



Wacker Neuson
Group

Non-financial Group statement for 2018
issued by Wacker Neuson SE

Contents

1 Introduction	3
1.1 The Wacker Neuson Group.....	3
1.2 Importance of sustainability at Wacker Neuson.....	3
1.3 Information disclosed in the non-financial Group statement.....	3
1.4 The risk assessment process.....	3
2. Information to be disclosed	4
2.1 Environmental matters – sustainable product development.....	4
2.2 Environmental matters – resource consumption.....	5
2.3 Employee-related matters.....	7
2.5 Respect for human rights within the organization and throughout the supply chain.....	9

1 Introduction

1.1 The Wacker Neuson Group

The Wacker Neuson Group is an international group of companies with over 50 affiliates and 140 sales and service stations. As a leading manufacturer of light and compact equipment, the Group offers its customers across the world a broad portfolio of products and services. The company is a European stock corporation (Societas Europaea) with its headquarters in Munich, Germany. It operates as a management holding company with a central management structure and is responsible for strategic Group governance functions. It directly or indirectly holds shares in 53 affiliates. The Group is headed by the Executive Board team, comprising three members who work closely with the Supervisory Board, which is made up of six members. The company's aim is to secure the long-term success of the Wacker Neuson Group and create a lasting increase in company value. In 2018, the Group generated revenue in the amount of EUR 1.7 billion, which corresponds to a rise of 11 percent relative to the previous year, and employed over 6,000 people worldwide.

For further information on the Wacker Neuson Group and its business model, refer to the 2018 Combined Management Report for Wacker Neuson SE and its Group. => [Refer to the Annual Report 2018, section "The Wacker Neuson Group"](#).

1.2 Importance of sustainability at Wacker Neuson

Sustainability is an integral part of the Group's corporate strategy and is key to securing its long-term financial success.

Ensuring high levels of employee satisfaction, securing its ability to attract and retain qualified specialists, and developing employees' skills and expertise are top priorities for the organization. Global employee surveys are regularly carried out to gauge levels of employee satisfaction and implement suitable measures.

Framed by its extensive compliance management program, the Group lives a culture of responsible corporate governance through a variety of proactive compliance measures designed to specifically engage employees and suppliers.

The Group's sustainability management approach enables it to assess the impacts of its value-adding processes on the environment and develop appropriate action plans to conserve available resources and optimize its energy balance.

1.3 Information disclosed in the non-financial Group statement

This statement is drawn up on the basis of Germany's CSR Directive Implementation Act (CSR-RUG) to ensure compliance with legal requirements. It includes information necessary for understanding the business development, performance and situation of the Wacker Neuson Group as well as the impacts of its business operations on the environmental, social, employee-related, human rights and anti-corruption information to be disclosed. The Wacker Neuson Group does not apply a framework of standards such as the Global Reporting Initiative (GRI) as it has adopted a different approach to materiality analysis. Key matters are determined by the Executive Board together with the heads of central functions in the areas of Group HR, legal, real

estate, Group technology and the spokesperson for Group procurement. The Executive Board is regularly kept up to date on progress and developments in this area.

The CEO is responsible for sustainability and reports on the Group's performance in this area to the Supervisory Board.

This non-financial Group statement focuses on matters that are extremely important to the Group's business operations at the interface between business interests and the impacts of Group activities on the information to be disclosed. Looking at that interplay, we have identified a duty on the part of Wacker Neuson to disclose the following information:

- Environmental matters
 - Sustainable product development
 - Resource consumption (energy consumption and emissions)
- Employee-related matters
 - Employee satisfaction
 - Training, skill development and lifelong learning
- Anti-corruption
- Human rights in the organization and supply chain

All figures in this report refer to the year 2018. In most cases, comparative values from 2017 have also been provided. The reporting period corresponds to the calendar year (January 1 through December 31). Where key indicators refer to individual entities rather than the Group as a whole, this is indicated in the report.

1.4 The risk assessment process

Within the framework of this non-financial statement, the objective of the risk management system is to identify and assess risks arising from the company's business activities that could impact the environmental, social and employee-related, human rights, and anti-corruption information to be disclosed. The main priority here is to find out what risks business operations, business relationships, products and services pose in relation to the information to be disclosed. Wacker Neuson thus explicitly asked all Group members to provide a non-financial assessment of the risks posed by its business operations in relation to environmental, social and employee-related matters, respect for human rights and the prevention of corruption. For fiscal 2018, this request for information was merged into the process for reporting financial risks to the Group. The risks facing the Group were evaluated on the basis of risk probability and risk exposure.

In summary, the Group did not identify any risks to be disclosed.

2. Information to be disclosed

2.1 Environmental matters – sustainable product development

Focus on energy efficiency and product safety

Wacker Neuson is aware of its responsibility to develop an environmentally sound and safe portfolio of products. As a global supplier of light and compact equipment, the Group also has to observe numerous national and international laws governing environmental and user protection.

The Group is a global technology leader in many product areas. Its development work is aimed in particular at extending its pioneering position in product safety, operator safety and environmental protection. Machines are designed to be easy to use and pose no risk to operators. Measures here include reducing hand-arm vibrations, in other words the vibrations that directly affect an operator's body when using vibrating equipment. The Group's engineers also focus on developing new drive concepts such as electric drives as well as increasing energy efficiency and standardizing components used in different models, modules and product groups.

Cross-factory innovation team defines focus areas for development

The Group's research and development activities are coordinated by the central function Corporate Technology, Standardization & Design. Focus areas for development are defined and steered in collaboration with the managing directors at the factories and the Executive Board. Expert committees at its various sites work with the coordinating central function to define and implement uniform, cross-factory processes and overarching Group standards.

The innovation process is guided by a clear technology roadmap, which outlines development projects for the coming years. An international committee comprising the Executive Board and representatives from sales, technology and production meets once a quarter to approve new development projects from the global product portfolio and monitor the progress of current projects. Environmental criteria are an integral part of the specification process for new products, ensuring that these demands are incorporated early on in the development process. The Group also works with universities and research institutes on specific projects related to topics such as drive technologies. The research and development departments at the individual production sites use these collaborations to develop new products and models. The Group takes a proactive approach to protecting its innovative products and processes against unauthorized imitations.

The Group is increasingly adopting a customer-centric approach called "Voice of Customer" to ensure customers are involved in the various stages of product development. This collaborative approach enables development and sales staff to identify potential for improvement and ensure that the products under development deliver greater customer value.

Focus on reducing emissions

The industry as a whole – and subsequently the Wacker Neuson Group – is channeling a significant portion of its development resources into ensuring continued compliance with stricter legislation. Stricter emissions regulations require that machine manufacturers reduce levels of nitrogen oxides (NOx) and carbon monoxide (CO) as well as particulate emissions produced by diesel and gasoline engines. Predevelopment of systems and components in preparation for the new Stage V emissions standard (to be introduced in Europe on

January 1, 2019) has been a key focus area for development in recent years. The Group is utilizing the two-year transition period set by legislators in order to keep the costs and complexity of this changeover as low as possible and to ensure it can seamlessly transition to the new standard within the given timeframe.

Moving beyond its obligation to continuously check whether its portfolio meets current legal requirements and to modify products accordingly, Wacker Neuson has made a conscious decision to expand its range of environmentally sound products and services. Electromobility is an integral part of Strategy 2022 and is also hardwired into the Group's technology roadmap for the coming years. Wacker Neuson is one of the first manufacturers worldwide to offer a broad portfolio of electrically powered construction equipment in the shape of its "zero emission" product line. These products offer enhanced protection for users and the environment. They also require less maintenance and have much lower operating costs. Wacker Neuson aims to expand its zero emission product line in the medium term and offer an alternative emissions-free solution in every one of its core product groups. In 2018, the Group added two battery-powered vibratory plates to its zero emission range. It also unveiled its first electric wheel dumper and a fully electric zero tail mini excavator. Both machines will be available from 2019 on. Modularization is a top priority for the Group during new product development. The electric vibratory plates and rammers that are now available on the market, for example, all use the same batteries. The full zero emission product range can be viewed on the Wacker Neuson website.

Eco-efficiency is a key topic for the Wacker Neuson Group. Its efforts in this field are vital for ensuring that its product portfolio can become even more environmentally friendly and safer in future. The Group is making progress in its services business field. Telematics, for example, enables operators and machines to communicate automatically, recording data such as operating hours. This allows users to plan maintenance in good time and ensure that machines operate as environmentally friendly and efficiently as possible. The Group is also developing remote diagnosis technologies to optimize machine use, for example, by minimizing downtime.

The Group plans to roll out further measures for sustainable product development. This includes the development of new control systems for optimizing drive technologies in its machines. Functions such as energy-saving modes reduce fuel consumption and improve energy efficiency.

2.2 Environmental matters – resource consumption

Global energy and environment management system

Consuming natural resources has an impact on the environment. The Wacker Neuson Group also bears responsibility for these environmental effects, resulting, for example, through the import and processing of raw materials and the products manufactured using these goods. Wacker Neuson uses its global energy and environment management system to assess the effects of its value-adding processes on the environment (within the limits of its own systems) and to develop improvement measures. The Group's activities here focus primarily on its sites in Germany, Austria and the US as these consume particularly high levels of energy.

Wacker Neuson initially set up an energy and environment management system at its Group headquarters in Germany as well as at all German and Austrian production and sales sites and the European logistics center in Germany. This system has been certified in line with ISO 14001 and 50001 for many years now.

Within this context, the Group revised its internal energy and environment management system manual in 2018. Building on the latest standard requirements, the manual now contains overarching regulations governing the workflows and processes at the certified locations. The energy and environment goals were defined together with the Group's goals and are valid for the period from 2018 to 2022. In addition to this, the Wacker Neuson Group made a commitment to implement a Group-wide energy and environmental policy and comprehensively revised this in 2018.

Management evaluations are held at certified sites every year. The managing directors assess a number of criteria here including potential for improvement. Regular meetings are held in parallel to discuss energy-saving potential and current projects. All of these measures help foster dialog about issues related to energy and the environment.

Measures implemented in 2018

Energy efficiency has improved in recent years thanks to investments in building technology and manufacturing equipment. The Group also started to implement suitable data collection points at its sites to provide it with more control over energy consumption. These data collection points enable the Group to carry out detailed analyses of energy consumed. This allows the organization to see, for example, how much energy a single machine, a specific production area or a production hall needs.

In addition to this, the Reichertshofen site implemented a project to optimize lighting, which generated five-digit cost savings. From the end of 2017 to May 2018, the plant replaced all existing lighting in its production and logistics halls (standard, non-dimmable T8 fluorescent tubes) with LED technology. The increased luminosity and change in color (daylight white) of the new lights meant that, among other things, the number of light sources could be reduced by more than a half,

while at the same time significantly improving the amount of light generated. This initiative generated energy and cost savings of more than 50 percent relative to previous consumption levels for lighting at Reichertshofen. During the refit, the site also installed daylight-dependent light management systems in several areas. These systems are set to generate even more savings in future. The Group is checking whether similar solutions can be installed at other sites. Other measures aimed at improving energy efficiency include investments to replace existing building infrastructure such as heating and ventilation systems and pumps. New, more efficient systems are being installed where the existing building technology permits.

Non-financial indicators

The Group records energy consumption and the resulting CO₂ emissions at its German and Austrian production sites and sales affiliates, as well as the logistics center in Germany and the production, administration and sales sites in the US. These figures are shown in the following tables.

The Group grew significantly in 2018. Despite an increase in production volumes and the associated logistics services, absolute energy consumption and subsequent emissions decreased.

Energy consumption for 2018 amounted to 101,649 MWh, which is a fall of around 18 percent relative to the previous year (2017: 120,373 MWh). This decrease was attributable to improved energy efficiency as well as the closure and sale of the plant in Norton Shores in the US.

The resulting CO₂ emissions were calculated using country-specific factors and energy consumption figures. In 2018, the sites under review emitted a total of 36,584 tons of CO₂ (2017: 39,220 tons of CO₂). This corresponds to a decrease of around 7 percent relative to the previous year.

Indirect emissions amounted to 20,780 tons of CO₂ (2017: 24,643 tons of CO₂), while direct emissions totaled 15,805 tons of CO₂ (2017: 14,577 tons of CO₂).

Given that energy consumption and the resulting greenhouse gas emissions are closely linked to production volumes at its factories, the Group believes it makes sense for a company on a rapid growth path to focus on the energy intensity indicator (energy consumption in relation to revenue) and greenhouse gas intensity (CO₂ emissions in relation to revenue) rather than absolute energy consumption.¹

Energy intensity for 2018 amounted to 59.5 MWh/revenue in EUR million. This is a reduction of approximately 24 percent compared with the previous year. Greenhouse gas intensity totaled 21.4 tons of CO₂/revenue in EUR million. This is a reduction of approximately 16 percent compared with the previous year.

¹ Total Group revenue was used to calculate figures for energy intensity

ENERGY CONSUMPTION IN MWH

	2018	2017	Change
Electricity	35,338	51,640	-32%
District heating	1,953	2,171	-10%
Natural gas	46,684	49,078	-5%
Fuel oil	589	493	19%
Diesel	12,511	16,209	-23%
Gasoline	4,573	782	485% ¹
Total consumption	101,649	120,373	-18%

ENERGY INTENSITY IN MWH/REVENUE IN EUR MILLION

	2018	2017	Change
Energy intensity	59.51	78.48	-24%

CO₂ EMISSIONS IN TONS²

	2018	2017	Change
Electricity	20,307	24,386	-17%
District heating	473	257	84%
Natural gas	10,640	9,894	8%
Fuel oil	157	131	20%
Total fuel	5,007	4,552	10%
Total emissions	36,584	39,220	-7%

GREENHOUSE GAS EMISSIONS INTENSITY IN TONS OF CO₂/REVENUE IN EUR MILLION

	2018	2017	Change
Emissions intensity	21.42	25.57	-16%

¹ Deviation as data for fleet consumption from the US was not available in 2017.

² Emissions factors changed relative to the previous year based on the "Handyfigures" document from Gemis (www.gemis.de)

Goals

Group-wide minimum standards for energy and environment management (EnEM) will be published in 2019 for all sites that are not certified in line with ISO 14001 and 50001. This project will be launched globally at the start of 2019. It will include the following:

- Uniform processes and reporting structures
- Central, uniform data management
- Standardized hazardous goods and hazardous material management

The long-term goal is to ensure a Group-wide energy and environment management system that covers all sites across the globe. The minimum standards for environment and energy management are documented in a compact manual, which also clearly outlines all relevant processes and standards that must be met. Binding, quantitative goals for driving continuous improvement in the fields of environmental and energy efficiency are also being redeveloped as part of this process.



Figure: Global energy and environment management system as of 2019

2.3 Employee-related matters

Employees as a key success factor

The Group employs over 6,000 people, all of whom are key to its success and continued growth. It is therefore crucial for the Group to recruit talented people, provide them with the right training, continually develop their skills and identify – as early as possible – potential for optimizing workplace ergonomics, occupational health and wellbeing for all of its people.

One of the cornerstones of the Group's HR strategy focuses on securing and developing the skills and expertise required to continually drive growth throughout the company. Employees are constantly facing new challenges at work as a result of technological, procedural and organizational changes. It is important to the Wacker Neuson Group that its people feel equipped to face these challenges head on.

The global HR strategy aligns closely with Strategy 2022. It provides Group-wide global guidelines, standards and processes to promote sustainable growth across the company. Global topics are jointly defined and developed by Group HR and local HR officers.

Measures derived from the 2017 global employee survey

The Group carried out a global employee survey in November 2017. The aim of the survey was to identify the organization's strengths and weaknesses, and find out exactly what it can do better. The full results of the survey were transparently presented to all employees at the

start of 2018 via the intranet and at various employee meetings. 62 percent of employees took part in the survey. The results provide an objective overview of employee satisfaction levels in eleven core areas. Overall, the survey showed that results for ten out of the eleven areas covered in 2017 had improved compared with the results of the same survey held in 2014.

The Group will gradually develop the potential for improvement identified in the employee survey in order to successfully increase employee satisfaction levels and permanently improve the company's position as an attractive employer in the long term. Using the results, the Group has developed – and will continue to develop – concrete measures for specific departments. These are recorded in a central online action planning tool. The central HR department is responsible for monitoring their implementation. Regular progress updates are posted on the Group intranet.

One of the concrete action items developed as a result of the survey focused on improving the health of Wacker Neuson employees. The Group expanded existing occupational health management services in areas like nutrition, sport and exercise at many locations, and made concerted efforts to ensure employees take breaks from their work.

The Group plans to carry out the next employee survey in fall 2019. It is aiming for a participation rate of more than 70 percent of all employees worldwide.

Employee development – Initiatives aimed at fostering personal development, vocational training, ongoing training, skills development and selected employee development programs

The Group HR department regularly presents staff development measures and programs to the Executive Board and the local managing directors and plays a joint role in planning the scope of the measures to be implemented. The local HR departments are responsible for managing individual employee qualification measures.

The development of technical/commercial and soft skills is a key element of the Group's corporate culture. In order to keep employees up to speed on the latest technology and methodology developments in their specialist area and ensure that they can deal with changes in the demands placed on them, the Group offers them targeted training either with in-house instructors or external further training service providers.

Wacker Neuson strives to ensure that employees can utilize opportunities to complete study programs or further training programs alongside their jobs. Wherever possible, the Group provides them with financial and organizational support, for example through flexible and tailored working time models. Staff in Germany, Austria and the US were given targeted support in this area during the period under review.

The Group's own academies in Europe (Reichertshofen, Germany) and the US are equipped with state-of-the-art training facilities and product testing areas for both theoretical and practical learning experiences. The experienced team of instructors also oversees a wide selection of courses for customers and dealers. The HR training portal on the global intranet offers a range of site-specific training opportunities for employees in German-speaking countries. In 2018, internal training and further development measures focused on product and service skills.

Qualified vocational training

To ensure young people can deal with the demands of the different working environments across the Wacker Neuson Group, vocational training is coordinated decentrally at the different locations within the Group

In 2018, the Group provided training for 210 young people in Germany, Austria, Switzerland, the Netherlands and Serbia in industrial, technical and commercial positions (2017: 213). Opportunities were also provided within the framework of practical training programs flanked by studies at technical or vocational colleges. The take-up rate for trainees who completed their courses was 93.2 percent in 2018 (2017: 98.2 percent).

Since 2018, the teaching content from German apprenticeship programs is being increasingly transferred to the Group's US location of Menomonee Falls, Wisconsin, to ensure needs-driven qualification of staff and uniformly high levels of training.

Selected employee development programs

The PerspACTIVE development program has been running in German-speaking countries for many years now. 2018 saw the seventh group embark on the program. PerspACTIVE is a tool for developing management skills in all departments of the Group. The participants are drawn from different disciplines and locations – an arrangement that helps to foster a common management culture alongside the upskilling objective. In 2018, 44 high-potential employees took part in this program.

The Leadership Excellence Program (LEP) is aimed at experienced managers in strategic key positions such as managing directors and heads of Group functions from all regional companies. Participants in the LEP focus on four modules covering the strategic topics "Organization in Change", "Result & Business Orientation", "Strategy & Leadership" and "Innovation & Knowledge Management". In the period under review, fifteen participants successfully completed the program.

The ReflACTION development center for middle managers in Germany and Austria was set up in 2018. The structure is designed so that middle managers can discover their personal strengths and potential for further development. Participants are given qualification recommendations and their subsequent progress is monitored. Wacker Neuson aims to use external advisors to create a more robust process for identifying next-generation managers by making it more structured and transparent. The ReflACTION development center organized two groups in 2018 with twelve candidates in total.

2.4 Anti-corruption

The continued growth and expanding international footprint of the Group have made an effective compliance system indispensable. The system incorporates processes to prevent and combat bribery and corruption in areas within the Group's sphere of influence. Furthermore, the corporate culture embraced by company management and employees alike should contribute to the active prevention of ethical irregularities at Wacker Neuson.

Compliance system with international reach

Compliance is organized as a central function. This department draws up Group-wide guidelines where required, which are uniformly applied worldwide. The regional presidents (line one below the Executive Board and responsible for the respective region) act as regional compliance officers. Their duties include overseeing various compliance measures and organizing preventative training for employees. They report relevant information to the Corporate Compliance Office, which

is part of the Corporate Legal & Compliance Group department. The Chief Compliance Officer is also head of the Corporate Legal & Compliance department and reports directly to the CEO.

The regional presidents and the managing directors of the production sites submit compliance reports to the Corporate Compliance Office every six months. This reporting is supplemented by a compliance audit of all affiliates in the form of a self-disclosure report which is submitted to the Corporate Compliance Office. Indications of actual or suspected violations are examined on an ad-hoc basis, and acted upon without delay.

A Compliance Committee made up of representatives from internal auditing, the Corporate Legal and Compliance department (and, if required, human resources and IT) decides on the course of action if there is a suspicion of non-compliance. The Chief Compliance Officer submits reports annually and, if the situation arises, on an ad-hoc basis to the Executive Board. They also report to the Supervisory Board on request, usually once a year.

An Anti-Fraud Committee has also been set up, comprising the heads of internal auditing, compliance, IT security and treasury. The Anti-Fraud Committee meets every six months or more frequently if the need arises. It is responsible for averting and dealing with possible fraud attempts or external attacks – for example in payment transactions – and for issuing warnings and information to employees. The anti-fraud tools used include automated processes, IT security measures, guidelines and pro-active communication with employees. Employees are required to report information on fraud attempts to the Anti-Fraud Committee.

Proactive anti-corruption measures in the organization

The Group has a zero-tolerance attitude to corruption. This means that preventative measures must result in corruption being identified at an early stage so that it can be effectively prevented.

The Group intends to step up its anti-corruption activities. This includes further expanding compliance and anti-corruption training and information events around the world to ensure employees have greater awareness of this issue. In addition to basic training for all employees and managers, detailed audience-specific compliance training will be introduced in the medium term to enable employees to act on their own initiative and ensure that ethical behavior is systematically hardwired throughout the Group. The Group is keen to continually increase the number of employees who have received compliance training as a percentage of the total workforce. The process for selecting the employees and managers who most need the compliance training is based on risk potential; in most cases, sales, purchasing and administrative staff are selected.

Wacker Neuson introduced a code of conduct for employees in 2014. As well as setting out the principles of company ethics and the conduct expected in the workplace, it also provides guidelines on preventing corruption. The code of conduct was translated into eleven languages and distributed to all employees worldwide. The code of conduct is given to every new hire. It is also accessible to employees on the Group intranet and to the general public on the Group website. All employees are bound by the code of conduct. A clause to this effect has been included in all employment contracts since 2016. Management is expected to lead by example on this issue, recognizing their particular responsibility as leaders and actively upholding the values of the code of conduct. The Group also plans to introduce and implement computer-based compliance training for employees in the medium term. This will initially be primarily used for basic training.

Measures aimed at embedding a compliance culture beyond company boundaries

Preventing corruption in the supply chain is another priority. The Group therefore expects that its suppliers also abide by its compliance principles. These are set out in Wacker Neuson's code of conduct for suppliers. Compliance with these principles is a prerequisite for creating lasting business relationships built on a solid foundation of trust. The code of conduct is available on the Group website. Local audits evaluating suppliers' adherence to compliance principles are also carried out in the form of rapid plant assessments (see section on "Respect for human rights within the organization and throughout the supply chain").

In 2014, the Group set up an online reporting system called "Tell-it" as an additional line of communication for reporting possible violations of policy or the law affecting companies of the Wacker Neuson Group. This reporting system can be used by employees, business partners, customers and other third parties. "Tell-it" can be accessed 24 hours a day from anywhere in the world via the company website and users are assured of confidentiality. Reports can also be made anonymously if preferred. The system is monitored by the Corporate Compliance Office.

In 2017, the compliance department carried out a risk classification of Group companies by country in accordance with Transparency International's Corruption Perceptions Index. The ranking shows that compliance risks posed in countries like Russia and Mexico are generally high. The Group intends to step up its anti-corruption measures in such countries in future.

Anti-trust law and competition law are already established components of compliance training. The Group intends to publish an internal guideline on these issues in the short term to support Group-wide compliance with the applicable regulations in these areas.

Even though no cases of corruption were reported during the year under review, the fact that the "Tell-it" reporting website has been viewed (by users looking for information) over 4,500 times from the date it went live up until December 31, 2018 proves that a large number of people are aware of this online platform.

Non-financial indicators:

- Number of confirmed cases of corruption from the organization
In 2018, no confirmed cases of corruption were reported to the Corporate Compliance Office by individuals in the organization.
- Number of confirmed cases of corruption in the supply chain
In 2018, no confirmed cases of corruption in the supply chain were reported to the Corporate Compliance Office.

2.5 Respect for human rights within the organization and throughout the supply chain

Human rights is becoming an increasingly important subject for the Group as it continues to expand its international footprint. To remain competitive in the long term, the Group is having to work with a much more international group of suppliers than it did a few years ago. Human rights must be protected at all times here – both within the organization and also in the supply chain.

Prevention remains an important tool for the protection of human rights

The Group regards the protection of human rights as a top priority. It has zero tolerance for child, youth or forced labor – either at its own sites or in business relationships with external partners. In addition to this, the Group has to be in a position to expose violations of human rights.

It expects suppliers in particular to engage actively with this topic. Only suppliers that meet its internal criteria will be included in the global supply network. In this way, the Group hopes to reduce the risk of human rights violations occurring in the supply chain.

Respect for human rights within the organization

As part of its efforts to prevent human rights violations within the organization, the Wacker Neuson Group introduced a code of conduct for employees in 2014 (see section on anti-corruption). At the end of 2017, it carried out a webinar for all Group companies to raise awareness of this issue. The main topics covered were protection of human rights, data security, safeguarding the personal rights of employees, occupational health and safety, and information on working hours legislation and the minimum wage (particularly relevant for temporary staff). The Group has summarized its human rights principles in its "Preventing human rights violations in the Wacker Neuson Group and its supply chain" statement. This is available on the company website.

The Group has set up an online reporting system known as "Tell-it" for employees and other third parties such as customers and suppliers (see section on anti-corruption). The system can also be used to report suspected human rights violations.

Respect for human rights in the supply chain

In May of this year, Wacker Neuson realigned its global procurement organization and integrated all functions in this area into its production plants. This move was implemented as part of Strategy 2022 in line with the Group's goal to strengthen its pillars of focus, acceleration and excellence. Due to the effort involved in this restructuring initiative, the number of supplier audits fell in 2018, with focus shifting to new suppliers. Supplier auditing was integrated into quality management. The Group's quality management teams operate separately at the different production plants using globally standardized methods and tools. Supplier auditing supports and develops suppliers – from initial selection through supplier auditing and the nomination process to the start of series production.

These supplier audits, known as rapid plant assessments, are carried out on the basis of Group-wide uniform evaluation standards. An internal guideline containing standard assessment criteria forms the basis for the qualification of potential and existing suppliers. This allows supplier performance at operational level to be viewed, compared and measured. The guideline focuses on factors such as freedom of assembly and exclusion of child labor. If any shortcomings are identified in a supplier's organization, action plans are drawn up to eliminate

these weaknesses in the long term. The Supplier Nomination Committee decides whether to accept or reject a supplier. The Executive Board and the technical managing directors of the sites are also members of this committee (depending on the order volume).

Furthermore, the Wacker Neuson Group introduced a code of conduct for suppliers in 2014 to prevent human rights violations in the supply chain. This document requires compliance with multiple standards including the protection of human rights and the exclusion of child labor. It is also available on the company website. The code of conduct for suppliers is discussed during contractual negotiations with suppliers, and forms part of the final agreement.

The Group plans to introduce supplier relationship management software in 2019. As well as managing contracts and individual agreements with partners, the software will have a feature whereby suppliers will have to confirm their compliance with the code of conduct for suppliers as part of the onboarding process (statement of conformity).

Non-financial indicators:

- Number of complaints about violations of human rights within the organization

In 2018, the Corporate Compliance Office received no complaints about violations of human rights in the organization; nor were there any suspected violations.

- Number of supplier audits

In 2018, 54 potential suppliers were audited with regard to their human rights performance for the first time as part of the supplier audit process (previous year: 34). The audits revealed that there were no violations of human rights by suppliers in 2018. An additional check was carried out on 24 existing suppliers in 2018 in respect of their human rights performance (previous year: 50). These checks revealed no violations of human rights by suppliers in 2018.

- Number of complaints about violations of human rights in the supply chain

In 2018, the Group received no complaints about suppliers with existing business relationships in respect of violations or suspected violations of human rights.

- Number of suppliers that signed the code of conduct for suppliers

Around half of the direct volume of goods purchased in 2018 by production plants (production material) was sourced from suppliers who had either confirmed their compliance with the Wacker Neuson code of conduct for suppliers (statement of supplier compliance) or expressed their compliance through their own comparable code of conduct (equivalent statement of compliance).

Munich, March 11, 2019

Wacker Neuson SE, Munich, Germany

The Executive Board

Martin Lehner

CEO

Alexander Greschner

CSO

Wilfried Trepels

CFO

Independent Auditor's Limited Assurance Report

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the non-financial group report 2018 of Wacker Neuson SE. The following text is a translation of the original German Independent Assurance Report.

To Wacker Neuson SE, Munich

We have performed a limited assurance engagement on the non-financial group report of Wacker Neuson SE according to § 315b HGB, for the reporting period from 1 January 2018 to 31 December 2018 (hereafter: non-financial group report).

A. Management's responsibility

The legal representatives of the Company are responsible for the preparation of the non-financial group report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility includes the selection and application of appropriate methods to prepare the non-financial group report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a non-financial group report that is free from material misstatement, whether due to fraud or error.

B. Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

C. Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the non-financial group report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the non-financial group report of the Company has been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB. In a limited assurance engagement the assurance procedures are less in extent than for a

reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between November 2018 and March 2019, we performed amongst others the following assurance and other procedures:

- Inquiry of employees regarding the selection of topics for the non-financial group report, the risk assessment and the concepts of Wacker Neuson for the topics that have been identified as material,
- Inquiry of employees responsible for data capture and consolidation as well as the preparation of the non-financial group report, to evaluate the reporting processes, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the non-financial group report,
- Identification of likely risks of material misstatement in the non-financial group report,
- Inspection of relevant documentation of the systems and processes for compiling, analyzing and aggregating data in the relevant areas, e.g. environment, in the reporting period and testing such documentation on a sample basis,
- Analytical evaluation of disclosures in the non-financial group report,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
- Evaluation of the presentation of disclosures in the non-financial group report.

D. Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the non-financial group report of Wacker Neuson SE for the period from 1 January 2018 to 31 December 2018 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

E. Intended use of the assurance report

We issue this report on the basis of the engagement agreed with Wacker Neuson SE. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

F. Engagement terms and liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9

and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 11. March 2019

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Nicole Richter

ppa. Rhea Kraft

Wirtschaftsprüferin

(German Public Auditor)