



CSR REPORT

Einhell Germany AG
2018



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Corporate Social Responsibility Report Einhell Germany AG

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1. ABOUT THE REPORT

In the CSR Report 2018, the Einhell Germany AG as the head office of the Einhell Group, is reporting on its corporate responsibility in relation to CSR and sustainability

The company describes the influence of its activity on the environment and society, documents key performance ratios and targets and measures via which it controls its activities.

In compliance with the statutory obligation to prepare a non-financial statement pursuant to section 289c of the German Commercial Code (Handelsgesetzbuch, HGB) and the CSR Report Implementation Act deriving from it, the key risks in relation to aspects of the law are addressed separately in the respective sections.

The central focus of reporting is the essential nature of the information.

In compliance with the statutory obligation to prepare a non-financial statement pursuant to section 289c of the German Commercial Code (Handelsgesetzbuch, HGB) and the CSR Report Implementation Act deriving from it, the key risks in relation to aspects of the law are addressed separately in the respective sections.

The central focus of reporting is the essential nature of the information:

Essential nature of the information:

- Important for an understanding of the business performance, the business results, and the company's situation

and

- Necessary for an understanding of the effects of the business activity on the non-financial aspects

Risks along the value-added chain

- Key risks and how these risks are managed
- Risks associated with the business relations of the corporation, its products and services

Essential nature of the risks and ancillary conditions

- Risks have a high probability and have serious negative effects on the non-financial aspects
- Information is important and reporting on these risks is proportionate

Fundamentally, here, net risks are to be the starting point.

Definition:

Gross risks are identified risks which to date are not mitigated by the company using measures to minimize the risk

Net risks are all risks, taking into account all risk-reduction measures implemented.

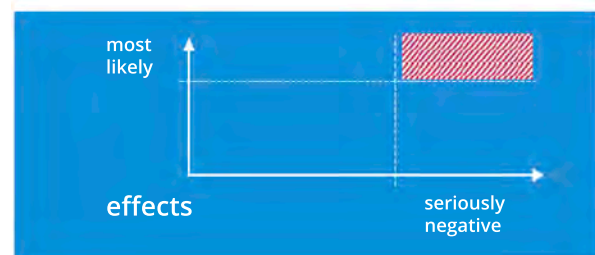
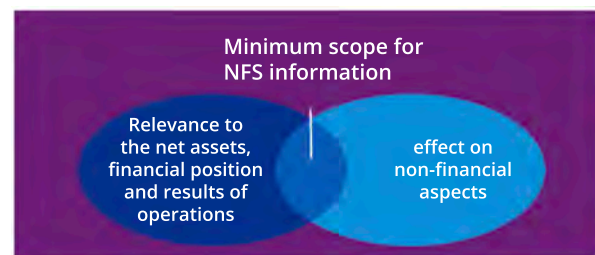


Illustration based on Kajüter (2017): Non-financial statement according to the CSR Directive Implementation Act, Der Betrieb No. 12 / 24.03.2017

In drawing up the Einhell Germany AG CSR Report, the following five universal principles were taken as the basis for the Einhell standard:



The contents of the report relate to the global functions of Einhell Germany AG and to the Einhell Group sites. In principle, four different types of company were considered within the Einhell Group, which by reason of their structure and function face differing challenges with regard to sustainability and CSR.

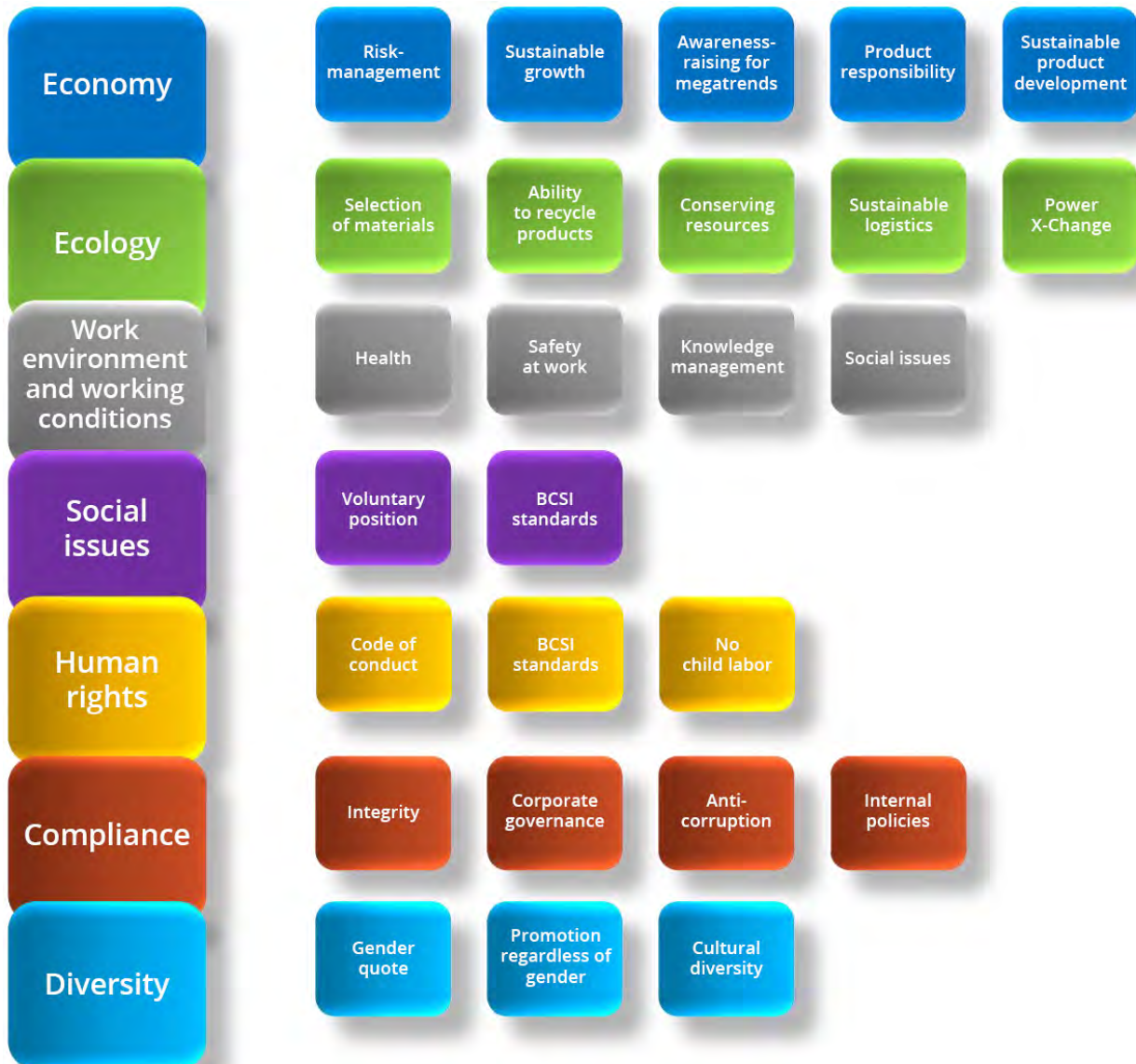
1.) Corporate headquarters: Einhell Germany AG, with the central functions: Strategy, Group management, Product development, Product range strategy, Group HR, Group accounting, sales and commercial Group management, After-sales services; Information technology, Einhell Digital.

2.) Sales-oriented Group subsidiaries: Konzerneigene Vertriebsgesellschaften, welche lokal die Vertriebsverantwortung übernehmen und im Konzernverbund an die Supply Chain angeschlossen sind.

3.) Sourcing companies: Companies within the Group whose main task consists of identifying, managing and supporting supplier enterprises for components and products.

4.) Semi-autonomous companies with other Group brands. Companies which, because of their size, but primarily because of a product portfolio that deviates from the Group standard, cannot be assigned to the above categories, since they combine functional areas from different groups.

In this report, we are geared to the thematic differentiation that underpins section 289c HGB:



The reporting period is the 2018 financial year (1 January to 31 December).

Redaktionelle Hinweise: The use of the pronoun „he“ throughout in this report is purely for ease of readability and is not intended in any way to denigrate other genders. The editorial deadline was December 31, 2018. The CSR Report is available in German and English. All versions can also be downloaded from the internet at www.einhell.com.

2. “SOCIALY RESPONSIBLE THINKING ON THE ROAD TO CORD-LESS FREEDOM.”

Dear Reader,

International political developments appear to be characterized by a turning-away from „freedom“. Trade policy confrontation on a global level, increasingly nationalistic tendencies, together with a turning-away from internal markets and long-term economic and political partners, are economic parameters with which we are faced as a globally operating company.



Freedom is not primarily a political concept, though, but rather an individual attitude in how the respective direct parameters are perceived.

We have set ourselves the strategic objective of liberating the DIY consumer for the long-term from cables, and also from the petrol motor, through the innovative expansion of battery technology. This is a technical liberation that ultimately gives our customers creative freedom to go about their projects without any constraints imposed by location. As a DIY enthusiast or garden-owner, the customer is to be empowered to tackle all activities using the Power X-Change battery system with the same batteries.

To that end, we have committed ourselves to a significant further expansion of the Power X-Change range in order to effectively cover all possible applications. In tandem with this, we are engaging in research, together with well-known players in the battery technology field, in order to continue setting the pace in performance, usability and safety.

Here, certainly, CSR considerations also come into play! Innovative developments with long-term benefits for our customers are only possible, from our viewpoint, if the aspects of „employee issues“, „human rights“ and also „product responsibility“ (in the context of „social responsibility“) are given due consideration in our deliberations. We need colleagues at all Einhell Group sites to be enthused by our products, so that we are then able to pass on this enthusiasm to our customers. In our view, that means involving staff teams, along with clear positioning on compliance issues, equal opportunities and diversity.

In parallel with that, constant evaluation of our products and processes for scope for environmental improvements is a key feature of our sustainable corporate policy. We are convinced that environmental protection in these areas does not have to be seen as contrary to our business development.

We have authored this CSR Report for the Einhell Group 2018 on the basis of these considerations, making reference to the following aspects: the environment, the work environment and working conditions, social issues (including product responsibility), human rights and compliance.

We are aware that sustainable and socially responsible action is a description of the route and not a defined goal, since the dynamic developments in the systemic context of our business

activity call for anticipatory, but also reactive components. We will, as in the past, take on this challenge in a highly practical form.

In any case, CSR and sustainability cannot be understood as an abstract concern. Each individual is challenged to accept responsibility for the future. With this in mind, we will not ease up in our efforts to act sustainably.

The Executive Board

3. SUMMARY OF KEY INFLUENCING FACTORS AND RISKS FOR STRATEGY

The key international and local influencing factors and the anticipated risks are addressed in detail in the annual reports of Einhell Germany AG and of the Einhell Group, which are available to be consulted. They can be downloaded at any time from www.einhell.com, in the INVESTORS RELATIONS tab.

The speed with which structural changes are completed in retail has increased in recent years. How the future of retail will look is very difficult to predict. New digital channels and high consumer expectations for service and communications, along with taking customer needs into account, are presenting retail with massive challenges. Companies have to adjust to constant change in their environment, and anchor anticipatory action in their management.

Online retail is becoming increasingly important as an additional sales channel, including in the DIY sector. This area was already being serviced in recent years, but compared to bricks-and-mortar shops so far – including for Group customers – it has not represented a focus with regard to sales. In recent years, however, there have been more significant displacements within existing sales channels. The growth achieved in this area is partly at the expense of the traditional market, thus signifying a significant shift in sales. E-commerce is also establishing itself very rapidly in the DIY sector as well.

The Einhell Group has devised a detailed online strategy for this, pursuing the goal of making the Einhell brand as present as possible on the internet. Einhell has built up resources in e-commerce personnel. In addition to a dedicated e-commerce sales team, primarily handling support for online sales platforms, we have established a team, Einhell Digital, which comprises specialists in e-commerce sales, IT and e-commerce marketing and is based not only in the Group's head office but also in the subsidiaries.

Technological innovation in relation to battery technology has freed up the pathway to pursuing creative objectives without being tied to any specific location. With our Power X-Change concept, we are a leading company when it comes to linking up possible applications for DIY, and also for garden landscaping. The challenge here is to further boost confidence from consumers, and to create standards that enable a comprehensive consideration of all possible areas of use. The fundamental debate in relation to emissions from petrol-powered motors is also moving in the same direction here. In the medium to long-term, we are gearing ourselves up to a position where the market for petrol-powered equipment in the DIY area will be fully replaced by battery technology

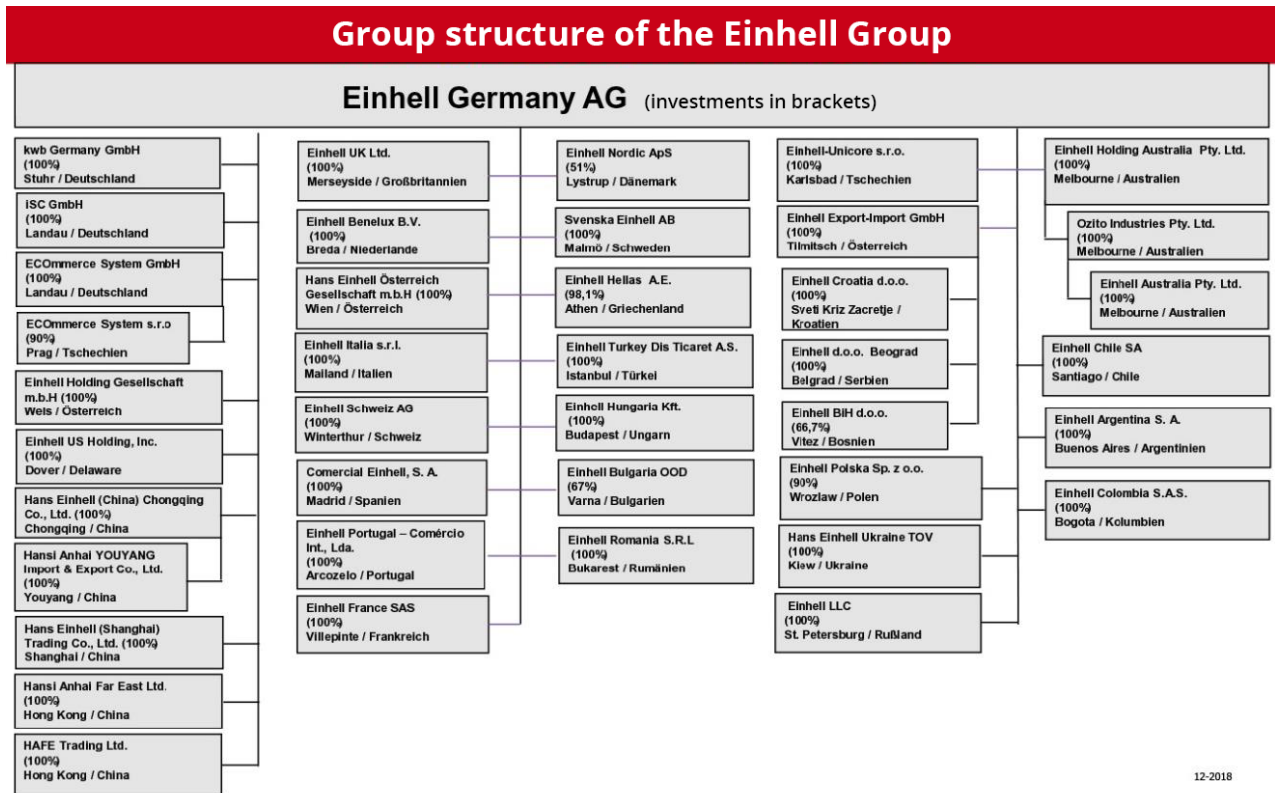
4. ABOUT THE COMPANY

Einhell Germany AG of Landau an der Isar (Germany) is the parent company of the international Einhell Group. Einhell develops and sells products for DIY enthusiasts and craftsmen for use at home, in the garden and for leisure activities. The principles underpinning our product policy are to react faster, more flexibly and more innovatively than others. In our Power X-Change battery platform especially, we combine the product promise of high flexibility with the freedom that comes from being cable-free, and we are continuously further expanding our brand awareness. Einhell supports the global operations of its customers through its highly internationalized structure. Subsidiaries and affiliated partner companies throughout the world ensure that Einhell Germany AG is always ready and available to support its customers' businesses all over the world. The subsidiaries comprise sales companies primarily located in Europe, but also in South America and Australia, and retail companies in Asia.

The Asian subsidiaries are also responsible, amongst other things, for product sourcing, product preparation and procurement. Since Production is in Asia, it is also where Quality Assurance is based. Worldwide, Einhell employs around 1,600 employees. (from a capacity perspective, approx. 1,500 FTE). In the financial year 2018, Group sales were approx. EUR 578 million (2016: EUR 553 million).



4.1. GROUP STRUCTURE WITH PARTICIPATIONS



The requirements concerning corporate social responsibility differ within the Group network, having regard to the respective function of the company, particularly in relation to prioritization.

Fundamentally, we have been similarly guided in this by the thematic differentiation in section 289c HGB, but we have emphasized the focus for the individual types of company. Given the overall responsibility of Einhell Germany AG as the parent company of the Group, this is naturally also more comprehensive in scope. Under this umbrella, the semi-autonomous companies with their own product portfolio, Ozito (Australia) and kwb Germany GmbH exhibit particularly extensive responsibilities.

With their close contact to our producer partner companies in Asia, the focus of the CSR issues for our sourcing companies is naturally also located here, with a view to the entire supply chain.

Most companies within the Group are sales subsidiaries, which focus on CSR issues in relation to the local product ranges and compliance with the relevant national and international standards and integration of all local stakeholders.

4.2. ESSENTIAL CLEAR DIFFERENTIATION BETWEEN THE GROUP COMPANIES

Regarding the legal specifications of section 289c HGB and the SCR Report Implementation Act, we have reflected on the non-financial aspects in the course of our business that are essential to our understanding of our business model, and we outline these as set out below. In doing so, we have consistently maintained the orientation to the thematic differentiation and to differentiation by types of company within the Group.

The differentiation necessary under the structure of the statutory obligation for reporting in respect of materiality does not constitute a fundamental statement by Einhell Germany AG regarding the value placed by the company on themes considered as not material for our course of business. Rather, it is to be taken to indicate those areas where we see ourselves as having a very particular responsibility and are able to set accents through corresponding concepts.

Einhell Germany AG Group HQ functions	Semi-autonomous companies with own product portfolio (currently Ozito and kwb)
<p>Requirements for sustainability</p> <ul style="list-style-type: none"> ■ Sustainable product and product range development ■ Sustainable management of the global supply chain ■ Instructions and support on all HR issues ■ Managing a sustainable quality policy ■ Instructions and support on questions relating to protecting the environment ■ Clear policies and management in all Compliance issues 	<p>Requirements for sustainability</p> <ul style="list-style-type: none"> ■ Sustainable product and product range development ■ Sustainable management of the global supply chain ■ Managing a sustainable quality policy ■ Instructions and support on questions relating to protecting the environment ■ Respecting the relevant work safety standards ■ Promoting equal rights and respecting human rights
Sourcing companies Overarching SCM functions	Sales companies Local distribution functions
<p>Requirements for sustainability</p> <ul style="list-style-type: none"> ■ Sustainable choice of production partners ■ Sustainable management of the global supply chain ■ Respect for human rights by suppliers ■ Managing a sustainable quality policy ■ Instructions and support on questions relating to protecting the environment for partner companies ■ Clear policies and management in all Compliance issues for partners and suppliers ■ Respecting the relevant work safety standards 	<p>Requirements for sustainability</p> <ul style="list-style-type: none"> ■ Sustainable local product range management ■ Sustainable choice of local customers and partners ■ Respecting the relevant work safety standards ■ Promoting equal rights and respecting human rights

The approach set out here is, naturally, dependent in its expression on the Group structures and on the underlying history.

Despite all its international activities, the company has always remained true to its principles. These include working together on a basis of trust, loyalty, and a company policy geared to long-term, mutual success.

Building on these values, a refined balance between high levels of autonomy and own responsibility for the subsidiaries on the one hand and helping, advisory management by the central departments in the Group head office on the other is practiced in coordinating the extensive international tasks.

Einhell is known as a particularly efficiently-operating business – and therefore we help all companies in the company group with our experience in efficient, customer-oriented sales, service, logistics and administrative processes.

4.3. EXECUTIVE BOARD AND SUPERVISORY BOARD

Coordination of the Group sits with Einhell Germany AG, which is managed by three managing directors, Mr. Andreas Kroiss (CEO since 2003); Mr. Jan Teichert (Chief Financial Officer since 2003) and Dr. Markus Thannhuber (Chief Technology Officer since 2006). The Sales, Procurement, Marketing and Corporate Strategy areas come under the responsibility of the CEO. The Finance and Accounting, Taxation, Legal, Controlling, Investor Relations, HR and Logistics areas come under the responsibility of the CFO. The Technology, Product Management, Product Preparation, Quality Assurance, Service, IT and Maintenance areas come under the responsibility of the CTO.



A three-person Supervisory Board serves as a supervisory committee. Since 2015, the Chairman of the Supervisory Board has been Prof. Spath (a member of the Supervisory Board since 2006). In 2015, Mr. Philipp Thannhuber was appointed to the Supervisory Board as successor to his father. On the staff side, the Chairman of the Works Council, Mr. Maximilian Fritz, was elected to the Supervisory Board.



The 3,774,400 shares in Einhell Germany AG are structured as 2,094,400 common shares with voting rights and 1,680,000 preferred bearer shares. Since a large part of the common shares with voting rights continue to be held by the Thannhuber family (the founder's family), even in the strategic decision-taking it is possible to maintain the sustainable structures of an SME, family-run enterprise with a tradition stretching back over 50 years.

4.4. OUR PHILOSOPHY: BRAND QUALITY AT BEST PRICES

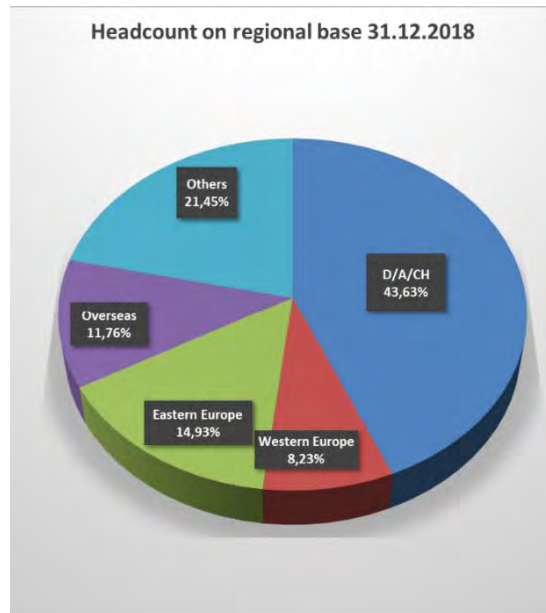
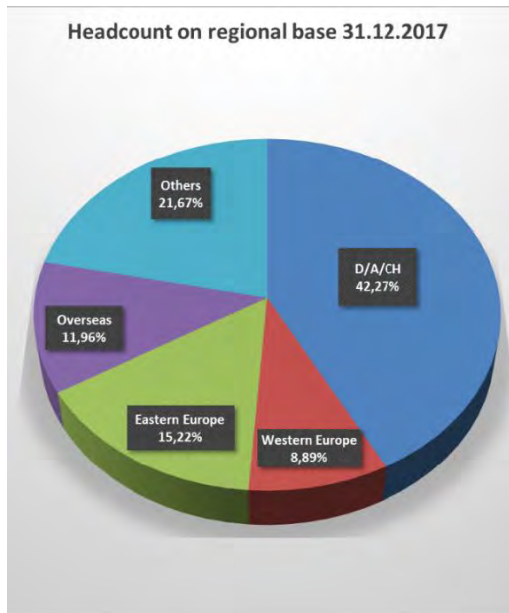
This is the basis on which Einhell develops and sells products for DIY enthusiasts and craftsmen for use at home, in the garden and for leisure activities. The consistent high quality of its products and an attractive, customer-friendly pricing policy which is focused on stability have remained the essential success factors right from the beginning. The basis of our product policy is to react faster, more flexibly and more innovatively than others. „Move on when others are just getting there!“

The scope of Einhell’s international operations caters to the needs of its customers, namely DIY and building chains, mail order companies, garden centers and discount chains. Its subsidiaries and associated partners throughout the world enable Einhell to offer unrivaled comprehensive global service. Subsidiaries ensure that we maintain close ties to the global customers of Einhell Germany AG. Associated partners worldwide market Einhell products under license in their own name.

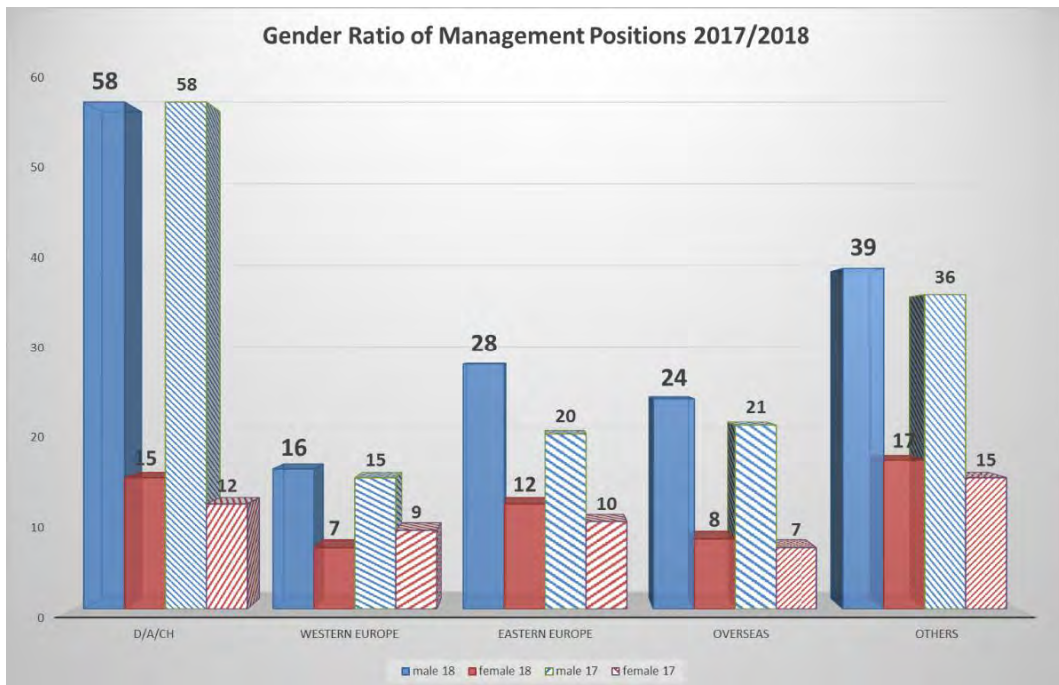
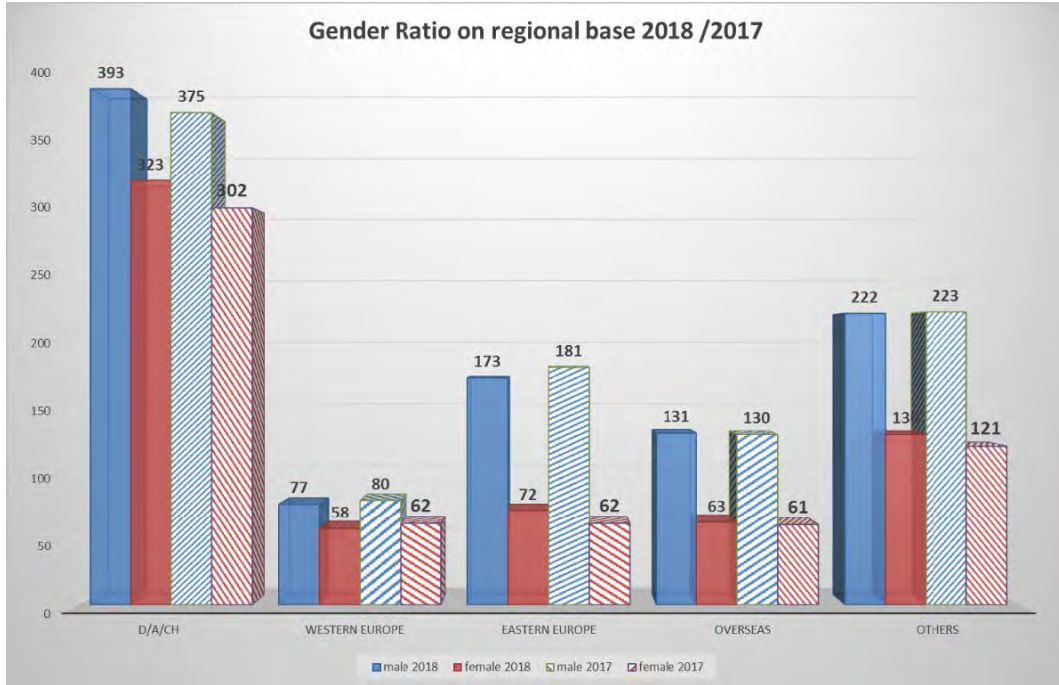
Styling and quality are the features that make a product distinctive. In the future all Einhell products will have a unique and unmistakable shape and design. The guiding thought here is: „We don’t simply want to be good – we want to be a unique brand.“ The company will continue to pursue this aspiration.

4.5. DISTRIBUTION OF THE GROUP HEADCOUNT

The distribution of staff to the individual companies is heavily dependent on the local circumstances and the established synergies within the Group. Fundamentally, we seek to balance out economic fluctuations by using flexible HR policy measures, in order to be able to offer the core workforce secure, long-term employment. This also means that staff increases are always planned on the basis of sustainable, sufficiently probable positive trends in the business.



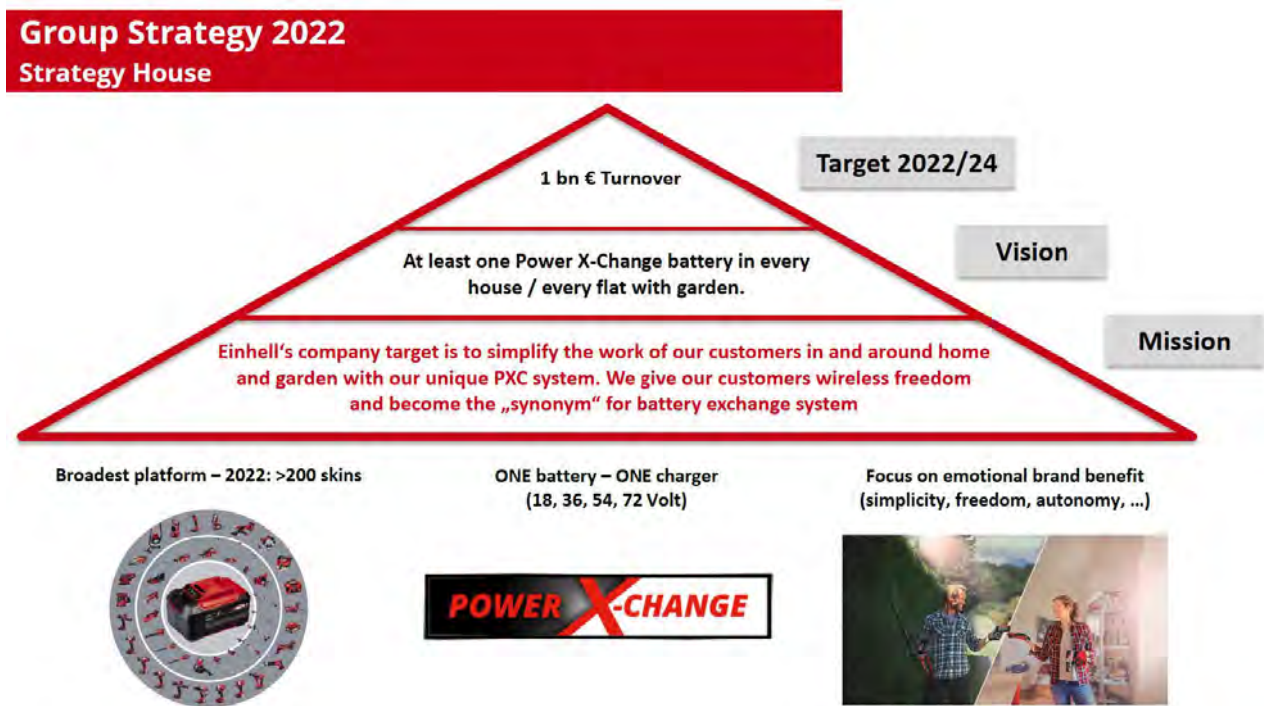
Gender is in principle not used as a criterion when selecting and promoting our employees. This is due to a firmly-rooted value concept that gender does not exercise a decisive influence on a person's ability to perform, integration and capacity for development.



Gender self-determination is one of the key basic human rights: Fundamentally, job advertisements placed for vacant posts are gender-neutral (m/f/o), in order to show that gender is not a criterion applied in our assessment processes. The above statistics do not show the third gender purely because no such assignments are known to us within the Group. As soon as this changes, the third gender will also be indicated here on an equal basis.

5. VALUES AND SUSTAINABILITY STRATEGY

Since, in our understanding, strategy is not just a one-off determination of the target ratios to be pursued, but a process that continuously combines opportunities and risks with abilities and opportunities as objectively as possible, we have already started to develop and introduce a structured, rolling strategy development process some time ago. This process combines our tradition as a family-run SME with the demands from the markets.



Vision

We create freedom and flexibility by having at least one X-Change battery in every home/every flat with a garden

Power

Mission Statement

- Einhell is the brand for all work in and around the home and garden
- With our unique Power X-Change system, we are giving our customers cable-less freedom and simplification, thereby becoming a “synonym” for battery-changing systems

Strategic thrust

- Expanding the brand
- Category lead + development competence in battery technology
- Internationalization: Further development of subsidiaries + partners through strategic partnerships
- Digitalization: Exploiting digital opportunities across the value-added process, creating a digital organization

Strategic objectives

- Significant expansion in sales and return on sales
- Increasing assisted and supported brand awareness
- Digital leadership in DIY
- Digitalization of the business model

VISION

MISSION

STRATEGIC
THRUST

STRATEGIC OBJECTIVES

5.1. CORE VALUES OF THE EINHELL GROUP

Every action by the Executive Board members, managers and all employees is based on the dignity of the individual, mutual respect and a service approach to all employees. As part of our structured strategic development process, we have drawn up the following value statement.

Einhell's Value Statement



This value statement is primarily aimed at an outside audience, since we are firmly convinced that the satisfaction of our customers, B2B or B2C, represents the basis for sustainable entrepreneurial success.

Drawing on this, we believe that the fundamental objectives being set can only be achieved in the long term if all stakeholders are similarly also included and if consideration is likewise given to their individual objectives.

Accordingly, we have drawn up the following guidelines on our corporate culture using a bottom-up approach. In a second cooperative step, we have derived and formulated corresponding management principles from them.

Open and fruitful working with one another is the basis of our success.

The guidelines on corporate culture drawn up by our employees are the touchstone of our commercial activity. The role of manager is not always easy, since on the one hand it involves a role where the inevitably present goal conflicts between company and employee become manifest, while on the other the relationship between the manager and their employees is taken directly as an indicator for the corporate culture as it is experienced.

Accordingly, and building on the guidelines on corporate culture, their contents have been examined for aspects relating specially to management, and recommendations for actions have been formulated in the new management principles.

Together with the Value Statements of the Executive Board, this results in a framing work, „Our Guidelines“, which is intended to help all employees, regardless of their respective role, in finding the right collaborative context in all situations as they arise.

Extracts from „Our Guidelines“ are given below:

1. VORWORT DES VORSTANDES

Liebe Kolleginnen und Kollegen,

als Möglichmacher und starke Marke im DIY haben wir viel erreicht und stehen den kommenden Herausforderungen positiv gegenüber. Dazu wurde im laufenden Strategieentwicklungsprozess ein Value-Statement erarbeitet, das in dieser Broschüre auf Seite 5 dargestellt ist. Diese grundlegenden Feststellungen bieten den Rahmen, in dem wir uns entwickeln wollen und an dem sich all unsere strategischen Ansätze ausrichten sollen. Wir haben uns insgesamt ambitionierte Ziele gesetzt! Wir sind jedoch überzeugt, dass wir diese gemeinsam erreichen können.

Zu diesem „gemeinsam“ gehört aber nicht zuletzt, dass wir offen, wertschätzend und nachhaltig alle anfallenden Themen besprechen und entstehende Probleme lösen können. Wie wir alle wissen, ist das im Tagesgeschäft manchmal nicht ganz so einfach. Unterschiedliche Blickwinkel und Prioritäten sowie verschiedenste Erfahrungen machen uns flexibel und sichern unsere Entscheidungen ab. Jedoch ist hier natürlich auch Zündstoff für Konflikte enthalten. Damit müssen wir genauso offen und wertschätzend umgehen, wie mit allen Fachfragen, die uns täglich begegnen.

Um uns allen hier Anleitung zu geben, wurden durch Delegationen auf Mitarbeitererebene einerseits „Leitlinien zur Unternehmenskultur“ und der Führungskräfte andererseits darauf aufbauende „Führungsgrundsätze“ erarbeitet. Diese sind in dieser Broschüre veröffentlicht.

Die Erstellung unserer Leitlinien ist jedoch nur der erste Schritt, darüber sind sich alle Beteiligten einig!

Jetzt sollen wir auch danach leben. Aus diesem Grund hat der Vorstand die Leitlinien sowie die Führungsgrundsätze für sich, für alle Führungskräfte und Mitarbeiter für verbindlich erklärt. Damit ist es Aufgabe von jedem Einzelnen konstruktiv auf die Einhaltung dieser Leitlinien hinzuwirken.

Wir freuen uns auf eine weiterhin positive Entwicklung unseres gemeinsamen Miteinanders als Möglichmacher für unsere Kunden und starke Marke im DIY.

Herzlichst Ihr Vorstand

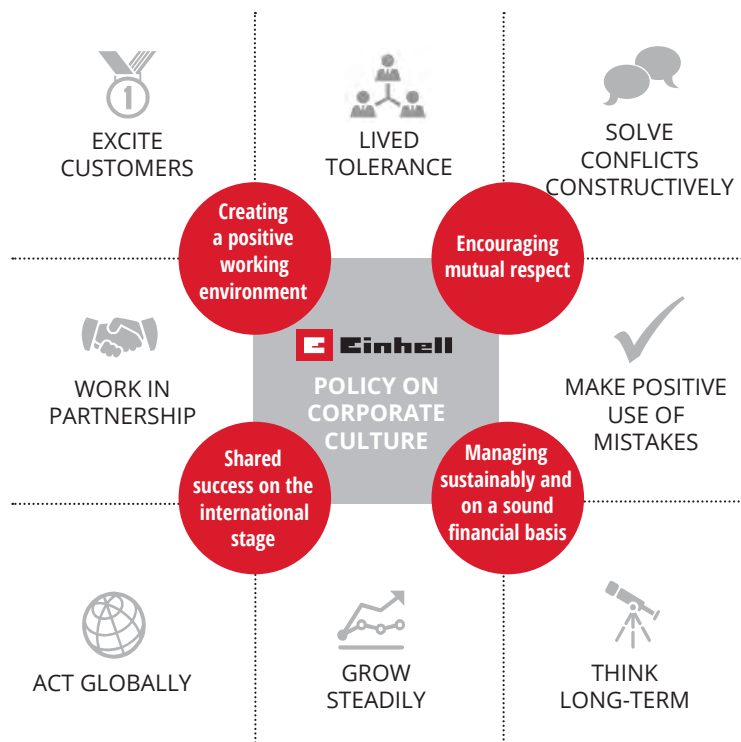
Andreas Kroiss; Jan Teichert; Dr. Markus Thannhuber

The full presentation of „Our Guidelines“ can be viewed on our website, www.einhell.com (available only in German).

POLICY ON CORPORATE CULTURE



MANAGEMENT PRINCIPLES IN THE CONTEXT OF THE POLICY ON CORPORATE CULTURE



2. VERBINDLICHKEITSERKLÄRUNG DES VORSTANDES

Der Einhell Konzern ist eine global agierende, mittelständische Unternehmensgruppe, die sich den Werten der Gründerfamilie und den Traditionen der Deutschen Wirtschaftshistorie verpflichtet.

Um die Marke Einhell weiter auszubauen und damit den Bestand des Unternehmens national und international zu sichern, ist eine ständige, innere Unternehmenserneuerung und -weiterentwicklung erforderlich.

Dies betrifft den Konzern als Ganzes, die Einhell Germany AG als Unternehmenszentrale sowie alle Tochtergesellschaften und Partner.

Die hier niedergeschriebenen Leitsätze sind in unserem beruflichen Alltag die Richtlinie für alle und müssen von Vorstand, Führungskräften und Mitarbeitern gleichermaßen gelebt und gegenseitig eingefordert werden. Die daraus abgeleiteten Führungsgrundsätze konkretisieren diesen Anspruch in den Führungsaufgaben.

Die Leitsätze zur Unternehmenskultur sowie die Führungsgrundsätze begleiten die Umsetzung der Inhalte der Unternehmensstrategie im Markenaufbau und der Internationalisierung.

Der Vorstand der Einhell Germany AG erklärt diese Richtlinien verbindlich für sich selbst und alle Mitarbeiter des Unternehmens.

Landau, im April 2018 | Einhell Germany AG

Der Vorstand

5.2. SUSTAINABILITY STRATEGY

As part of our strategy, we identify significant future trends and derive concrete, sustainable areas of action and goals from this.

5.2.1. KEY CHALLENGES – MEGATRENDS

Nowadays, considerations regarding sustainability strategy can only be considerations looking beyond the horizon of local or regional impacts and focusing on the global stage. Accordingly, it is important to identify global trends, to evaluate them and, based on this, to determine one's own areas of action and the external influences on one's own capacities for action. In doing so, the viewpoints of all stakeholders need to be suitably included in this deliberation. The global trends determined as a result in various overlapping internal processes were assessed in terms of their importance for the strategic decisions of the company and rated using a 12-point scale (1 = unimportant to 12 = very high relevance).

A. Health



Health is a great asset, and one which is rightly becoming an area of focus all around the world, both individually and also at the policy level. Health is no longer the absence of illness but the expression of an overarching sense of well-being, over which the work environment and the ability to maintain a sound work-life balance (amongst other things) exercise a significant influence. For Einhell, this means on the product side only launching products on international markets where they are at the highest technical level in terms of their safety engineering design, and preventing injury due to incorrect handling by having readily-understood, clear operating instructions.



In our duty of care as an employer of around 1,600 employees, it is associated with significant responsibility in workplace design, work safety and in value-oriented management, which we live up to fully, including via our occupational health management program.

B. Demographic trends



The consequences of population growth in various parts of the world and of the decline in population in the old industrialized countries, combined with aging societies, urbanization and the persistent trend towards smaller families and single households are not yet fully on the radar for many stakeholders. From Einhell's perspective, these trends are set to influence the procurement markets and sales markets, along with products, and they are therefore studied closely.

The effects on the staffing structure, employer branding and, with it, the underlying positioning of the company on the employment market are being addressed via comprehensive strategic HR management.

From the product policy viewpoint, we also derive from this megatrend a changed and far more differentiated target group structure, which we want to exploit via targeted product innovations in order to position the company sustainably.

C. Digitalization and Industry 4.0

There is barely any trend with such profound influence on practically all aspects of our lives as progressive digitalization, and barely any that encounters such minimal structured preparation for those changes.



The way in which we, Einhell, customers, suppliers and employees communicate with one another is undergoing rapid change, the speed of which is disturbing for many, since the scale of the technical aspects involved is no longer fully grasped by most people. For Einhell, it means on the one hand framing this change within the Einhell structures transparently, so that all employees are taken along on this important transformation process, and on

the other hand identifying and exploiting the opportunities from digitalization through intensive scrutiny of both these and of the associated risks.

D. Globalization



In its early stages, globalization was considered primarily in relation to flows of goods and supply chain issues. This megatrend has long moved beyond that point. For Einhell, this trend masks a range of opportunities and threats. We constantly analyze the regional and local changes in our procurement and distribution regions, and examine the opportunities arising together with a clearly-structured appraisal of the associated risks.

Alongside the purely commercial criteria, we also include issues relating to protection of the environment, cultural awareness and social responsibility. That's because we are aware that the values which we fundamentally endorse are not standard everywhere in the world.

E. Scarcity of resources

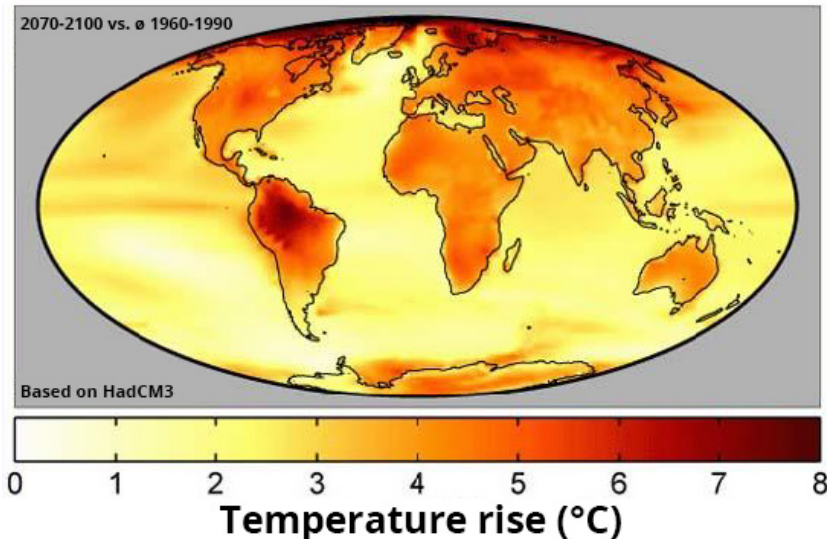


The availability of technical resources – raw materials, semi-finished goods and components – will continue to be decisive for our success in a dynamic global economy. Even if new sources are always being developed from a technical perspective (the raw materials paradox), it is down to us as a responsible company to include in our own deliberations the environmental risks that are sometimes run in that regard.

For Einhell, this means – amongst other things – identifying and pursuing sustainable paths in the choice of components and raw materials for our product ranges in all new development.

Through our unique Power X-Change platform, the necessary number of batteries and chargers is being drastically reduced. It's a step in the right direction!

Forecast of the Global Warming



F. Climate change and climate policy

Climate change and the associated international and also local environmental and climate policy are trends that Einhell also engages with intensively.

For example, when developing product ranges we give consideration to the ability to recycle the product components.

G. Customization

Customization influences our actions at a number of different levels. On the customer side, we are aware that our products need to satisfy the demands of the individual customer precisely.

But on the employee side, too, given the growing proportion of Generation Y and Z employees, individual and personal self-realization will have a decisive impact on the structures in our company.



H. Mobility



There is barely anything that impacts how we live in our globalized society as much as mobility. It forms the basis of our lives and our livelihoods. Today, we stand at the start of a multi-mobile era, with multi-faceted opportunities for implementing the new mobile demands and preferences economically, easily and sustainably. In this context, however, a distinction needs to be drawn between different mobilities. A) The growing trend, including internationally, towards more frequent and fast relocation of food outlets and B) the trend towards high levels of communication not constrained by geography, thanks to digital devices.

I. Security

Society feels insecure, and the state is over-challenged: We are moving towards a new culture of security that is characterized by two factors – all-encompassing global networking, and a shift in responsibility away from overarching state institutions towards companies and individuals.



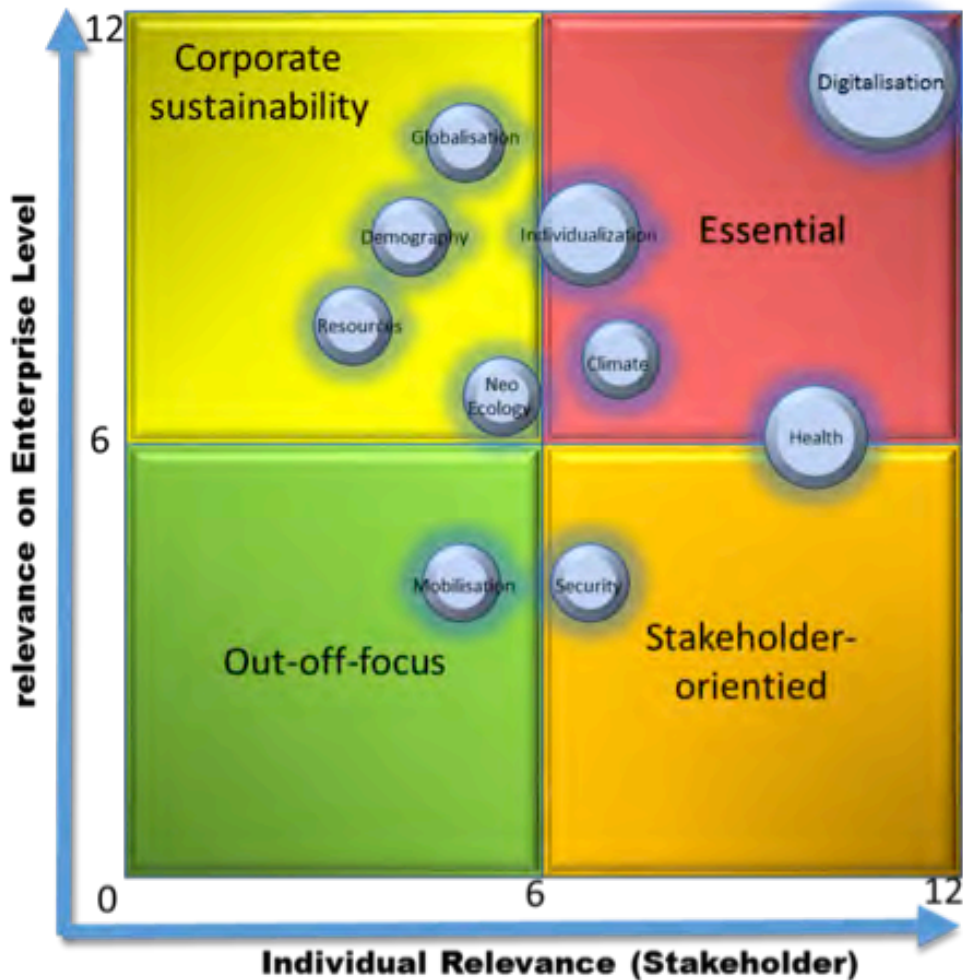
J. Neo-ecology



Environmental protection, conserving resources, corporate social responsibility The megatrend of neo-ecology is moving the axes of economic systems towards a new business morality that is radically transforming markets and consumer behavior. In future, growth will be understood as a new mix of economy, ecology and social engagement.

5.2.2. MEGATRENDS AND THEIR RELEVANCE AT EINHELL

All the megatrends described here have considerable influence on the development of our company, our markets and thus on the future strategic alignment of our company. However, a distinction needs to be made as to whether these developments find expression directly at the corporate level (relevance on enterprise level) or in the orientation of stakeholders (individual relevance).



As a third aspect, consideration needs to be given to the fact that the capacity for influence – the ability to generate genuine options for action within the megatrends – is very different.

Accordingly, the approaches to sustainable integration of these megatrends into strategic decisions need to differ too.

	Megatrends	Relevance on Enterprise Level	Relevance on individual Level	Suggestibility
1	Health	6	10	8
2	Demographic trends	8	4	3
3	Industry 4.0 and digitalization	12	12	10
4	Globalization	10	5	3
5	Scarcity of resources	7	4	4
6	Climate change and climate policy	7	7	2
7	Customization	9	6	7
8	Mobility	4	4	2
9	Security	4	7	2
10	Neo-ecology	7	4	4

	0	12
Relevance on Enterprise Level	no relevance	essential relevance
Relevance on individual Level	no relevance	essential relevance
Suggestibility	no suggestibility	high suggestibility

Fundamentally, we derive from this that the megatrends considered, apart from the Mobility megatrend, have in each case an influence on our sustainable, long-term constellation of our business activities and should therefore continue to be tracked. In terms of their expression, it is digitalization that will most occupy us, although even here there is considerable scope for flexibility. Identifying this flexibility, evaluating it and ultimately exploiting it for the success of the business will be the exciting challenge for the years ahead.

In an almost equally significant way, progressive individualization will bring opportunities and threats for us. From the perspective of our product portfolio and clear alignment of our target group orientation, we have already initiated appropriate steps to address this.

The megatrends of Globalization, Conserving Resources and Demographics are all highly relevant in the corporate context, but from the individual stakeholder perspective they are of lesser significance. For us, that means we need to profile and prioritize the necessary steps in these areas above all in our day-to-day communications, in order to make clear the relevance for sustainability.

Conversely, the megatrends of Health and the growing need for Security are more important at the individual level, but are of lesser significance at the enterprise level. In view of this, the enterprise must also gather a clear idea of stakeholder expectations in relation to these aspects too and take these into consideration in its decisions on sustainability, in order to avoid negative effects on the course of business.

Taking account of these overarching trends, we have identified the following 6 strategic areas of action for sustainability, which we address below.

- ECONOMY
- ECOLOGY
- WORK ENVIRONMENT AND WORKING CONDITIONS
- PRODUCT RESPONSIBILITY
- HUMAN RIGHTS
- COMPLIANCE AND CORPORATE GOVERNANCE CODE

Apart from the statements relating to economic sustainability issues, these also correspond to the aspects of the Non-Financial Statement required under section 289c HGB.



5.3. ECONOMY



5.3.1. OBJECTIVE

Fifty years of our company's history have taught us as an organization that it is not necessarily the unqualified ambition to maximize profits, but the long-term framing of customer-supplier relations that enables healthy, and thus sustainable, growth. As is illuminated with greater precision in the following points on risk management, it is certainly a legacy of our tradition as a family enterprise that we vigorously seize opportunities as they present themselves, whilst also subjecting the risks to close examination. From our perspective, that also means actively not pursuing business if the risk is incalculable and disproportionately high. Only in that way can we maintain an enterprise operating on a sustainable footing for our customers, shareholders and staff, but also for our suppliers in the supply chain.

The objective of our economic action is the long-term maintenance of the enterprise, combined with well-calculated and balanced growth on the international level. For more information on this, please refer to the Einhell Germany AG and Einhell Group annual report.

5.3.2. ACTIVE RISK MANAGEMENT

We are aware that any commercial activity is associated with opportunities and risks. Accordingly, for us sustainable management means identifying these at an early stage, evaluating them and deriving clear decisions based on this. In doing so, we are guided by our experience and responsibility as a family-run SME enterprise. Opportunities whose risks jeopardize the company's existence are not taken up, even where there are prospects of major earnings. To ensure this, these far-reaching strategic issues are discussed and analyzed extensively in the Executive Board, with the Supervisory Board, and also with internal and external specialists. A structured risk management system is necessary in order to take on identified risks with full awareness.



Structurally, we have introduced a transparent risk management system for this and for the assessment of ongoing operational risks, in which the risks from every specialist department are listed comprehensively (risk identification), evaluated (risk analysis and evaluation) and subjected to regular checking (risk monitoring). This makes it possible for us on the one hand to raise awareness and engagement in all employees in the specialist

departments, and on the other hand to obtain a constantly updated view of our risk factors. In our view, it is only on this basis that sustainable risk management is possible.

The structured assessment of risk areas is therefore part of the regular site appraisal at enterprise and also at the specialist department levels.

The risk management system, as part of the internal control system, is also geared to the risk of incorrect statements in the Group bookkeeping and in the external reporting when it comes to Group accounting, and serves in particular to enable early identification of possible risks.

With the introduction of an IT-based risk management information system, we are seeking to provide the company management and officers with the necessary information to manage the company, in an assimilated, compact form provided in near-time. This simplifies data collection in the individual companies and minimizes the effort for risk manager in the Group.

The risk management process within the Einhell Group is structured in two stages. In the first step, risks are recorded on a decentralized basis in the subsidiaries and departments of Einhell Germany AG, by the Risk Officers designated by the Executive Board. They are tasked with risk identification and evaluation. Here, the important aspect for the Einhell Group is firstly identification, since unidentified risks cannot be included further in planning. The evaluation of existing risks is achieved by calculating the product from the probability of the loss occurring and the maximum amount of the losses.

Risk = probability of occurrence x effect

The net risk is evaluated, i.e. the residual risk after taking various measures. The second stage involves bringing together, analyzing and managing risks by the risk manager and the company management.



Various methods are available to the enterprise to manage the risks. With risk avoidance, the risks and thus also the associated opportunities are not taken on. Another option for management minimizes the risk, including through organizational measures, and is therefore also referred to as risk reduction. A further method is risk hedging via insurance policies, contracts with suppliers, etc. The residual risks are knowingly taken on by the Einhell Group. The consideration here is whether the risk is suitably proportionate to the opportunities.

Fundamentally, the risks are identified and evaluated in the following categories, with these not representing an exhaustive listing, but being constantly checked to ensure they are up to date.

EXTERNAL RISKS		INTERNAL RISKS	
<p>Customers</p> <ul style="list-style-type: none"> · Creditworthiness · Price risk · Loss of / Reduction in business relations <p>Environment / Nature</p> <ul style="list-style-type: none"> · Environmental pollution (emissions; immissions) · Environmental protection (laws; organizations) · Harm to image from environmental harms · Losses from natural disasters <p>Competition</p> <ul style="list-style-type: none"> · New product technology · Price dumping · Potential new competition <p>Logistics</p> <ul style="list-style-type: none"> · Delay in supply · Transport costs · Loss of goods 	<p>Economic position</p> <ul style="list-style-type: none"> · Framing economic conditions · State of and trends in the economy · Interest rates and trends · Labor market situation · Inflation · Exchange rate trends <p>Miscellaneous</p> <ul style="list-style-type: none"> · Replacement / Substitute products · Public fiscal policy · Legal requirements · Political relations · Ability to pursue claims 	<p>Staff</p> <ul style="list-style-type: none"> · Motivation · Qualification · Churn · Loss of high performers · ‚Bottleneck‘ positions · Corruption · Work safety · Employer branding <p>Sites</p> <ul style="list-style-type: none"> · Rights of entry · Respecting safety rules · Commitment of capital · Contracts (term; liability) · Construction projectse <p>Finance</p> <ul style="list-style-type: none"> · Liquidity requirements · Financing · Investments · Disputed receivables · Too little equity 	<p>Product risks</p> <ul style="list-style-type: none"> · Products not addressing needs · Technical changes by suppliers · Shortening the product lifecycle · Defective products · Materials bottlenecks <p>Internal processes</p> <ul style="list-style-type: none"> · Dependency on a few major customers · Dependency on key suppliers · Problems with procurement processes · Problems with sales processes · Loss of hardware or software

The classifications used in the risk management system are also applied to the possible risks from the Non-Financial Area, on which an opinion must be given in accordance with section 289c HGB and the derived CSR Report Implementation Act in the Non-Financial Statement.

They are shown and explained after the outlining of each aspect of section 289c HGB, as an evaluation matrix.

5.3.3. FINANCIAL, INTEREST AND CURRENCY RISKS

CURRENCY HEDGES AND HEDGING

Our international business model is in principle characterized by time differences between order placement, production, delivery and equipping the sales areas of our customers with our products and the factual settlement of the resulting receivables. The financial, interest and currency risks are therefore not inconsiderable and need to be processed in a sustainably structured manner.

In the financial area, there are long-term loans with banks with bilateral agreements. Likewise, the Einhell Group has conventional lines of credit at its disposal. The availability of both liquid assets and equity has always been excellent over recent years. The Einhell Group is also further expanding its netting system and cash pool, which is jointly formed by the parent company and the subsidiaries collectively. The financing of the subsidiaries is provided almost exclusively through internal loans. This reduced the risk of a non-transparent and inefficient loan structure in the Group. To that end, the parent company has set up internal lines of credit for the subsidiaries, the level of which is geared to the planning and the anticipated volume of business for the respective subsidiaries. Risks in connection with interest changes and fluctuations are managed as necessary through the use of derivative financial instruments such as long-term interest swap and interest cap agreements.

Risks in connection with currency fluctuations are mainly managed through the use of conventional forward exchange transactions. The risk of currency fluctuations in procurement is protected as far as possible via hedging transactions in the form of forward exchange transactions and option contracts. Currency hedging is undertaken in accordance with the IAS/IFRS regulations on hedge accounting for the individual hedging periods. Regarding interest, financial and currency risks, we further refer to the information provided in the Consolidated Notes under Point 6. „Risk reporting and financial instruments“.

In this regard, please also refer to the annual report for the Einhell Group, where we address the current issues and the strategic considerations and determinations in relation to the economy in detail.

To further reduce the risk in relation to financial transfers, Group-wide master data management was introduced in relation to debtor management. The processes thus institutionalized enable us to verify liabilities and to generate synergies in the Group federation. In times of digital or partly digital fraud attacks, internal transparency is the only way of reducing risks and, as far as possible, avoiding them completely in this area.

5.4. COMPLIANCE AND CORPORATE GOVERNANCE CODE



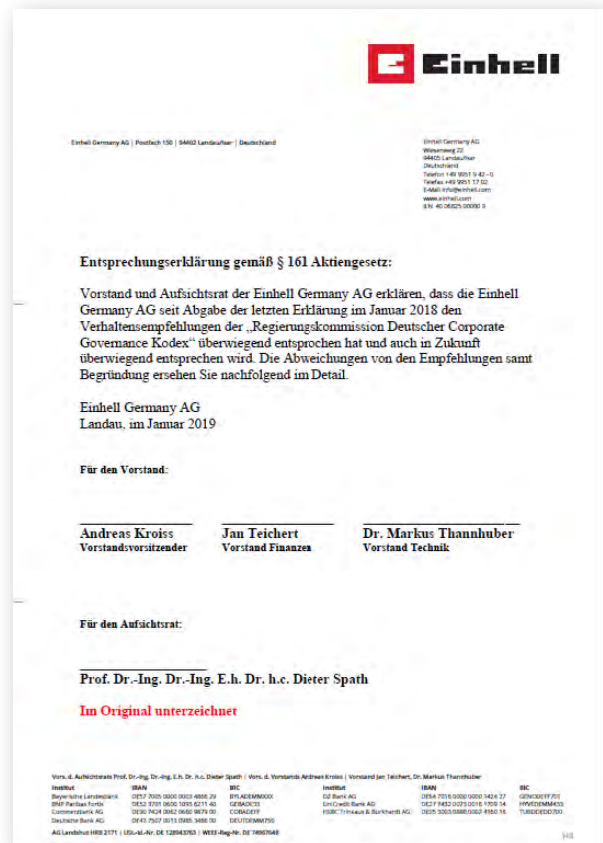
Einhell Germany AG has committed itself, through the voluntary submission of the Corporate Governance statement, to ensuring management and control of the Group that is aware of its responsibilities and aligned to sustainable value-added. The Corporate Governance Code developed in Germany by a government commission is intended to contribute to making the rules applicable in Germany for company management and monitoring transparent for national and international investors.

By this statement, Einhell Germany AG is creating transparency over the legal and enterprise-specific framing conditions and promoting the trust of its national and international investors, business partners, employees and the public. In this spirit, these principles for the Einhell Group govern relations with its shareholders and with the social and policy environment for the enterprise, the efficient collaboration between Executive Board and Supervisory Board, and the requirements for transparency and accounting.

Einhell Germany AG regularly reviews its Corporate Governance statement regarding new experiences and legal specifications and further developments in national and international standards, and adapts it as necessary. Through our Compliance policy, applicable Group-wide, the guidelines for acting as a prudent businessman are clearly communicated. Respect for the Compliance policy is transparently and regularly checked by processes introduced and standardized reports.

Fundamentally, in our Compliance policy the responsibility for respecting the rules at Group level is imposed directly on the management boards for its portfolios. We do this with full awareness and as a signal that we want to frame our business fairly and transparently from the highest tier in the Group down.

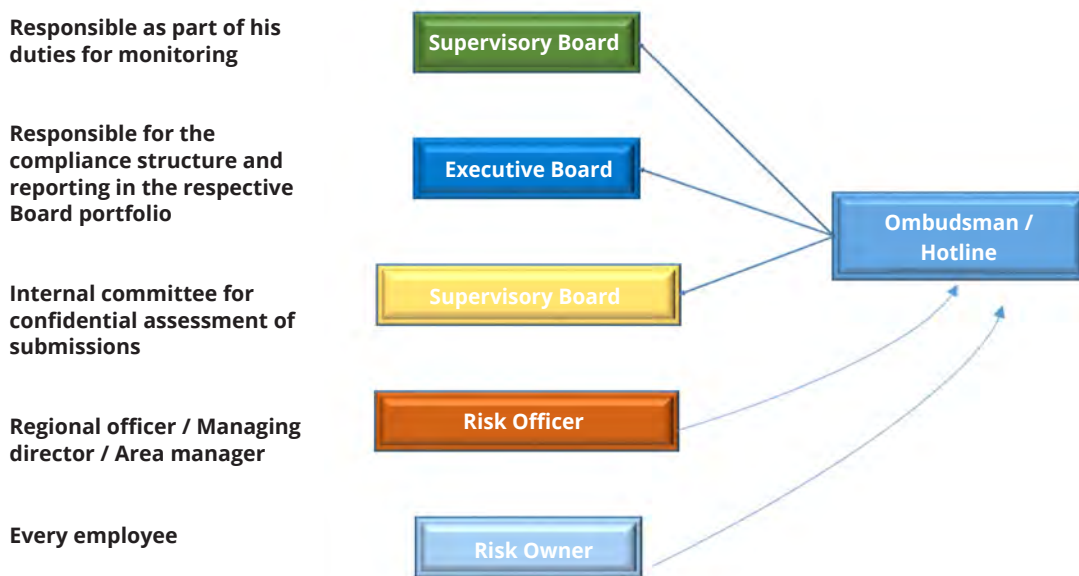
This requirement for transparency is reflected in the established Compliance structures.



Objective:

It is fundamentally important to us that our international business activity is 100 % compliant with international and also local legislation. We see ourselves as bound by the principle of „acting as a prudent businessman.“ Responsibilities and the associated reporting pathways are defined as part of our ICS system (Internal Control System) and in the Compliance system.

Fundamentally, we rely here on the fact that each responsible post-holder is initially himself responsible for respecting the relevant regulations. Our internal policies provide assistance in this and enable the involvement of third parties (Ombudsman + Compliance Committee) on open questions



Our control system is aimed primarily at avoiding breaches of Compliance. Secondly, however, it also sets out the processes on how to act correctly and time-appropriately if suspicious circumstances arise in order to guard against harm to the enterprise and/or to individuals. In doing so, we pay attention to handling suspicious circumstances with the greatest confidentiality, in order to enable objective appraisal, without the risk of unjustified harm to the reputation of those involved.

5.4.1. COMPLIANCE – ANTI-CORRUPTION

Integrity is vital

It is essential for our customer relations that our market presence has integrity. For Einhell, it goes without saying that we observe the applicable laws and statutory regulations in all countries where we operate.

All employees are obliged to respect our Code of Conduct and to act with integrity in their dealings with customers, suppliers and state authorities. We win our orders fairly through the quality and prices of our products and services, and not by offering others non-permitted benefits.

The Code of Conduct also sets out that no employee may hold a participation in suppliers, customers and enterprises which are in competition with the Einhell Group. We thereby avoid conflicts of interest from the outset, and establish clear relations.

Through our Group-wide compliance management system, we achieve clarity and transparency regarding the expected ways of acting, we provide assistance and policies for marginal instances, and give our employees certainty and support in all questions relating to acting with integrity. It goes without saying for us that Executive Board members personally carry responsibility for communicating, respecting and continuously improving compliance management in their particular portfolios. As part of regular reporting, the Supervisory Board is informed about the status of this lived system.

Our internal Group audit examines the business units from a risk perspective. In doing so, those processes and areas exhibiting greater risk of corruption or infringements of statutory rules are subjected to more frequent audit.

5.4.2. POLICIES

For us, policies are the vital „guiding rails“ directing the action of our employees. In the spirit of our management culture, we endeavor to delegate room for maneuver in the scope for action and in decision-making competence. That only works if all levels in our enterprise are clear about the limiting factors to this room for maneuver and are able to orient themselves to them. For that reason, policies are established in all key areas setting out the respective framing conditions clearly and transparently.

List of key policies (in relation to CSR criteria):

- Accounting Manual
- Sales Manual
- IFRS Policy
- Anti-trust Policy
- Internal Control System Policy
- Risk Management System Policy
- Binding Policy for Preparing Offers for Promotional Business
- Binding Procedure for Purchases of Goods in Foreign Currencies
- Compliance Policy
- Staff Posting Policy
- Currency Hedging Policy
- Receivables Management (Euler Hermes protection)
- BSCI Policy
- Policy on Use of Electronic Media and Data Protection
- Technical Project Management Guideline
 - At product type level
 - At regional level
- Technical Quality Assurance
- Implementation Guideline for European Safety Standards

Insofar as our policies do not have a direct basis in law and are therefore fundamentally binding in character, we regard our policies as „living“ elements in our collective value-added. They are only valid for as long as they fulfill their purpose, i.e. the legally-compliant, effective and efficient management of our business processes. In order to keep up to date in that regard, there is a need for regular, open and constructive discussion regarding potential for improvements, including in this area. As part of the annual budget discussions, this question is also addressed in a structured manner at international level.

5.4.3. INTERNAL AUDIT

Guidelines are all well and good, but compliance with them, and also their meaningfulness at a local level, having regard to regional legislation and sets of rules, need to be constantly monitored and, where necessary, they need to be adapted.

To that end, Internal Audit was set up as a central department within the Einhell Group. Here the primary focus is not on monitoring our post-holders, but on minimizing risk for them and thus for the whole Group. We are aware that post-holders may not be able to focus on every current legislative or internal arrangement. Accordingly, Internal Audit is seen as a department to provide assistance in evaluating risks. In addition to questions concerning the correct application of IFRS guidelines, it looks above all at the effectiveness of the Internal Control System (ICS) and at how compliance issues are implemented.

This also includes evaluating the CSR aspects and, in the context of the supply chain, compliance with BCSI rules.

5.4.4. RISK ASSESSMENT PURSUANT TO SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT

For ease of reading, this risk assessment matrix is available as a separate file in the CSR and Sustainability Report tab on the website.

Risk reporting						Q4/2017		Einhell Group Legal & Compliance		Impact:		Likelihood:		ad-hoc risk							
Compliance						1 insignificant 0-53M		2 significant 200-400M		3 critical 400-700M		4 catastrophic >700M		1 unlikely 0-2%		2 unlikely 2-20%		3 rare 20-40%		4 frequent 40-100%	
Risk Identification						Risk Assessment						Risk Management									
Risk-Category	Org	Risk Owner	No.	Risk-Name	Risk-Description	Impact (low)=1	Impact (high)=4	Impact	Likelihood (low)=1	Likelihood (high)=4	Likelihood	Risk exposure	Strategy	Action/Explanation	Risk exposure previous	Progress					
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C1	Corruption	Risk that corruption committed by employees leads to criminal proceedings, penalties and reputational damage.	lean anti-corruption law with low level of penalties	strong anti-corruption law with high level of penalties	3	Corruption index of relevant country > 75, risk addressed by internal control system	Corruption index of relevant country < 30, risk not addressed by internal control system	3	4	Avoid	Group Policy against Corruption, Roll out OMS system with simple guidelines and training of employees. An extra pair of eyes is needed to double check relevant documents	4	In progress					
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C2	Misappropriation and theft	Risk that staff or external service provider is stealing significant assets.	no significant assets available	significant assets available	3	scenario very unlikely, no cases of misappropriation in history, strong control environment	scenario very likely, several cases of misappropriation in history, no control environment	3	4	Transfer	Insurance for relevant material assets; An extra pair of eyes is needed to double check relevant documents	4	Versicherung für wesentliche Vermögenswerte; Risikoreduktion durch Mehr-Augen-Prinzip					
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C3	Legal disputes	Risk that ongoing legal disputes cause compensation payments or reputational damage.	no ongoing legal cases, or ongoing legal cases with insignificant amounts in dispute	ongoing legal cases with significant amounts in dispute	1	low probability to loose in ongoing legal cases	high probability to loose in ongoing legal cases	3	1	Accept	The risk of litigation is latent; Reduction through pre-activation of the legal department and involvement of external service providers	1	Das Risiko von Rechtsstreitigkeiten ist latent vorhanden; Reduktion durch Vorabschaltung Rechtsabteilung und Hinzuziehung externer Dienstleister					
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C4	Legal risks resulting from product liability	Risk that complex product regulations leads violation of laws, legal disputes and reputational damages.	no or low penalties in case of product law violations	high penalties and sales restrictions in case of product law violations	2	non-complex or weak product law	complex or strong product law	3	4	Transfer	Combination of passing on the risk of product liability insurance as a avoidance by QA and technical department	4	Kombi aus Überwälzung des Risikos auf Produktversicherung und Vermeidung durch QS und Technik					
Compliance	EAG	all Companies of the Einhell Group local General Manager	CSR C5	Breach of essential guidelines in the Group	Risk that, despite appropriate provisions, the internal regulations are not complied with, resulting in financial or reputational damage	impact insignificant	impact catastrophic	4			1	4	Reduce	ongoing training regarding the guidelines. Four-eye principle for relevant documents to avoid the effects of errors	4						

UNDER A CAREFUL INCLUSION AND EVALUATION OF ALL DATA AVAILABLE TO US, WE ARE NOT CURRENTLY AWARE OF ANY ESSENTIAL NET RISKS IN RELATION TO THE CSR ASPECT OF BRIBERY AND CORRUPTION, IN ACCORDANCE WITH THE DEFINITION SET OUT IN SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT.

5.5. ECOLOGY



5.5.1. OBJECTIVE

We similarly consider ourselves committed to protecting the environment and to conserving natural resources, not least through the fact that we have committed ourselves publicly to supporting our customers in shaping their individual environment with our products. Our aim is to set accents in the context of our value-added chain, but also – through our products – with customers in terms of conserving natural resources and active protection of the environment.

5.5.2. CHOICE OF MATERIALS, CAPACITY FOR RECYCLING

Being economical and sustainable in use of natural resources is not only sensible from the ecological perspective, but also acknowledged that the raw materials needed for industry have become scarcer during globalization and thus also more expensive. For that reason, Einhell pays attention to reducing the use of raw materials and to recycling materials, if possible, right from the design phase and through to development and manufacturing. Even in the design phase for new products in development and procurement, ecological issues are integral to our automated project flow to give them the necessary attention at all times. Particularly for plastic parts, we ensure that these demonstrate all the requirements for recycling capacity. Naturally, in doing so we also satisfy all requirements for taking back electrical waste (ElektroG – the German Electrical Equipment Act) and packaging (VerpackV – the German Packaging Ordinance), but also whole devices. The aim in this is to achieve the highest possible rate of recycling, through collaboration with certified recycling and disposal enterprises.



Taking back packaging materials and, above all, cardboard boxes is not only a legal obligation, but at Einhell in Landau fulfills a further step in the value-added chain. In order for our devices to survive transport by road or rail undamaged and in perfect condition, filler materials are vital. As far as possible, we avoid using plastic bubble-wrap for this, but instead favor specially-made packing bags made from the returned cardboard and paper waste generated by our operations.

As far as possible, we avoid using plastic bubble-wrap for this, but instead favor specially-made packing bags made from the returned cardboard and paper waste generated by our operations. Currently we have a very good percentage of >70 % paper, card and board in our product packaging and liners protecting our shipped items. We aim to actively raise this percentage further.

5.5.3. PHOTOVOLTAICS

In this area, we have already sought ways at an early stage to reduce combustion of fossil fuels and to cover our energy requirements by using the roof surfaces of our warehouses to source environmentally-friendly solar energy from PV units.



Maximum coverage with PV modules at the Landau an der Isar plant

Yield of the PV systems at the central Landau site

Jahr	BV 2009		BV 2012 BA-1		BV2012 BA-2		Summe aller Anlagen	
	Erzeugung	Co2 Einsparung	Erzeugung	Co2 Einsparung	Erzeugung	Co2 Einsparung	Erzeugung	Co2 Einsparung
2010	869560 kWh	608,69 t					869560 kWh	608,69 t
2011	975022 kWh	682,52 t					975022 kWh	682,52 t
2012	844034 kWh	590,82 t	134291 kWh	94,00 t	189696 kWh	132,79 t	1168021 kWh	817,61 t
2013	881507 kWh	617,05 t	132436 kWh	92,71 t	188534 kWh	131,97 t	1202477 kWh	841,73 t
2014	950937 kWh	665,66 t	142060 kWh	99,44 t	200920 kWh	140,64 t	1293917 kWh	905,74 t
2015	933183 kWh	653,23 t	144334 kWh	101,03 t	203898 kWh	142,73 t	1281415 kWh	896,99 t
2016	897830 kWh	628,48 t	141032 kWh	98,72 t	199140 kWh	139,40 t	1238002 kWh	866,60 t
2017	900582 kWh	630,41 t	142621 kWh	99,83 t	199415 kWh	139,59 t	1242618 kWh	869,83 t
2018	1034697 kWh	724,29 t	147632 kWh	103,34 t	208725 kWh	146,11 t	1391054 kWh	973,74 t
								7463,46 t

5.5.4. CONSERVING RESOURCES / PRODUCT LONGEVITY

With a product policy having as a fundamental pillar the new Power X-Change battery system, Einhell is setting a clear signal for responsible use of resources. The core element of the platform is a battery capable of being used in all devices in the range – currently over 65. So customers only require one battery and one charger for their various electrical tools and garden equipment. On the one hand, that represents a cost saving for the customer, but it also means that fewer resources are required for different batteries and chargers. Accordingly, it also means that less waste is generated once the lifetime of the battery or charger has been reached.

That lifetime is a further factor where Einhell is promoting sustainability, through the longevity of its products. Through continuous innovation and further development of quality, the batteries in the Power X-Change series have above-average lifetime. The special cell technology and control electronics on the Power X-Change batteries ensure optimum thermal management and charge behavior, as well as great safety during operation. This prevents damage both to the batteries and to the devices, thereby guaranteeing high performance with long lifetimes.

As a further aspect, Einhell is switching to wear-free motors on increasing numbers of devices. These brushless motors work without any friction from carbon brushes. Less friction means in this instance a lower operating temperature, practically no wear, and thus a significantly-extended lifetime for the whole device. In this way, Einhell is again supporting sustainability through longevity.

Because the company is so convinced about the longevity of its own devices, the two-year guarantee specified in law for RED devices has been voluntarily extended to three years.

5.5.5. POWER X-CHANGE



„ONE FOR ALL“ is not just a sales argument demonstrating the ability to use our Power X-Change batteries for the entire product range of power tools and gardening equipment, but is also a simple environmental benefit.

While it is true that the ability to recycle battery systems has improved in the past, but nevertheless batteries still represent a problem for disposal. A few high-performance batteries optimized for our Power X-Change range enable the use of a wide range of different devices. Only a small volume of batteries is in use, compared to conventional individual battery compatibility, and needing to be disposed of at end-of-life. Moreover, in developing innovative recycling concepts we are linked in with leading enterprises in this sector, so that here too we can use the best possible alternatives.

POSITIVE FOR THE ENVIRONMENT

POWER X-CHANGE – THE SYSTEM FOR MORE SUSTAINABILITY.



FEWER BATTERIES AND CHARGERS
Reduced consumption of energy and resources.



SUSTAINABLE USE OF ENERGY
Efficient battery control and lithium-ion technology reduce energy consumption.



JUST 1 SYSTEM FOR ALL TOOLS
One rechargeable battery fits all tools for the workshop and garden. **One** 18V rechargeable battery system for all applications – can be used in combination for 36 V requirements*.



LONGER SERVICE LIFE
Products that last longer don't need replacing as often. Buying replacements less often protects resources.



MORE ENVIRONMENTALLY FRIENDLY THAN PETROL
Zero emissions during operation.



BRUSHLESS MOTORS
Various Power X-Change devices are equipped with brushless motors. These ensure long running times and service lives and are maintenance-free.



RESOURCE CONSERVATION FOR TOMORROW'S WORLD.

Einhell ECO Power technology features in many of our tools and much of our garden equipment. This significantly reduces product energy consumption and emissions. Technical knowhow and pro-active responsibility for our environment are the essence of ecological and sustainable products.

We are currently working on a recovery system for spent batteries. We see compliance with statutory requirements as part and parcel of our obligations. That is why we are working together with the leading companies in this field (document available only in German).

REBAT

INHALT

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Vorwort

Das Batteriesammlersystem CCR REBAT ist auch im 20. Jahr seiner Geschichte weiter gewachsen und hat sich mit der zweitgrößten Sammelmenge als tragende Säule für die Gewährleistung eines verantwortungsvollen Sammelns und Recyclens von Gerätebatterien in Deutschland bewiesen.

In dieser gesetzlich geforderten Erfolgskontrolle dokumentieren wir abermals die Erreichung der gesetzlichen Sammelquote von derzeit 45 Prozent, welche wir mit erreichten 50,1 Prozent auch in diesem Jahr als übererfüllt melden können.

Als sogenanntes ‚herstellereigenes‘ Rücknahmesystem misst sich der Erfolg unseres Systems jedoch darüber hinaus vor allem an der Zahl der Hersteller, die sich entscheiden ihrer Sammelpflicht für Altbatterien über unser System nachzukommen. Erfreulicher Weise ist es uns gelungen, unser Netzwerk weiter auszubauen und zu stärken: über 400 sammelverpflichtete Unternehmen und mehr als 16.000 Sammelstellen haben sich bereits dem CCR REBAT-System angeschlossen. Der Anschluss weiterer Sammelstellen ist bereits in Vorbereitung.

Mit 4.285 Tonnen gesammelten Batterien konnten wir auch unseren Anteil an der Gesamtsammelmenge weiter steigern. Unbestritten hat sich CCR REBAT damit als feste Größe für die Batterierücknahme in Deutschland für alle Marktteilnehmer, von Verbrauchern über Hersteller bis hin zu Behörden, behauptet.

Wir danken all unseren Kunden und Partnern sowie allen großen und kleinen Batteriesammlern, die zum Erreichen unseres Sammelergebnisses beigetragen haben und für reibungslose Abläufe bei Sammlung, Transport und Recycling der Altbatterien gesorgt haben!



Andreas Kröniger
 Executive Vice President Compliance Systems
 CCR Logistics Systems AG

Seite 2



Return to Value

Quoten

Sammelquote
 (Collection ratio)
 gemäß § 15 (1) Nr. 4 BattG: **50,1%**

Verwertungsquote
 (Recycling ratio)
 gemäß § 15 (1) Nr. 5 BattG: **99,7%**

REBAT

Bereits seit über zehn Jahren erreicht REBAT die gesetzlich vorgeschriebene Sammelquote. In 2017 konnte REBAT die Sammelquote erneut steigern und übertrifft mit 50,1 Prozent deutlich die aktuell gesetzlich vorgeschriebene Quote von 45 Prozent.



Seite 11

Return to Value

5.5.6. RESPONSIBILITY IN GLOBAL LOGISTICS

In a company operating on a global footing like the Einhell Group, particular importance attached to the logistics processes, in terms of environmental responsibility.

Accordingly, acceptance of environmental responsibility is also a selection criterion for our partners in the supply chain. Currently, over 80 % of our global transports are already handled with partners who understand sustainable environmental concepts as part of their service and who are also implementing them.

Together with our globally-operating partners, we search for solutions that constantly improve distribution processes with regard to environmental sustainability, and we are constantly looking to increase the share assigned to ‚green logistics‘.

<p>Vier strategische Ziele bis 2025</p> <p>Auf dem Weg zu unserer Mission 2050 haben wir für das Jahr 2025 vier konkrete Teilziele definiert</p> <ol style="list-style-type: none"> Global: Wir wollen unsere CO₂-Effizienz um 50 Prozent gegenüber 2007 verbessern. Damit unterstützen wir die globale Ambition des 2-Grad-Ziels. Lokal: Wir wollen die Lebensqualität in Städten erhöhen, indem wir unsere Abholung und Zustellung zu 70 Prozent mit sauberen Abhol- und Zustellkonzepten durchführen. Wirtschaftlich: Wir wollen den Anteil unseres Umsatzes, der grüne Lösungen beinhaltet, auf über 50 Prozent steigern. Damit tragen wir dazu bei, dass die Lieferketten unserer Kunden umweltfreundlicher werden. Gesellschaftlich: Wir wollen 80 Prozent unserer Mitarbeiter durch Trainingsmaßnahmen zu GoGreen-Experten zertifizieren und an unseren Umweltschutzaktivitäten beteiligen. Dazu zählt, dass wir gemeinsam mit Partnern jährlich eine Million Bäume pflanzen. <p>Quelle: Deutsche Post DHL Group</p> <p>Deutsche Post DHL Group</p>	<p>"Bis zum Jahr 2050 richten wir unser Geschäft auf eine Null-Emissionen-Logistik aus. Damit setzen wir den Zukunftsstandard für den Transportsektor und tragen unmittelbar zum Klimaschutzziel der Weltgemeinschaft bei, die Erderwärmung auf weniger als zwei Grad Celsius zu begrenzen."</p> <p>Frank Appel, Vorstandsvorsitzender Deutsche Post DHL Group</p>	<p>Environmental issues are an integral part of Kuehne + Nagel's QSHE management system. It is the company's concern to protect the environment and nature, ensuring sustainability for future generations. Kuehne + Nagel holds ISO 14001 environmental certification for more than 200 locations worldwide.</p> <p>Our company strategy in this respect includes: Efficient capacity use for all modes of transport The bundling of goods flows at logistics hubs Deployment of multi-modal traffic via rail and river barges</p> <p>CSR Report Kühne* Nagel 2016</p>
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It is a fundamental part of our current business model to have products manufactured in Asia in strict compliance with our own high standards, as this is at present the only way to deliver the principle of "Brand-name quality for the best price". We are also constantly on the look-out for sourcing partners in regions closer at hand in order to reduce the transport impact on the environment. We also make every effort to optimize our transport operations. The group-wide introduction of software for schedule optimization enables us to predict demand much more accurately and issue more precise purchase orders. In combination with the software for optimizing the individual transport carriers and a consignment warehouse in China, we can in particular optimize shipments to the smaller sales outlets, thereby minimizing the number of shipments.

Particularly for reasons relating to environmental protection, it was decided to allow the air conditioners product line to be phased out at the end of the financial year 2019. The refrigerant R 410 A which is currently in widespread use satisfies the current legal requirements, but based on the latest findings is to be considered a greenhouse gas and is set to be banned from 2020. We have therefore decided to phase out this product line, which is of less strategic importance for us.

Although we assume that petrol-powered garden equipment is set to be replaced in the long term by battery devices, notably Power X-Change, demand is still significant at present. We have therefore upgraded all our petrol-powered equipment to the new emissions directive Level 5, thus satisfying all international and local requirements in our markets.

5.5.7. ENVIRONMENTAL ISSUES ALSO PART OF THE SUPPLIER ASSESSMENT UNDER BSCI

Compliance with the relevant international and/or regional legal provisions is a firm element in our actions in the Einhell Group. Moreover, since we also produce in BSCI risk countries, notably in the People's Republic of China (PRC) and the Socialist Republic of Vietnam (SRV), we place particular value here on BSCI certification. As part of monitoring processes, the environmental aspects mentioned are also examined and evaluated. That way, we ensure that the responsibility we uphold is also jointly met by our partners. In the structured and audited Code of Conduct under BSCI, compliance with international and national environmental standards is checked under Point 5.9 and used as a selection criterion.

5.5.8. RISK ASSESSMENT PURSUANT TO SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT

Risk reporting

Q4/2018

CSR

Environment

Impact:

1: insignificant U-300 k€
2: small 300-600 k€
3: significant 1,2-2,4 M€
4: critical 2,4-4,2 M€

Likelihood:

1: unimaginable, 0-3%
2: unlikely, 4-10%
3: rare, 10-20%
4: sometimes, 50-69%
5: likely, 70-84%
6: frequent, 85%

Risk Identification					
Risk-Category	Org	Risk-Owner	No.	Risk-Name	Risk-Description
CSR	EAG	Technical departments	CSR E1	not adequately disposable product componets	Negative effects on the reputation of the company by using product components that are not adequately disposable.
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR E2	significant environmental damage due to improper disposal of waste	Negative reputation of the company due to significant environmental damage due to improper disposal of waste
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR E3	significant environmental damage due to non-fulfillment of obligations as the responsible distributor of equipment	Negative reputation of the company due to significant environmental damage due to improper disposal of waste
CSR	EAG	all Companies of the Einhell Group local General Manager SCM	CSR E4	collaboration with logistics companies known as polluters.	significant negative impact on the company's reputation through collaboration with logistics companies known as polluters.
CSR	EAG	Technical departments	CSR E5	Use of harmful raw materials and components	Necessary recall actions as well as considerable damage to the reputation of the company due to the use of harmful raw materials and components
CSR	EAG	Technical departments	CSR E6	Risk by co-operation in case of environmental pollution by subcontractors	Reputationsschaden in zweifacher Hinsicht 1. moralische Mitverantwortung by Zusammenarbeit mit Umweltschutzern und ggf. Nicht Verfügbarkeit von Ware wegen Umweltsanktionen gegen Zulieferer
CSR	EAG	Technical departments	CSR E7	Non-pliance of Product Condition	Significant negative impact on the company's reputation due to non-compliance with local legal requirements in the country of use of the products
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR E8	Dangerous Goods and Hazardous Substances Ordinance	Actual damage from insufficient or mislabeled products would show Einhell as an incompetent market participant
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR E9	not complying with local legal regulations of the commissioning of risk prevention officers or monitoring of environmental aspects	Actual damage from insufficient or mislabeled products would show Einhell as an incompetent market participant

Risk Analysis						
Impact (low)=1	Impact (high)=6	Impact	Likelihood (low)=1	Likelihood (high)=6	Likelihood	Risk
impact insignificant	impact catastrophic	3	not at all	frequent	1	3
impact insignificant	impact catastrophic	2	not at all	frequent	1	2
impact insignificant	impact catastrophic	2	not at all	frequent	1	2
impact insignificant	impact catastrophic	3	not at all	frequent	1	3
impact insignificant	impact catastrophic	4	not at all	frequent	2	8
impact insignificant	impact catastrophic	3	unimaginable	frequent	2	6
impact insignificant	impact catastrophic	3	unimaginable	frequent	2	6
impact insignificant	impact catastrophic	3	unimaginable	frequent	1	3
impact insignificant	impact catastrophic	2	unimaginable	frequent	1	2

UNDER A CAREFUL INCLUSION AND EVALUATION OF ALL DATA AVAILABLE TO US, WE ARE NOT CURRENTLY AWARE OF ANY ESSENTIAL NET RISKS IN RELATION TO THE CSR ASPECT OF ECOLOGY, IN ACCORDANCE WITH THE DEFINITION SET OUT IN SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT.

For ease of reading, this risk assessment matrix is available as a separate file in the CSR and Sustainability Report tab on the website.

5.6. WORK ENVIRONMENT AND WORKING CONDITIONS



The objective: The aim is to orient the general HR policy and all HR processes within our Group in such a way that on the one hand the staff reflects the demographic diversity of the business environment and, on the other, all employees feel valued and are motivated to contribute their potential to the benefit of the organization.

Unconditional respect for the person we meet in the context of our business activity underpins all our deliberations in this regard. From this fundamental understanding, it follows that they are all stakeholders in our enterprise, regardless of position, place in life and degree of collaboration, and deserve the same respectful treatment.

5.6.1. HEALTH MANAGEMENT

The health and safety of employees has high priority at Einhell. This relates both to work safety, which is primarily important in the commercial area, and health protection across all areas.

Consistent prevention of safety risk through initial training and CPD measures, effective work safety management in all areas of the enterprise, continuous improvement measures, analysis of accidents at work and, not least, the newly established Occupational Health Management at the Landau site are elements in the framing of safe and health-promoting working environments.

In a statement of principles agreed in 2014 for Einhell health management, relevant framing conditions were set out by the Executive Board.





The sustainable objective of our Occupational Health Management is geared to the WHO definition: It relates to a holistic approach that not only places avoidance or treatment of illness as the focus, but also targets the responsibility of everyone involved, i.e. the employee himself, his colleagues and also the enterprise as institution, in shaping the well-being of the individual.

From our perspective, Occupational Health Management is therefore a primary part of every management task, regardless of the respective hierarchical level. Management is recognized as one of the key health resources and represents a relevant lever in achieving employee well-being. In conjunction with the necessary level of service provision to ensure the business objectives, the framework for active support and promotion of employees is accordingly established. An ongoing series of workshops gives managers at all levels the opportunity to engage with this issue in their role and to share ideas and experiences. Well-known experts in occupational psychology and in management and communications behaviors are available as speakers and contact persons, for sustainable development of management competence.

Regular presentations to employees on health issues by well-known experts, and further the possibility of personal screening of relevant health parameters as part of Health Days, keep this important theme in focus.

5.6.2. WORK SAFETY

The fundamental objective of national and international laws on work safety and the associated regulations is to keep the risk to employees as they go about their work as low as possible.

This dynamic approach, geared to the tasks and technical possibilities for prevention, is fully supported by us and lived out in terms of its content. We insist on the view that any accident at work is one too many!

Based on that, prevention has the highest priority in all actions in this context, and is understood as a key management task at all levels of management. Every accident is viewed as the basis for an improvement process, and automatically triggers corresponding measures.

For the enterprises within the Group, this perspective and procedure are a matter of course. As part of maintaining and expanding our supply chain, during the corresponding supplier audits we explicitly pay close attention to compliance with work safety standards.

HAZARD ASSESSMENT

Structured hazard assessments, with a clear definition of the hazard, the probability of occurrence and the measures to be derived from this, are the basis of our work safety. It goes without saying for us that hazards capable of jeopardizing the life of employees – even if these hazards have never arisen in our enterprise – must be planned out through engineering or organizationally-structurally.

A	6	5	4	3	2	1		Ereignisursachenanalyse	risikomindernde Maßnahmen treffen	
B	6	5	4	3	2	1		Einfache Ursachenanalyse	risikomindernde Maßnahmen treffen	
C	6	5	4	3	2	1		Keine Ursachenanalyse notwendig	prüfen, ob Maßnahmen notwendig	
D	6	5	4	3	2	1				
E	6	5	4	3	2	1				
F	6	5	4	3	2	1				
	6	5	4	3	2	1				
Auswirkungen										
	Personenschade		Verluste			Umweltschäden				
A	Unfall mit Todesfolge		> 500.000 €			schwere externe Umweltschäden				
B	Unfall mit schweren Folgen		>250.000 €			Auswirkungen über die Werkgrenzen				
C	Unfall mit schweren Verletzungen		>50.000 €			große Auswirkungen im Werk				
D	Unfall mit mittleren Verletzungen		>10.000 €			Umweltschäden Gebäude/Betrieb				
E	Unfall mit leichten Verletzungen		>5.000 €			auf Anlage beschränkt				
F	Unfall ohne Ausfallzeit		> 250 €			auf die Schadenstelle beschränkt				
Eintrittswahrscheinlichkeit										
1	ständig	täglich, auch mehrfach		bei uns öfter passiert						
2	häufig	>1x pro Woche		bei uns schon passiert						
3	oft	1x pro Woche		in der Gruppe schon passiert						
4	gelegentlich	1x im Monat		in der Branche schon passiert						
5	selten	1x im Jahr		schon davon gehört						
6	sehr selten	1x alle 10 Jahre		noch nie davon gehört						

Every new process is proactively evaluated with regard to possible hazards, in order to be able to adopt risk-minimizing measures ahead of introduction.

Internationally:

Internationally, compliance with ILO conventions and local ratifications of these sets of rules are an automatic part of the criteria in selecting and certifying our production partners and service providers. In risk countries, independent BSCI certifications are standard. (See 5.8 Human rights).

5.6.3. KNOWLEDGE MANAGEMENT

We are convinced that sustainable value-added is only possible through active knowledge management. That means that the necessary general or special Einhell know-how needed for our business and its future development is viewed as a genuine asset and treated accordingly.

Our objective in this is to „conserve“ this knowledge, on the one hand, and to arrange for active knowledge transfer.

MAINTAINING KNOWLEDGE

Relevant knowledge not only needs to be accessible in the heads of individual employees, but needs to be made as widely available as possible to all parties involved. The challenge here, particularly in view of our SME structure, is to effectively manage the selection via relevance, in order to avoid creating incomprehensible and thus unusable ‚data graveyards‘.

In this, fruitful dialog between the generations is a key piece of the mosaic. Shaping this is a key management task to which we are actively committed, including as part of management CPD.

In addition, we have introduced a standardized process which also focuses at an early stage on the individual's own ideas regarding the transition to retirement. This is aimed at enabling us to initiate measures for knowledge transfer early on, particularly in key positions. In addition to targeted succession planning, this also involves active documentation and transformation measures.

KNOWLEDGE TRANSFER

The basis of maintaining knowledge is structured and managed knowledge transfer. Here we see the possibilities of digitalization as offering key tools in the active framing of knowledge management. However, direct communication must not be sold short either. In striking this balance, we have introduced, expanded and improved a whole range of measures that help us get across relevant information to the right people.

Our fundamental focus is on the content at both relevant levels of transfer.

1. Factual level
2. Relationship level

We are aware that all information is interpreted to a not inconsiderable degree by the sender and by the receiver. In other words, the information is never fully in place and redundancy-free. Goal-oriented communication is only possible through actively and positively framed relationship levels.

This principle is given lived expression particularly in the Einhell Academy, which alongside a whole range of specialist training, CPD and instruction is also organizationally the home to systematic management CPD.

COMMUNICATION

In addition to individual HR development tools, particular importance attaches above all to regular, open and near-time communication. Our view is that our employees can only orient their actions to the overarching objective if we provide them transparently and reliably with information regarding issues relating to business development, successes and problems, along with strategy and operational management decisions. To that end, we have introduced and are continuously improving a range of tools.

- Regular agreement rounds and information events with members of the Co-determination Committees
- Sales-oriented quarterly letters
- Regular HR announcements on key changes in personnel and other HR themes
- Regular preparation of the internal Einhell News
- Extensive internal company intranet

This communication is not intended as, and in our view should not be, a „one-way street“. To that end, a range of platforms have been introduced where the exchange of views, ideas and values is not just possible, but expressly wanted.

- Regular employee surveys
- Regular middle management meetings
- Management meetings
- Regular meetings for „job-starters“ (apprentices and Dual Students)
- Trainer meetings
- Summer festival and year-end celebration

We are convinced that this platform sustainably supports cohesion in our enterprise and represents the basis for joint achievement of the strategic and operational goals.

In our broadly configured management development program, high value is placed on the question of motivating, goal-oriented communication, since this determines whether we are successful in getting all employees pulling together for the company in the same direction.

The basic training is also given to next-generation managers, so that right from the start their focus is not only on subject skills, but also on their qualifications as a manager.

5.6.4. RISK ASSESSMENT PURSUANT TO SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT

Risk reporting

Q4/2018

CSR

Labour

Impact:

Likelihood:

1: insignificant 0-300 k€
 2: small 300-600 k€
 3: moderate 0,6-1,2m€
 4: significant 1,2-2,4m€
 5: critical 2,4-4,2m€
 6: catastrophic >4,2m€

1: unimaginable, 0-3%
 2: unlikely, 4-10%
 3: rare, 20-49%
 4: Sometimes, 50-69%
 5: Likely, 70-84%
 6: frequent, 85-100%

Risk Identification						Risk Analysis						
Risk-Category	Org	Risk-Owner	No.	Risk-Name	Risk-Description	Impact (low)=1	Impact (high)=6	Impact	Likelihood (low)=1	Likelihood (high)=6	Likelihood	Risk
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR L1	relevant accidents at work	Considerable damage to the life and limb of employees within the value chain for failure to comply with safety regulations	impact insignificant	loss of life or health	6	not at all	frequent	1	6
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR L2	Child Labour	Significantly negative impact on the reputation of the company when child labor within the supply chain becomes known	impact insignificant	impact catastrophic	2	not at all	frequent	2	4
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR L3	Discrimination against minorities	Significantly negative impact on the reputation of the company when Discrimination against minorities within the supply chain becomes known	impact insignificant	impact catastrophic	2	unimaginable	frequent	1	2
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR L4	Suppression of the right Rights of Freedom of Association and Collective Bargaining	Significantly negative impact on the reputation of the company when violations of rights of freedom of Association and collective Bargaining within the supply chain becomes known	impact insignificant	impact catastrophic	1	unimaginable	frequent	2	2
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR L5	Toleration of not decent working hours	Significantly negative impact on the reputation of the company when toleration of not decent working hours within the supply chain becomes known	impact insignificant	impact catastrophic	1	unimaginable	frequent	1	1

UNDER A CAREFUL INCLUSION AND EVALUATION OF ALL DATA AVAILABLE TO US, WE ARE NOT CURRENTLY AWARE OF ANY ESSENTIAL NET RISKS IN RELATION TO THE CSR ASPECT OF EMPLOYEE ISSUES, IN ACCORDANCE WITH THE DEFINITION SET OUT IN SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT.

For ease of reading, this risk assessment matrix is available as a separate file in the CSR and Sustainability Report tab on the website

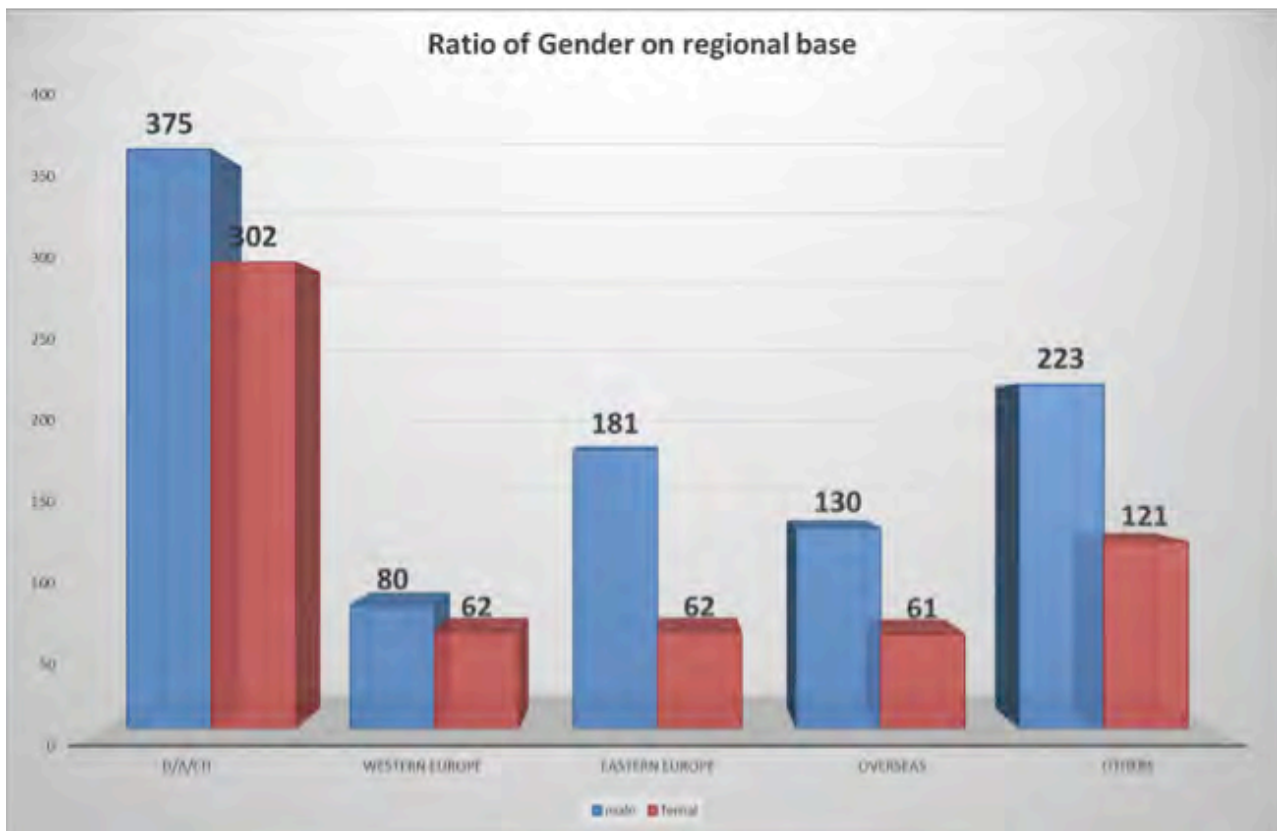
5.7. DIVERSITY



Our guiding principle of diversity management is to understand appreciation of the diversity in our employees as a valuable part of our company, and also of our society. It supports the business success of the enterprise.

This is not achieved by leveling down, but solely by actively and willingly embracing differences.

Gender self-determination is one of the key basic human rights: Fundamentally, job advertisements placed for vacant posts are gender-neutral (m/f/o), in order to show that gender is not a criterion applied in our assessment processes. The statistics below do not show third gender purely because no such assignments are known to us within the Group currently. As soon as this changes, the third gender will also be indicated here on an equal basis.



The objective is to give our employees an individual career home, regardless of gender, origin, ethnic background and other discrimination criteria.

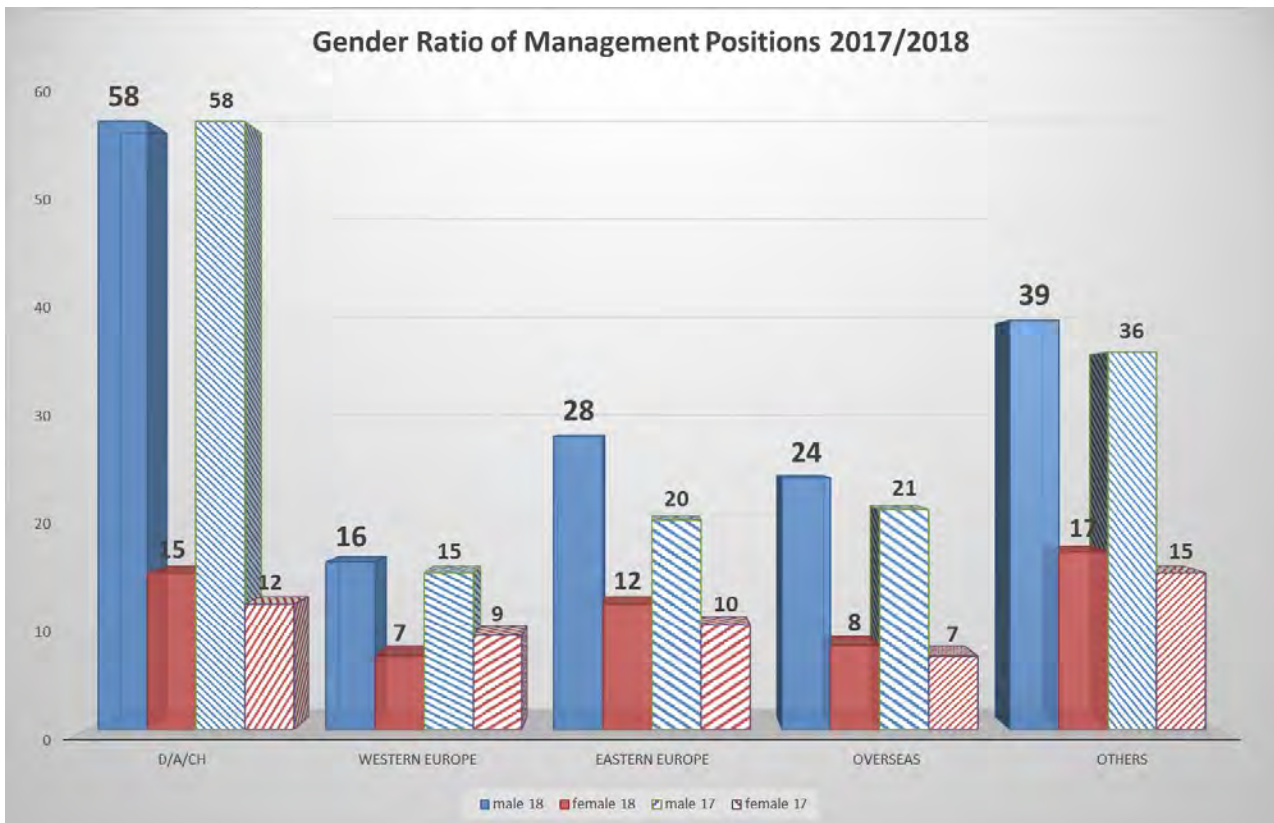
For this reason, we do not want to set quotas for minorities, since in most cases these lead to discrimination against individual persons in the majority group, or operate contrary to the development of the organization or of the persons involved.

This viewpoint also means that questions of remuneration and of individual promotion should not be impaired by taking the above discrimination criteria into consideration. Rather, we understand infringements against equal rights and the fundamental equality of opportunity as an infringement of our understanding of Compliance, and will act accordingly.

5.7.1. GENDER QUOTA STATEMENT

As part of our diversity management, we want to encourage and support every employee, male or female, in accordance with his/her abilities. A rigid quota is not compatible with the development of the individual and of the enterprise, because integration „forced“ through quotas does not elicit acceptance.

Rather, we want to give all employees the opportunity for individual further development. Our internal CPD programs on the one hand, and the transparent corporate structures on the other, both contribute here to setting a course for identifying and expanding individual potential.



Accordingly, it is consistent with sustainability that we are setting our women’s quota under the legislation (FührposGleichberG – German Act to Promote Equal Participation of Women and Men in Management Positions in the Private and Public Sector) for our three-person Supervisory Board at 0 %> This expressly does not indicate that we are closing the door to women in posts on the Supervisory Board, but that we give all possible candidates, regardless of gender, the same opportunities to qualify for and apply for this important function for our enterprise.

Resolution:

The target ratio to be achieved under the FührungsGleichberG for the proportion of women on the Executive Board and at the level of Prokurist (Authorized Officer) for Einhell Germany AG is set at 0 %. By determining this target ratio, the determination of deadlines for achieving this target lapses.

5.7.2. RISK ASSESSMENT PURSUANT TO SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT

Risk reporting

Q4/2018

CSR

Diversity

Impact:

1: insignificant 0-300 k€
 2: small 300-600 k€
 3: moderate 0,6-1,2m€
 4: significant 1,2-2,4m€
 5: critical 2,4-4,2m€
 6: catastrophic >4,2m€

Likelihood:

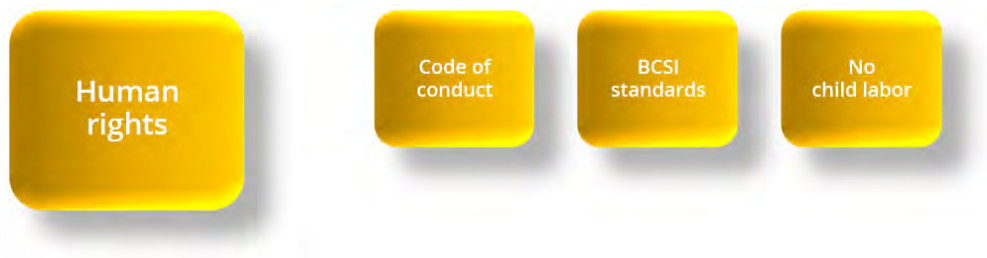
1: unimaginable, 0-3%
 2: unlikely, 4-10%
 3: rare, 20-49%
 4: Sometimes, 50-69%
 5: likely, 70-84%
 6: frequent, 85-100%

Risk Identification						Risk Analysis						
Risk-Category	Org	Risk-Owner	No.	Risk-Name	Risk-Description	Impact (low)=1	Impact (high)=6	Impact	Likelihood (low)=1	Likelihood (high)=6	Likelihood	Risk
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR D1	Discrimination against minorities	Significantly negative impact on the reputation of the company when Discrimination against minorities becomes known within the supply chain	loss insignificant	loss catastrophic	2	unimaginable	frequent	1	2
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR D2	Discrimination Violation of Gender equality	Significantly negative impact on the reputation of the company when Violation of Gender equality becomes known within the supply chain	loss insignificant	loss catastrophic	2	unimaginable	frequent	2	4

UNDER A CAREFUL INCLUSION AND EVALUATION OF ALL DATA AVAILABLE TO US, WE ARE NOT CURRENTLY AWARE OF ANY ESSENTIAL NET RISKS IN RELATION TO THE CSR ASPECT OF DIVERSITY, IN ACCORDANCE WITH THE DEFINITION SET OUT IN SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT.

For ease of reading, this risk assessment matrix is available as a separate file in the CSR and Sustainability Report tab on the website.

5.8. HUMAN RIGHTS



Although there is an orientation on business, which naturally underpins our activity, we know that there are regions on the planet where the standards that we take for granted regarding work safety, minimum age, minimum pay and working time etc. have not automatically become established as the basis for business development. For that reason, we assess potential production partners and service providers not just on a technical basis, but also regarding compliance with ILO conventions.

THE OBJECTIVE:

Fundamentally, we consider ourselves bound by the United Nations Convention on Human Rights, and therefore look to compliance with these standards as far as we are able. The aim is to avoid violations both within our Group structures and in the upstream processes..

5.8.1. APPROACH

Fundamentally, all partners in our supply chain are bound to comply with ILO conventions and the UN conventions on children's rights.

Extract from the contractual text for service providers and production partners:

„Code of Conduct“

The Supplier guarantees, on its own behalf and on behalf of its sub-suppliers, compliance with the Code of Conduct based on the conventions of the International Labour Organisation (ILO), the UN Declaration of Human Rights, the UN conventions on the rights of children and the elimination of any form of discrimination against women, the UN Global Compact and the OECD Guidelines for Multinational Enterprises (the latest version of the code can be retrieved on the website <http://www.bsci-intl.org> and is declared to be part of the Agreement).

Compliance with the standards is regularly checked during initial certification for the Einhell Group and during the announced and unannounced factory audits..

As the basis of our arguments, we are a BSCI member and similarly bind our partners to respect these rules. Through the audits by independent BSCI specialists that form an integral part of our practice, compliance with the 11 key principles is ensured not only by internal bodies, but also by external specialists

BSCI CODE OF CONDUCT (new certificate)

1. Rights of freedom of association and collective bargaining

Our enterprise respects the right of employees, trade unions or other forms of employee associations

2. Fair remuneration

Our enterprise respects the right of employees to fair remuneration

3. Occupational health and safety

Our enterprise guarantees a healthy and safe work environment by assessing risks and adopting all necessary measures to eliminate or mitigate these risks

4. Special protection for young workers

Our enterprise grants special protection to all employees who are not adults

5. No bonded labor

Our enterprise is not involved in any way with slavery, human trafficking or involuntary labor

6. Ethical business behavior

Our enterprise does not tolerate any form of corruption, extortion, embezzlement or bribery

7. No discrimination

Our enterprise offers equality of opportunity and does not discriminate against any employee

8. Decent working hours

Our enterprise respects the law regarding working hours

9. No child labor

Our enterprise does not appoint any employee below the statutory minimum age

10. No precarious employment

Our enterprise appoints employees on the basis of documented terms of employment that comply with the law

11. Protection of the environment

Our enterprise adopts the necessary measures to avoid harming the environment. Since we also produce in BSCI risk countries, notably in the People's Republic of China (PRC) and the Socialist Republic of Vietnam (SRV), we place particular value here on BSCI certification, and we monitor the contractual assurance given above regarding compliance with ILO conventions and UN conventions on children's rights.



5.8.2. RISK ASSESSMENT PURSUANT TO SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT

Risk reporting

Q4/2018 CSR

Human Rights

Impact:

- 1: insignificant 0-300 k€
- 2: small 300-600 k€
- 3: moderate 0,6-1,2m€
- 4: significant 1,2-2,4m€
- 5: critical 2,4-4,2m€
- 6: catastrophic >4,2m€

Likelihood:

- 1: unimaginable, 0-3%
- 2: unlikely, 4-10%
- 3: rare, 20-49%
- 4: Sometimes, 50-69%
- 5: likely, 70-84%
- 6: frequent, 85-100%

Risk Identification						Risk Analysis						
Risk-Category	Org	Risk-Owner	No.	Risk-Name	Risk-Description	Impact (low)=1	Impact (high)=6	Impact	Likelihood (low)=1	Likelihood (high)=6	Likelihood	Risk
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR H1	Child Labour	Significantly negative impact on the reputation of the company when child labor becomes known within the supply chain	loss insignificant	loss catastrophic	2	not at all	frequent	2	4
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR H2	Forced labour	Significantly negative impact on the reputation of the company when forced labour becomes known within the supply chain	loss insignificant	loss catastrophic	2	unimaginable	frequent	2	4

UNDER A CAREFUL INCLUSION AND EVALUATION OF ALL DATA AVAILABLE TO US, WE ARE NOT CURRENTLY AWARE OF ANY ESSENTIAL NET RISKS IN RELATION TO THE CSR ASPECT OF RESPECT FOR HUMAN RIGHTS, IN ACCORDANCE WITH THE DEFINITION SET OUT IN SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT.

For ease of reading, this risk assessment matrix is available as a separate file in the CSR and Sustainability Report tab on the website.

5.9. SOCIAL ISSUES



Fundamentally, we see ourselves as a collection of people who are jointly committed to the task of economically and sustainably developing our enterprise. Given this perspective, it goes without saying that appropriate space is also given over to the social aspects. In the first instance, this relates to social issues within our enterprise, but also looks to the embedding of our individual companies and their staff in the respective local communities. In particular, the inclusion of our head office in Landau an der Isar in the structures of the town and the region is something we consider to be an obligation on us. In addition to donations to regional and trans-regional social institutions and organizations, members of our staff hold a number of voluntary positions and demonstrate commitment to these causes.

Beyond this commitment, we also consider the responsibility from our product promise as a vital criterion in relation to social issues. Initially, these appear to be two completely different aspects. However, we take a different view, since the safety and functionality of our products are key responsibilities that we accept as overarching and that we always need to keep in view, as a non-financial aspect. No-one is genuinely well-served if enterprises may position themselves to good effect in the press, but fail to pay attention to safety aspects that are vital to wider social issues.

We face up to these challenges every day and for that reason, to us, product responsibility is part of our social responsibility.

5.9.1. PRODUCT RESPONSIBILITY



In essence, we see product responsibility from two different perspectives.

- A. Responsibility for the safety of our product when used by the end-customer
- B. Responsibility for fulfilling the functional purpose of the product

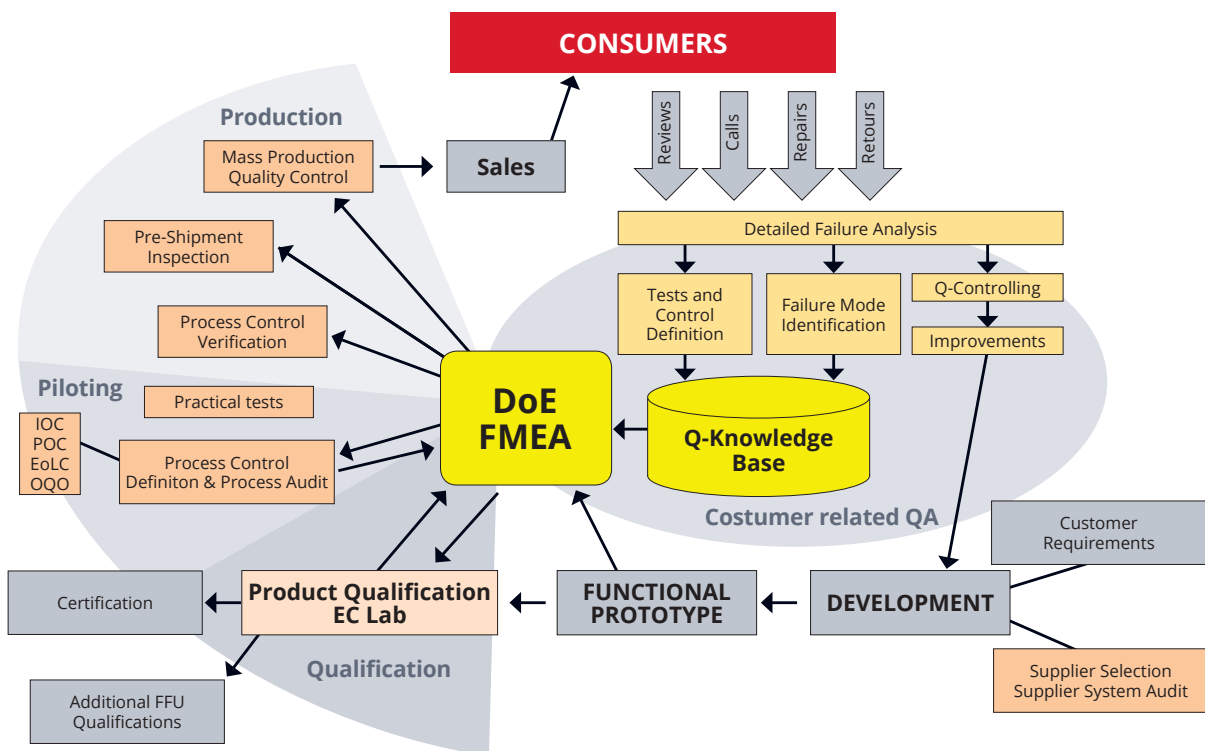
Both perspectives are highly important for the development of the enterprise, even if different objectives are in play here, with the safety aspect always having priority!

THE OBJECTIVE:

In relation to product safety, our aim is to exclude any hazard to the user when using our products correctly. This challenge impacts right across the value-added chain.

Fulfilling the purpose of the product and this fulfilling the expectations of the end-customer is a basic requirement for the long-term customer trust we aspire to. Accordingly, the expectations of end-customers from all sales areas are identified and reflected in the development process via product management.

The path to the Einhell quality product



To ensure both objectives, a quality assurance concept has been established across the value-added chain. This is constantly reviewed for potential for improvement and adapted to the state-of-the-art as required.

5.9.2. PRODUCT SAFETY

Technical product safety is naturally the highest priority in our development and production process. Being fully up-to-date in terms of the legislation is equally a highest priority. The established processes are continuously adapted to the harmonized standards respectively issued by the European Commission, meaning that the greatest possible safety is guaranteed. Alongside these fundamental certification audits, local and regional standards are naturally also considered and taken into account, in the event that the requirements are different. In our quality assurance facilities, particularly in our very well-equipped test laboratory at Einhell China, as in the development departments at our site in Landau, tests are constantly being conducted on experimental models, prototypes and, above all, on products from on-going series manufacturing in order to maintain the high quality standard over the entire product lifecycle. These internal checks are naturally also flanked by checks by independent testing establishments.



▲ Garden pumps / Domestic waterworks – endurance testing



▲ Engine brake - endurance testing



▲ Central management of test cycles using computer



Any finding of possible risks to safety is fed back directly to the process and triggers corresponding avoidance or corrective measures, depending on the positioning in the project lifecycle.

Particularly for reasons relating to environmental protection, it was decided to allow the air conditioners product line to be phased out at the end of the financial year 2019. The refrigerant R 410 A which is currently in widespread use satisfies the current legal requirements, but according to the latest findings is now to be considered as a greenhouse gas. In anticipation of restrictions or a ban on use, we have taken the decision to phase out this product line, which for us is of less strategic importance.

Although we assume that petrol-powered garden equipment is set to be replaced in the long term by battery devices, notably Power X-Change, demand is still significant at present. We have therefore upgraded all our petrol-powered equipment to the new emissions directive Level 5, thus satisfying all international and local requirements in our markets.

5.9.3. RISK ASSESSMENT PURSUANT TO SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT

Risk reporting

Q4/2018

CSR

Social

Impact:

1: insignificant 0-300 k€
 2: small 300-600 k€
 3: moderate 0.6-1.2m€
 4: significant 1.2-2.4m€
 5: critical 2.4-4.2m€
 6: catastrophic >4.2m€

Likelihood:

1: unimaginable, 0-3%
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 3: rare, 20-49%
 4: Sometimes, 50-69%
 5: likely, 70-84%
 6: frequent, 85-100%

Risk Identification						Risk Analysis						
Risk-Category	Org	Risk-Owner	No.	Risk-Name	Risk-Description	Impact (low)=1	Impact (high)=6	Impact	Likelihood (low)=1	Likelihood (high)=6	Likelihood	Risk
CSR	EAG	Technical departments	CSR S 3	relevant accidents of customers regarding of technical issue of our products Reputation	Significantly negative impact on the reputation of the company after relevant accidents of customers when using our products	loss insignificant	loss catastrophic	6	unimaginable	frequent	2	12
CSR	EAG	Technical departments	CSR S 4	relevant accidents of customers regarding of technical issue of our products "legal"	Prosecution or significant fines for technical problems or process insecurity related to our products	loss insignificant	loss catastrophic	6	unimaginable	frequent	1	6
CSR	EAG	Technical departments	CSR S 5	non-compliance with local regulations regarding product safety and labeling	Significantly negative impact on the reputation of the company when cases of non-compliance becomes known	loss insignificant	loss catastrophic	2	unimaginable	frequent	1	2
CSR	EAG	all Companies of the Einhell Group local General Manager	CSR S 6	unadäquae reaction to a shitstorm	Significantly negative impact on the reputation of the company	loss insignificant	loss catastrophic	4	unimaginable	frequent	2	8

UNDER A CAREFUL INCLUSION AND EVALUATION OF ALL DATA AVAILABLE TO US, WE ARE NOT CURRENTLY AWARE OF ANY ESSENTIAL NET RISKS IN RELATION TO THE CSR ASPECT OF SOCIAL ISSUES, IN ACCORDANCE WITH THE DEFINITION SET OUT IN SECTION 289C HGB AND THE CSR REPORT IMPLEMENTATION ACT.

For ease of reading, this risk assessment matrix is available as a separate file in the CSR and Sustainability Report tab on the website.

6. CONTACT AND IMPRINT

6.1. CONTACT

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6.2. IMPRINT

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CSR-REPORT

Einhell Germany AG
2018

einhell.com

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