier self-assessment containing pinpointed questions. It is the basis for the further selection process, in which suppliers are mainly chosen on the basis of the factors quality, cost and delivery time.

The criteria of “environmental standards” and “Code of Conduct”⁶ are included in the selection, but are not initially the sole exclusion criteria. Framework agreements are concluded with suppliers of series products, which specify contractual standards, for example, cooperation, quality assurance, claims for defects, prices, confidentiality/competition, and integrity/code of conduct.

Regular audits

We have developed a new compliance management system (CMS) for the supply chain in cooperation with an external specialist and will use it in full for the first time in 2020.

Starting in 2020, we will assess our suppliers at random and on a rolling basis using the following criteria:

Criteria	Description
1. Integrity status	Check whether the supplier has subscribed and committed itself to a code of conduct and/or has likewise committed its own supply chain
2. Transparency International Corruption Perceptions Index	Location-based corruption audit
3. Corporate culture	Size of the company as a statement on awareness of legal issues by the supplier
4. Impact status on RATIONAL	There is a high level of dependency for more than 50% of the supplier's sales revenues with RATIONAL, which is why more attention is given to compliance
5. Personal assessment of purchasing department	Assessment based on past experience with suppliers
6. Short interview	Answering and evaluating 5 short questions on, for example, money laundering

These six criteria will be evaluated to obtain an overall rating for all suppliers. The three suppliers with the lowest rating will then be audited by an external partner. This audit will deal intensively with issues such as corruption, respect for human rights, combating child labour, protection of the environment and work safety and, among other things, will involve inspections at the supplier's premises.

Depending on the result of these audits, we will point out conspicuous anomalies in relation to above criteria 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.

In 2019, we did not conduct an assessment of these criteria as described in the table. Instead, we chose three very different suppliers – one new one, a long-standing partner with a substantial organisation, and an average SME – for an on-site audit by our external partner.

The results from the first three audits are already available. We did not find any major deviations by our suppliers, such as in the area of child labour or violations of minimum wage requirements, as regards the criteria examined as part of our compliance management system.

6 The BME's Code of Conduct comprises fundamental regulations on the following aspects: combating corruption, agreements or collusion in violation of antitrust law, child and forced labour, compliance with ethical principles towards suppliers (compliance), observance of human rights, environmental and health protection, and fair working conditions.



“Coming together is a beginning, staying together is progress, and working together is success.”
Henry Ford, American entrepreneur, founder of the Ford Motor Company (1863-1947)

Risk analysis

Definition of the risk areas

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 315c of the German Commercial Code (HGB) in combination with Section 289c of the German Commercial Code (HGB), the non-financial report should indicate the material risks associated with the corporation's business activity as well as those related to its products and services which are or will be very likely to have a negative effect. It should also discuss the handling of these risks by the corporation.

The net approach is used when assessing risks, in other words, when assessing the risks, we include any countermeasures taken, which reduce the probability of occurrence and the possible extent of damage.

Risk analysis

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 risks captured during the risk inventory are examined during risk analysis to establish cause-and-effect relationships; they are then assessed in terms of probability and their potential impact on the company's net assets and results of operations. This analysis also covers the non-financial risks. The risk analysis procedure is dealt with in the risk report in the management report and so we refer readers to it here.

Definition of the materiality of risks

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

Risk survey results

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 areas of business outlined in Section 289c of the German Commercial Code (HGB).

Closing remarks

Sustainable business is often described synonymously as acting with your children and grandchildren in mind.

The desire to leave behind a liveable world for our descendants also motivates us when we consider the impact of our business activity.

It means enabling future generations to live in dignity and prosperity and ensuring that they have an intact natural habitat.

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 support our customers in the future in preparing healthy meals efficiently, safely and in a sustainable manner. In so doing we will fulfil our primary aim of offering maximum benefit for our customers.

Landsberg am Lech, 28 April 2020

RATIONAL AG
The Executive Board



Dr Peter Stadelmann
Chief Executive Officer



Peter Wiedemann
Chief Technical Officer



Markus Paschmann
Chief Sales Officer

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 HGB ("Handelsgesetzbuch": "German Commercial Code") of Rational AG, Landsberg am Lech, (hereinafter the "Company") for the period from 1 January to 31 December 2019 which comprises the sections not marked with a grey background in the Sustainability Report 2019 of the Company (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 with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of the 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 misstatement 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 1 January to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

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 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 1 January to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 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.

Munich, 28 April 2020
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Auditor

ppa. Nico Irrgang

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

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This report was published in April 2020.