

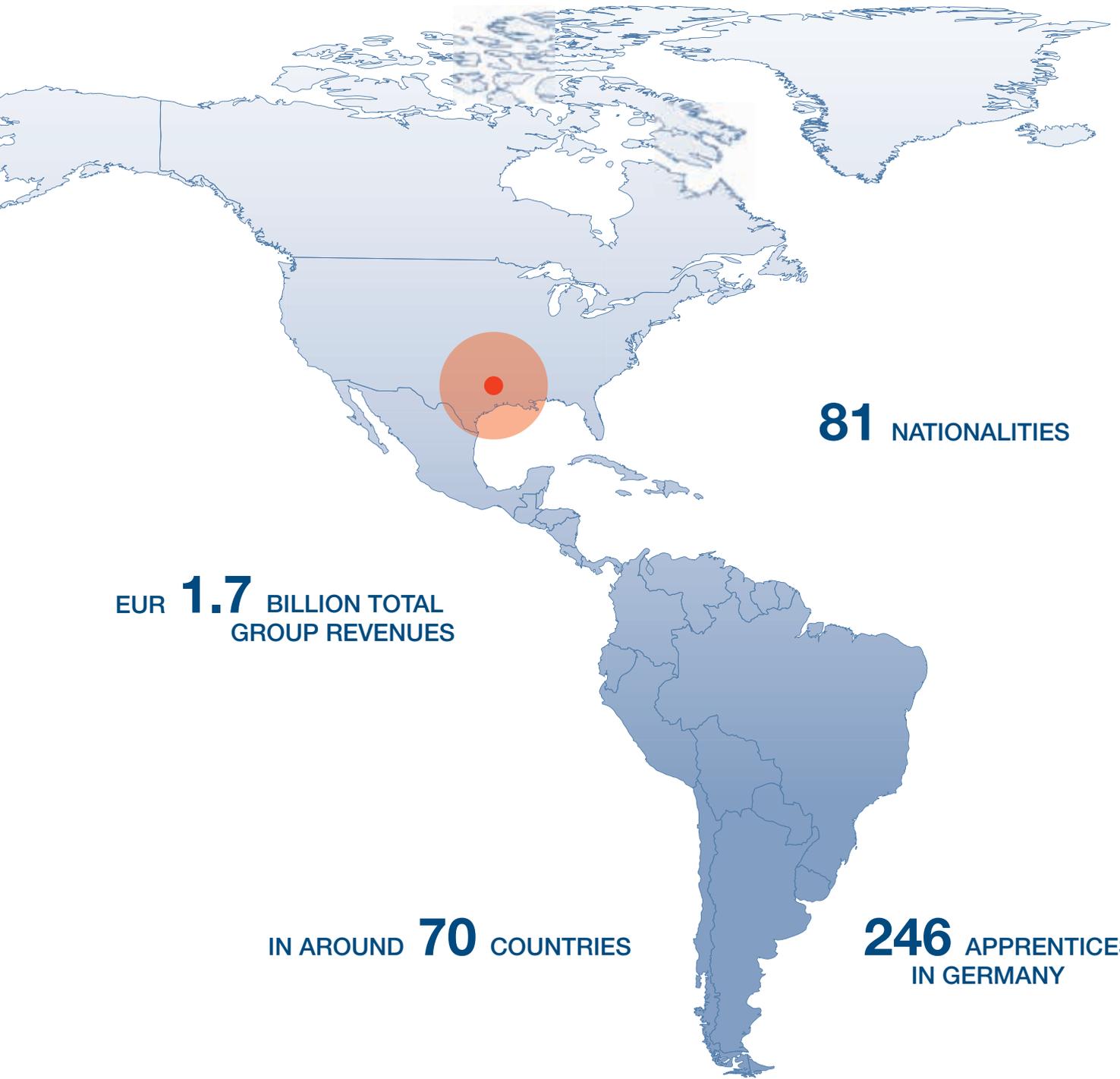


Sustainability Report 2018

Our Company
in the Community



The World is our Market



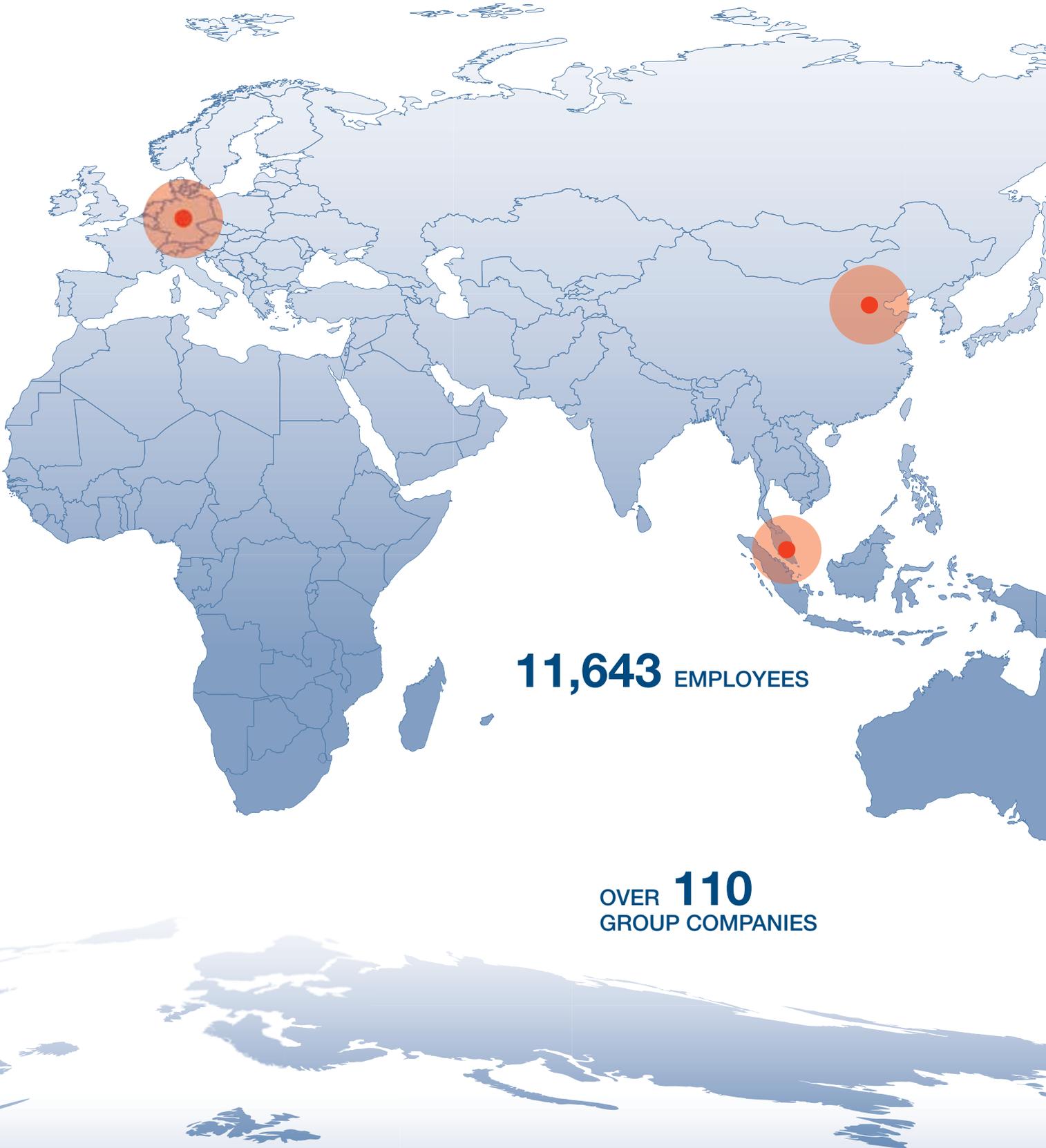
81 NATIONALITIES

EUR **1.7** BILLION TOTAL
GROUP REVENUES

IN AROUND **70** COUNTRIES

246 APPRENTICES
IN GERMANY

OVER EUR **3.8** MILLION FOR TRAINING
AND EDUCATION IN GERMANY



11,643 EMPLOYEES

OVER **110**
GROUP COMPANIES

● Locations of the Equipment segment for which environmental data is collected



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Ceo in Conversation



Michael Stomberg, CEO of BAUER AG since November 1, 2018, talks about new targets and alternative drive systems.

Mr. Stomberg, the word sustainability is one we hear everywhere these days. There is hardly any government statement or environmental resolution where it doesn't appear in a prominent position. Is there not a risk of it becoming a cliché?

If vocabulary is only used because it's currently in fashion, then it becomes arbitrary and meaningless. People notice

and the consequence is that credibility soon starts to creep in. But the real question is how we act differently because of the issue of sustainability. You have to make honest decisions. Personally, I think paying more to turn conventional power into green power is a contribution to the financial support of the energy transition but not really another acting. What we need to do as a company is employ new, more energy-efficient machines and assets as well as more intelligent processes. However, in the overall context, deliberately retaining existing technologies until the end of their life can be the more sustainable solution.

What does sustainability mean for the BAUER Group?

For us, sustainability has various dimensions. First and foremost, we want to apply the true sense of the word to the development of our company as a whole – we want to remain a family business that aims for viable long-term solutions rather than risky short-term optimization. At the same time, we want to apply the same principle to our machines and services. Of course, the utilization of resources associated with production plays a key role. In addition, sustainability is reflected in the way we deal with our employees, partners, and suppliers. Ultimately, the core question is how our business activities can contribute to enabling our customers themselves to act more sustainably, for example by employing our exceptionally energy-efficient and low-emission machines for themselves.

BAUER's Triple A focuses on the key aspects of sustainability management at Bauer. What areas are covered?

BAUER's Triple A describes our commitment to acting in line with the highest standards when it comes to the most important aspects ('AAA') of the company. The focus is on our most important resource: people. By emphasizing Health, Safety & Environment we have committed ourselves to ensuring that our employees are healthy and enjoy working for us, and that they care for their workplace and the environment. This contributes to sustainability. Our employees are also reflected in the second "A". Here, the focus is on the way we deal with one another and treat each other, in other words our corporate culture. The third area is our performance. For us this means not sacrificing the healthy long-term development of the company for short-term successes.

Which stakeholders does this impact on?

We are talking about all our interest groups. We want to work with our suppliers to find the most economical alternative rather than just squeezing our partners. Naturally this includes the way we work with our customers, which is based on mutual trust and respect, enabling us to always achieve the most successful outcome for both sides. But it also includes long-term oriented dealings with our society, the towns and communities where our employees live, as well as the countries throughout the world where we operate as a company. This long-term orientation and reasonable dealings are all aspects of sustainability for us.

At Bauma in Munich, BAUER Maschinen GmbH presented the first electrically powered cutter, based on a Bauer duty-cycle crane. Is this a key issue?

Electrification is an issue that is gaining in momentum. This year, all the major manufacturers came to the world's largest construction machinery trade fair with their own developments in this area. But we are approaching the issue of electrification with a great deal of honesty. For example, the cutter we exhibited had a cable, because the power the cutter needs cannot yet reasonably be provided using batteries. It's no use if we connect the cable to a diesel generator 500 m away, which generates the required power at a very low efficiency. That quite certainly wouldn't be sustainable.

Is there actually an effective electrification solution for specialist foundation engineering?

We know there is a trend towards electrification, for various reasons such as noise emissions and fine dust pollution. Let's imagine we were operating one or more cutters on an underground railway project in a densely populated city. If we had access to the appropriate power, an electric drive would definitely be a useful alternative. But it's clear that this is not the case everywhere and we cannot obtain the required energy density itself via cable in every location. We will continue to work intensively on this issue in the coming months and years. Ultimately we will offer solutions that are reasonable and work, not that we do something just to put an "E" on it.

Milestones of Sustainability



1980 – 1996

- > **1980**
 - Safety and Environmental Protection department is established
- > **1987**
 - Leisure, Sports and Cultural Committee is established
- > **1988**
 - An integrated management system is created for covering quality, environmental protection, safety and health
- > **1990**
 - BAUER und MOURIK Umwelttechnik GmbH is established as the first company to specialize in environmental technology
- > **1991**
 - First Social Report is published
 - Bauer is involved in the creation of various occupational profiles
- > **1995**
 - First environmental statement is created
 - First audit by an environmental auditor
- > **1996**
 - Registration as an EMAS-certified company
 - Company joins Bavarian Eco-Pact
 - Founding member of the German Association for Ethics Management in the Construction Industry

1997 – 2009

- > **1997**
 - Ethics management system is certified for the first time
- > **2004**
 - BAUER Foundation is established
- > **2005**
 - BAUER Umwelt GmbH is established as a holding company for the Group's environmental businesses
- > **2006**
 - First employee satisfaction survey
- > **2007**
 - Resources segment is established
 - Company-wide master guideline is created for management strategies aimed at promoting a sustainable corporate culture
 - First external certification of management system for occupational safety
- > **2009**
 - First Sustainability Report is created
 - Grand opening of new administration building in Schrobenhausen and Edelshausen plant
 - Machinery manufacturing plant opens in Conroe, Texas, USA



2010 – 2014

> 2010

- First large-scale reed bed treatment plant is completed in the Sultanate of Oman
- BAUER Ausbildung Center opens
- Training circuit opens and BAUER Training Center GmbH is accredited to conduct drilling rig and pile driver operator's permit testing

> 2011

- Development and production of the Bauer Seabed Drill (BSD 3000)
- First mono-pile foundation for a tidal turbine
- Dual study programs offered for the first time

> 2012

- Employee suggestion system celebrates 40th anniversary
- The Group's global workforce exceeds 10,000 for the first time
- The 2011 Sustainability Report is the first report to adopt the GRI standard (Global Reporting Initiative)

> 2013

- Foundation work on what will be the tallest buildings in the world and in Europe
- Bauma Innovation Award for an underwater drilling technique
- KLEMM Bohrtechnik GmbH celebrates its 50th anniversary

> 2014

- MeBo 200 sea bed drilling rig is unveiled to the public
- Thai BAUER Co. Ltd. celebrates 25th anniversary

2015 – 2018

> 2015

- Joint venture in deep drilling with Schlumberger with a view to create a maximally automated and therefore safe "Rig of the Future"
- 25 years environmental technology at BAUER Group

> 2016

- Start of large-bore drilling in the Kesslergrube landfill remediation project, the largest single project in the company's history
- 25 years of SPESA Spezialbau und Sanierung GmbH
- BAUER Resources GmbH installs first solar-powered water treatment plant for fluoride removal in Ghana

> 2017

- BAUER Group commissioned to expand the biggest reed bed treatment plant in the world in Oman
- Bauer MeBo sea bed drilling rig sets new drilling depth record of 147.3 m
- ESAU & HUEBER GmbH celebrates 40th anniversary

> 2018

- Bauer launches dual study program in Asia
- Employee survey at Schrobhausen location
- BAUER Resources GmbH develops biofuel for aviation

Company

As a family business in the eighth generation, we have grown into a group with around 12,000 employees. Today, we generate more than EUR 1.7 billion in total Group revenues in more than 70 countries worldwide. What drives us is our commitment to quality – for everything from procurement and production to sales and customer service.





> Economic performance

Economic success is the basis for all our actions. At the same time, we are aware that we can only achieve long-term economic success if we act responsibly at all times.

> Employment

Satisfied and dedicated employees are the basis of our success. We support and develop our employees from day one, enabling them to focus fully on their work. The framework is a diverse corporate culture which combines different world views and perspectives, experiences and ideas.

> Training and education

In all areas of our company, our apprentices will receive varied, practical and forward-looking training. We also provide continuous training for all our employees, enabling them to deal with the increasingly complex requirements of our machines and services.

> Health and safety

The responsibility we take for our employees is demonstrated by our commitment to occupational health and safety. We make every effort to keep the strain on our employees to a minimum and – whether they work in an office or on a construction site – to prevent risks and thus avoid long-term sickness and accidents.

> Energy and emissions

Part of corporate responsibility is to continuously improve our products and working methods to keep our environmental footprint as small as possible. To achieve this, we are constantly striving to reduce fuel consumption, reduce noise levels, save water and use energy more efficiently.

> Compliance

Legally compliant, ethical and socially sustainable action are key components of the BAUER Group's values management system. Compliance with social conventions and legal regulations is a prerequisite for responsible and legally compliant action.

*Bauer employees on site at
Forggensee – Roßhaupten, Germany*

The BAUER Group

When it comes to the largest construction projects in the world and complex specialist foundation engineering, Bauer is virtually indispensable. We are a leading provider of services, machinery and products for ground and groundwater. Our Construction, Equipment and Resources segments offer optimum solutions for the great challenges of our time.

BAUER Spezialtiefbau GmbH has been a major driving force in the development of specialist foundation engineering. Our construction segment carries out demanding projects all over the world.

Bauer is a world market leader in the Equipment segment and provides a full range of equipment for specialist foundation engineering as well as for the exploration, mining and extraction of natural resources.

The Resources segment delivers highly innovative products and services and acts as a service provider with several business divisions and subsidiaries in the water, environmental and natural resources sectors. Its areas of expertise include water treatment, environmental remediation and waste management and drilling services as well as well drilling.

BAUER Aktiengesellschaft is the holding company of the Group, and is listed on the Frankfurt Stock Exchange. BAUER AG provides central administration and service functions for the affiliated companies. Specifically, these include human resources, accounting, finance, legal and tax affairs, IT, strategic purchasing, facility management, and health, safety and environment (HSE).

The BAUER Group, which has its head office in Schrobenuhau, is a family business with a long tradition. Its roots go all the way back to 1790. With over 229 years of experience, today Bauer provides solutions for the biggest challenges of the future: urbanization, infrastructure, water and the environment.

HSE-Management

Ensuring that all companies in the BAUER Group comply with global standards in the area of Health Safety Environment (HSE) is hugely important to us. By constantly reviewing our performance and comparing it against our set goals, we are able to make continuous improvements in these areas and consistently minimize our accident and damage rates. They have been reduced consistently every year since 2012. The LTIFR, an informative and internationally comparable key figure, which expresses the number of accidents at work and during work-related travel involving an absence period of more than one day per one million working hours, has improved once again on the previous year.



SHOWING TOGETHERNESS

We want to show our togetherness in the BAUER Group even more clearly. As a result, from January 1, 2019 we have standardized new work clothing for our employees in Germany, which will be introduced gradually over the course of the year. The new work clothing is available to all colleagues who require special work clothing to carry out their duties. Our stationary operations will use blue work clothing as normal, while our non-stationary employees, for example on construction sites, will wear high-visibility orange clothing. As well as satisfying HSE requirements, the clothing was chosen for its comfort, quality, and modernity. We are delighted that our colleagues will be presenting a more uniform image of the BAUER Group to the outside world in the future.

Research and development

When it comes to offering our customers innovative solutions tailored to their needs, our research and development work is absolutely crucial. The focus is on development and ongoing improvement of equipment, as well as optimizing existing processes and developing new ones.

BAUER RESOURCES DEVELOPS THE AIRCRAFT FUEL OF THE FUTURE

Since January 2018, BAUER Resources GmbH has been a Tier-1 partner in the Sustainable Bioenergy Research Consortium (SBRC), a non-profit organization from the United Arab Emirates. The Consortium's showcase project, which has set itself the task of securing the future fuel supply for the aviation industry, is the Seawater Energy and Agriculture System (SEAS). This involves using the waste water from a large fish farm to supply agricultural plants. These plants are rich in oils, which can be refined to produce biofuel. This enables biofuel to be produced locally in a dry region for the very first time – saving on expensive transportation. At the beginning of 2019, the first Boeing 787 with our biofuel in its tanks took off from Abu Dhabi for Amsterdam. An important milestone!

WORLD PREMIERE AT BAUMA 2019: FIRST BAUER MC DUTY-CYCLE CRANE WITH ELECTRIC DRIVE

Environmental sustainability is becoming more and more important on specialist foundation engineering construction sites. Especially in urban environments, contractors are already having to comply with strict regulations with regard to exhaust and noise emissions as well as vibration-free operations. In a wider context, the ecological footprint of construction sites is becoming

an important factor that also has a direct economic impact. For this reason, Bauer took an important step in the direction of practical implementation and presented an electrically driven



Presented for the first time at Bauma 2019: the new electric powered MC 96 duty-cycle crane with a new cutter from BAUER Maschinen GmbH.



CONSTRUCTED WETLANDS "TO GO"

At Nimr in Oman, we operate the world's largest constructed wetland. Thanks to further development by BAUER Resources GmbH, this pioneering technology can now be used in much smaller spaces, for example in a residential area. The constructed wetland "to go" can completely purify the waste water from 60 to 80 people. The plug and play system also enables the 40-foot container to be quickly and easily moved, installed and commissioned.

cutter based on a BAUER MC 96 duty-cycle crane for the first time at Bauma 2019. The 500 kW electric drive has many advantages compared to diesel drives that can be successfully implemented, especially in relatively stationary specialist foundation engineering applications, such as trench cutting.

Especially in these applications, electric drives deliver excellent savings, with high efficiency and low emissions. The powerful electric drive is fully integrated into the MC and ensures high system availability. It is designed to adapt to different voltage levels and environmental conditions at the job site. The practicality of the system in inner-city areas was a high priority. For this reason, a patented solution for the external secondary drive of the system was developed as a useful feature during assembly and disassembly, for example. It ensures fast and easy maneuvering even on cramped construction sites and works independently of the power supply. Even in the event of a power failure, emergency operation of all required loads in the cutter carrier can be easily ensured.

KLEMM DRILLING RIG WITH ELECTRIC DRIVE

Mechanical specialist foundation engineering in restricted spaces, for example in buildings or in an urban environment – the completely revised KR 704-2D electric drilling rig from KLEMM Bohrtechnik GmbH can deal with the huge challenges this kind of site provides. As well as operating with zero emissions, the rig is extremely low noise and, because of its small basic width of just 0.75 meters, is ideally suited for use in restricted spaces. Full remote control of all functions and the option of using extendable feeds provide advantages.

AWARD FOR FALL PROTECTION

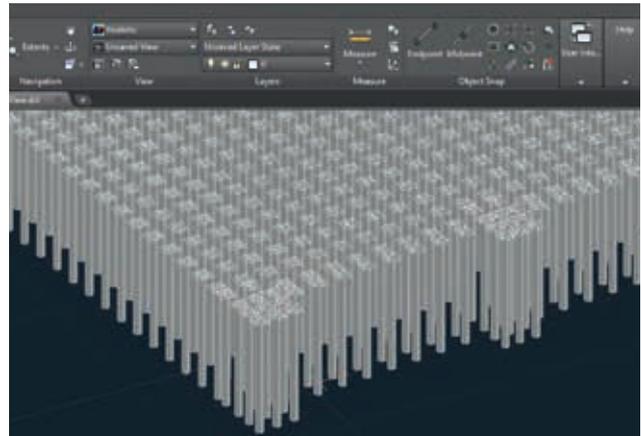
At the Bauma 2019 trade fair in Munich the construction sector employer's liability insurance association (BG BAU) presented the EuroTest Award for outstanding health and safety concepts in construction. One of the winners this year was BAUER Maschinen GmbH. They impressed the committee with fall protection for rotary drilling rigs with forward lowering mast.



The 500 kW electric drive of the BAUER MC 96 duty-cycle crane has decisive advantages over an internal combustion engine: It does not produce any local exhaust gases and noise levels are significantly lower.

NOMINATED FOR THE BAUMA INNOVATION AWARD 2019

At Bauer, b-project represents a new, forward-looking development in digitalization. The software captures and networks all relevant production data, automatically evaluates it and displays it using various types of visualization, including tabular analyses and graphically as a 3D model. On the one hand, this combination of data from the planning office with real-time data generated on the drilling rigs reduces the amount of documentation and testing required and, on the other hand, supports a standardized and more effective optimization process for the construction site. The software has gained international recognition, having achieved the third place of Bauma Innovation Award 2019 in the Construction/Construction methods/ Construction process category.



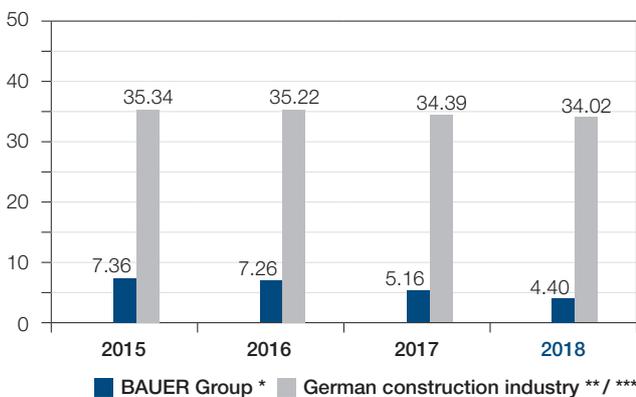
The b-project data management software facilitates digital networking of the site with the office. It was nominated for the Bauma Innovation Award 2019.



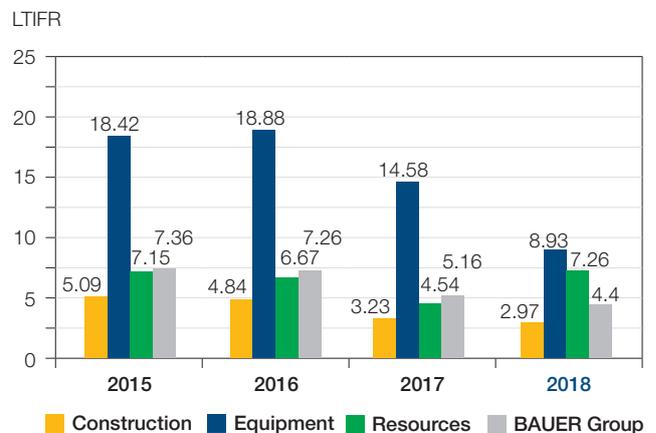
OLDIE BUT GOLDIE

22 years and around 25,000 operating hours – a long life for a construction machine. But that’s not the end. A Bauer BC 30 type trench cutter is still delivering reliable service in China. First used in 1996 in construction of the Three Gorges Dam, the cutter remains an outstanding example of the quality, reliability and durability of Bauer equipment.

Work-related accidents



Work-related accidents by segment



* Lost Time Incident Frequency Rate = workplace accidents or accidents in transit ≥ 1 lost day per million man hours
 ** Notifiable workplace accidents (excl. accidents in transit) per million man hours
 *** Source: DGVU according to BG Bau

Stakeholders

We want to know our stakeholders' interests and needs, and take their expectations into account in our business decisions. That is why we promote an open and fair dialog with them.





> Customers and partners

We meet the demands of a global market leader for our machines and services. Our key task is to know exactly who our customers are and what they want. We focus on solutions to the most important challenges of the future: urbanization, infrastructure, water and the environment.

> Employees

The success of our company is based on the dedication of our employees. We value a working environment that looks after our employees during the different stages of their lives, and fosters trust-based cooperation. On pages 20 to 27, we devote an entire chapter to our employees.

> Shareholders

We want to offer our shareholders open communication and fair participation. Our dividend policy is one of continuity, meaning that in principle a dividend should be paid even in difficult years.

> Suppliers

We share the responsibility for our global procurement network with our suppliers and subcontractors. Only in close cooperation with our business partners, are we able to meet the quality requirements in all areas of the company.

> Research and science

We cooperate closely with research and scientific institutions to promote two-way knowledge transfer and we are engaged in regular dialog with research institutions and universities. This cooperation takes various forms. Research projects bring us new insights. Furthermore, our employees deliver presentations at a number of universities, among other things.

> Region and community

As the largest employer in the region of our headquarters, we believe it is our responsibility to strengthen people's social cohesion in the region and to improve their quality of life. This also applies to our other locations in Germany and around the world. With donations to clubs, organizations, associations as well as political parties, we want to give something back to society. Many of our employees also volunteer with numerous clubs and associations.

CONVERSATION WITH OUR STAKEHOLDERS

Every year we attend numerous large trade fairs and events. As well as presenting our latest developments, this also gives us an important opportunity to talk to our customers and partners.

In the fall of 2018, the BAUER Maschinen Group had two stands at the Bauma China trade fair. In addition to two rotary drilling rigs and our drilling simulator, which gives visitors a chance to demonstrate their skills, we also presented two new developments: the new BT 80 upper carriage for the GB 80 S hydraulic grab and the BCS 40 cutter system. While the upper carriage provides a significant improvement in the area of



At BrauBeviale 2018, Esau & Hueber focused on the new CRAFT LINE.

safety and convenience for service and maintenance work, thanks to an integrated service platform, the BCS 40 cutter system has a compact design that allows optimum use in urban areas.

The CRAFT²⁰ brewery concept from the Resources subsidiary Esau & Hueber, specially developed for the requirements of craft breweries, was one of our highlights at this year's BrauBeviale. The most important international trade fair for investment goods relating to the beverage manufacturing process opened its doors in Nuremberg in November 2018.

At Intermat 2018 in Paris the BAUER Maschinen Group welcomed guests from across the world, as well as many of its French customers, on its stand over the six days. Among the equipment on display, our BAUER BG 15 H on the completely redeveloped BT 50 base machine and a BG 36 BS 95 attracted huge interest. As well as making numerous promising new contacts and visiting French sites where Bauer cutter systems are in use, the trade fair highlights included the handover of a BAUER BG 36 to a Spanish customer.

Needless to say Bauer attended what the organizers called the largest Bauma of all time in April 2019. The trade fair in Munich has been a fixture on our company's calendar for over 30 years,



The Bauer Foundation Simulator transported visitors to the Bauer stand at Bauma 2019 to a virtual construction site. They were able to move around the computer-generated reality and test their skills on Bauer machinery using controllers.

GIRLS' DAY 2019

For Girls' Day 2019, BAUER AG welcomed a total of 20 students and gave them an insight into a range of technical apprenticeships. The high school students had the chance to get hands-on at the BAUER Ausbildung Center. They produced electronic component groups and skittles, as well as learning the basic principles of machining, such as turning and milling.



providing a great opportunity to reveal technological innovations to a large international professional audience.

At the Bauer stand, it has traditionally been the rotary drilling rigs that have attracted the most attention among the equipment exhibited. The BG 15 H launched in 2018 and

the BG 20 H, presented here for the first time – both on the completely redeveloped BT 50 base machine – formed the centerpiece of the equipment exhibited.

Further highlights included the world premiere of the electrically powered cutter based on the BAUER MC 96 duty-cycle crane and a global first patented by RTG Rammtechnik – a sheet pile assistant.

Daily tours of the Aresing plant, site visits, and evening events in Schrobenhausen rounded off the program for our guests.

70TH GERMAN WELL BUILDING EVENT

In February 2019, the GERMAN WATER and ENERGY GROUP (GWE) in conjunction with the Central Association of the German Construction Industry put the focus on well building. The 70th German Well Building event was held at the BAUER AG location in Schrobenhausen, the first time it had been held in Southern Germany. After an exclusive opening the evening before the event, visitors over the two days enjoyed a specialist exhibition with 20 stands in the Old Welding Shop, informative presentations by ten speakers on current issues in the industry and a visit to the BAUER Maschinen GmbH plant in Aresing. Around 250 visitors from Germany, Austria and Switzerland attended the event. The event came to a successful close with a Bavarian evening with typical local delicacies, music and a performance by a traditional Bavarian dancing group.



In February 2019, the GWE organized the 70th German Well Building event in Schrobenhausen. They welcomed more than 250 visitors.



In 2018, Christmas donations from companies in the BAUER Group, in this case KLEMM Bohrtechnik GmbH, once again supported community projects.

LOCAL COMMUNITY INVOLVEMENT

In 2018, the companies in the BAUER Group once again decided not to give presents to customers and partners, supporting social projects instead. There were donations from BAUER AG, KLEMM Bohrtechnik GmbH and SCHACHTBAU NORDHAUSEN GmbH, with a total of nine different organizations and societies receiving several thousand euros. In addition, Klemm continued its tradition of providing a grant to an outstanding student from the University of Siegen.

The BAUER Foundation again supported community initiatives in the Schrobenhausen region to the tune of over EUR 50,000. The projects funded in 2018 included the P-Seminar Sport at Schrobenhausen grammar school, which received a donation for development of a GPS-based mountain bike guide to the local area, the Catholic public library which received a donation to purchase more books and to arrange author events and a library pass for pre-school children, and the Pegasus Theater in Schrobenhausen, which needed support to upgrade its stage equipment for conditions in a new venue. Nonprofit engagement is also an important part of corporate responsibility at our worldwide subsidiaries.

APPRENTICES GIVE FOURTH GRADERS AN INSIGHT INTO THE WORLD OF TECHNOLOGY

How do I build a flashlight? And what does the inside of a PC look like? Thanks to the efforts of apprentices from Schrobenhausen companies, including four from Bauer, twelve fourth graders from the Franziska Umfahrer elementary school found out the answers to these and other questions. The “Students discover technology” project was initiated by the organization “Technology for Children”, which helps young people discover their manual and technical talents in a fun setting. It was not a one-off thing for the apprentices: they spent a total of six afternoons visiting the boys and girls at school, where they experimented and researched alongside them. At the end, the children took home not only the things they had made, which included an electric siren and flashing light, they also received a certificate as a reward for participating.

FACTORY TOURS AT BAUER

To teach people about the structures of an international group and the diversity of equipment production, Bauer conducts numerous factory tours at its plants in Schrobenhausen and Aresing. On more than 100 tours every year, with the content and speakers tailored to the relevant interest groups, visitors have a presentation about the company and then follow the route taken by piling rigs, drilling rigs, cutters, and duty-cycle cranes from the warehouse through to the finishing shop.



Bauer conducts over 100 factory tours every year in Aresing and Schrobenhausen.



German President Frank-Walter Steinmeier visited SCHACHTBAU NORDHAUSEN GmbH as part of an initiative entitled „Land ahoy - The future of rural spaces“.

GERMAN FEDERAL PRESIDENT FRANK-WALTER STEINMEIER VISITS SCHACHTBAU NORDHAUSEN

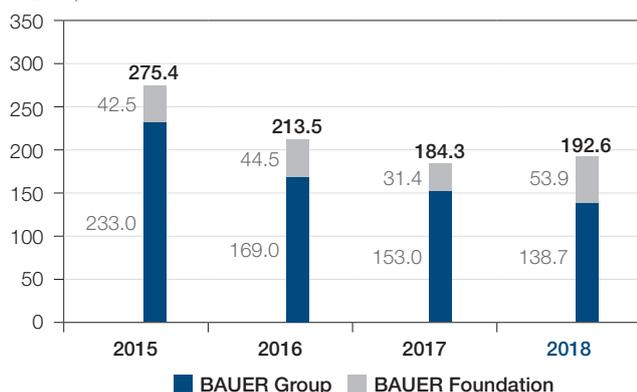
German Federal President Frank-Walter Steinmeier and Thuringia’s Minister President Bodo Ramelow visited SCHACHTBAU NORDHAUSEN GmbH. Prof. Thomas Bauer, Chairman of the Supervisory Board of BAUER AG, Schachtbau Managing Directors Michael Seifert and Juergen Staeter, and other company representatives gave the politicians an introduction to the BAUER Group’s traditional location.

A series of talks, involving the Management Board as well as the head of the Equipment segment, the commercial manager, the head of personnel, the apprentices’ representatives and the Chairman of the Works Council, addressed the importance of the company for the local area, recruitment of specialist employees, and digital infrastructure.

On the subsequent tour of the plant, the German President was given a picture of the current state of equipment technology.

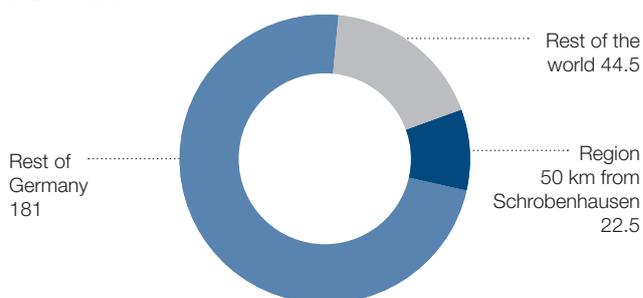
BAUER Group and BAUER Foundation donations

in EUR ,000



BAUER Maschinen GmbH purchasing according to region

in EUR million



Employees

We can only achieve success in our projects and work if we have a strong team working towards a common goal. A family-based corporate culture that focuses on people is the basis for our long-term success.





> Diversity

In 2018, our company employed around 12,000 people from more than 80 countries of origin – all of whom help to shape our corporate culture.

> Equal opportunities

We reject any form of discriminatory behavior in our company. This means offering all employees the same, fair opportunities. The Works Council plays an active role in shaping the future of our company and is committed to protecting the interests of all Bauer employees. Through our company suggestion scheme, they can make an important contribution to continually improve our company.

> Family-friendly personnel policies

Being an attractive employer includes promoting a balance between work and family life. Whether it is for parental leave or our re-entry program, we work with our employees to come up with individual solutions. For many years now, we have had an annual working hours regulation for our waged employees, and we offer a flextime model for our salaried staff, which we optimized in 2018.

> Retirement and disability insurance

Our employees are committed to our company, often for many decades. With a supplementary retirement pension and the option of insuring themselves against the risk of disability, we want to give something back to them and take responsibility for them, even after their working lives have ended.

> Development opportunities

At our BAUER Training Center GmbH we offer a comprehensive training and education program for employees, customers and partners, and external parties. In this context, networking and knowledge transfer within the BAUER Group plays an important role.

> Health, Sport and Leisure

We support our employees' wellbeing with programs and presentations on care, fitness, nutrition, and health. Free health day events give our employees the opportunity to obtain information about various health topics.

> Apprentices and students

In Germany alone, we offer 20 different types of apprenticeships. Students have interesting entry options, with internships, working student positions, a dual study course, dissertations, or as part of our trainee program.



Over 150 employees' children took part in the first Bauer children's activity day on the 2018 Day of Prayer and Repentance public holiday.

FIRST CHILDREN'S ACTIVITY DAY AT BAUER

Exciting and eventful – that's how holidays should be. On the Day of Prayer and Repentance public holiday, a care program for 150 employees' children between the ages of six and twelve was organized for the first time. There was great response – it was fully booked within a few days. A colorful range of activities was organized. The children got to experience the production with a ride on a little train, discovered the Bauer Mini World on a museum rally, and got creative in a craft workshop, where they made their own cookie cutters in the shape of a construction helmet. Specialist educational staff and Bauer employees looked after the children throughout the day.



APPRENTICES BUILD THEIR OWN 3D PRINTER

Building a 3D printer completely independently – that was the exciting task in an apprenticeship project. It involved not only building the printer, but also the design, budgeting, and planning of the project. The project had to be finished before the Vocational Education Open House Evening, which Bauer held once again in 2018. Training Manager, Gerhard Piske, was the “customer” who had to be satisfied with the end product. Apprentices from seven different fields, from IT to industrial mechanics through to business management, and from all years of apprenticeships worked on the project. The result speaks for itself. The printer has already been used at several trade fairs, most recently the ThinkBig event at Bauma 2019 in Munich.



The 3D printer produced by apprentices was in use at Bauma 2019, where it was inspected with considerable interest by Bavarian Minister of Culture, Prof. Dr. Michael Piazzolo (left).

LEISURE, SPORTS AND CULTURE COMMITTEE

After more than 30 years, the leisure, sports and culture committee has developed into an indispensable part of our corporate culture. It organizes a wide range of activities – from the annual curling championship and “Schafkopf” card game tournament to ski trips and marathons, and even a trip to Legoland. Numerous employees use the various offers.

GWE ON THE MOVE

After participating in last year's B2Run corporate race, this year the GERMAN WATER and ENERGY GROUP (GWE) is, quite literally, taking further steps towards promoting community and employee health. Thanks to the huge motivation of its employees, it took just a few minutes to put together a team to represent the GWE in the "Peine on the move" campaign organized by the local newspaper in the spring of 2019. Whether it was climbing the stairs at the office or jogging in the evening, to secure one of the top three places and win prize money for social projects, every step counted. With 500,000 steps, the GWE team ended up in a good position towards the top of the 53 teams that participated.

INTERNATIONAL EXPERIENCE DURING APPRENTICESHIPS

Right from the apprenticeship stage, we aim to strengthen our employees' intercultural experiences. Last year, three Bauer apprentices spent time working in France, England, and Abu Dhabi as part of their apprenticeships. A further six Schrobenshausen apprentices traveled even further from home. They worked at BAUER Tianjin Technologies Co. Ltd. in China. It was a unique experience that gave them the opportunity to spend six weeks finding out how people live and work in China, far away from their familiar surroundings in Germany. The biggest hurdle our apprentices had to overcome was the language barrier – only the younger generation in China speaks English. The actual work in China corresponded to what the apprentices were used to in Germany. On the weekends, they went on several trips with local colleagues, including the Great Wall of China and the Forbidden City.

At Bauer we focus on people. Every single employee embodies our corporate culture and the values that are associated with it."

**Florian Bauer,
Head of Digitalization,
Development Coordination,
Training and
Corporate Culture**



EMPLOYEE SURVEY CONCLUDED

To continually improve our performance, we also give great importance to the feedback received from our own employees. In 2018, almost 71% of the randomly selected employees in Schrobenshausen participated in an employee survey. They had the opportunity to comment anonymously on various aspects relating to topics such as the work, working conditions and structures in our company. The results show that employees are overall highly satisfied. They take great pride in working for Bauer, would like to continue working for our company for many years and would recommend Bauer as an employer at any time. In addition to the overall result, the results in the individual participating companies were also presented. The aim is to identify possible improvements both in the individual business units and throughout the company.

BAKERS AND PAINTERS

In 2018, employees from BAUER Technologies South Africa (PTY) Ltd. raised funds for a children's welfare center at Tembisa in South Africa, and they even got to work themselves to give several rooms a colorful new coat of paint. However, the children seemed to be more thrilled by the home-baked muffins they had brought along.





An environmentally friendly electric Smart is available to apprentices at the Schrobenhausen location for trips to vocational college and between plants, but also for use at the weekend.

BAUER APPRENTICES THRILLED WITH THEIR NEW CAR

Apprentices in Schrobenhausen were amazed when Training Manager, Gerhard Piske, had a really special surprise for them. He presented them with the keys to an environmentally friendly electric Smart car, which they will be able to use to travel to college or to Bauer plants. The idea was hugely appreciated by the apprentices, as the loud applause when the keys were presented demonstrated. The young employees were even more delighted when Gerhard Piske mentioned a further detail. The convertible, which can clearly be identified as the Bauer “apprentices’ car” can also be used at weekends.

EMPLOYEES RECRUIT EMPLOYEES

Trying to find the perfect candidate for a position among the contacts of existing employees – that is the aim of the “Employees recruit employees” campaign launched this year by the Schrobenhausen companies in the BAUER Group. The idea behind it is that if someone is satisfied with their job and their employer, they will recommend them to friends and acquaintances. Bauer wants to create an incentive for both parties – the company gets a potential new employee, while the employee who initiates the contact receives a cash prize.

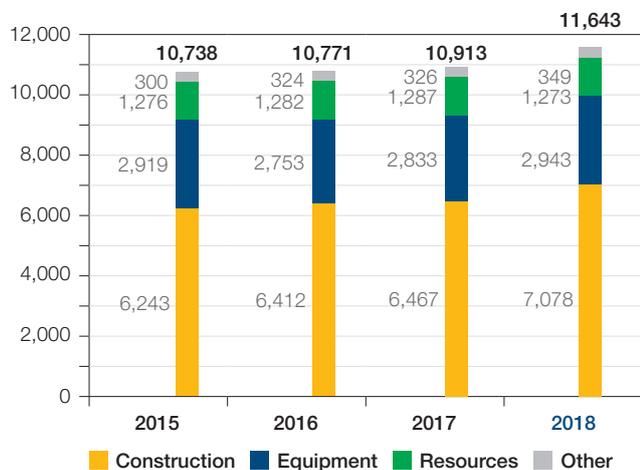
BAUER LAUNCHES DUAL STUDY PROGRAM IN ASIA

Training based on the dual study model, college teaching alternating with practical experience at the company, is becoming popular internationally. For example, the Bauer location in Malaysia has recently started using the proven training concept from Germany. The first three young employees are currently completing their training in mechatronics using the dual system, and another two are set to follow them. The aim is to transfer the long-standing know-how in training to international locations, enabling specialist staff to be qualified to high German standards.

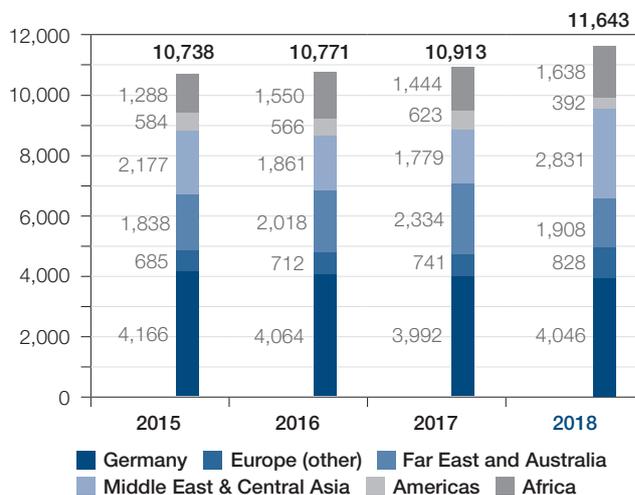


The first three apprentices from Bauer in Malaysia. The dual model involves alternating training at a vocational college and on practical placements in the company.

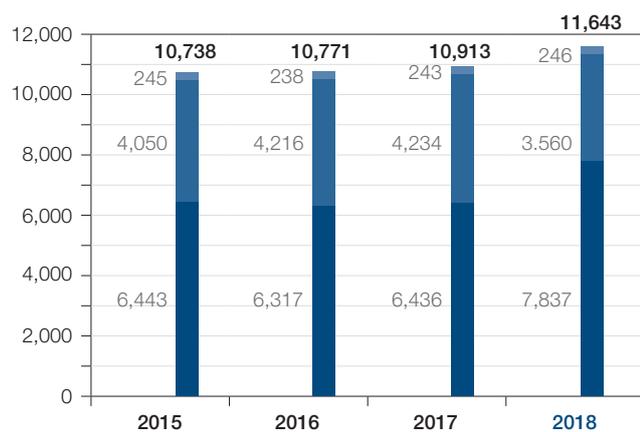
Employees by segment



Employees by region

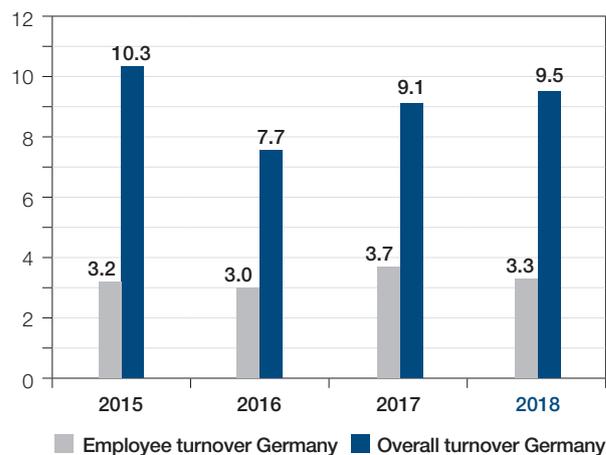


Employees by employment type



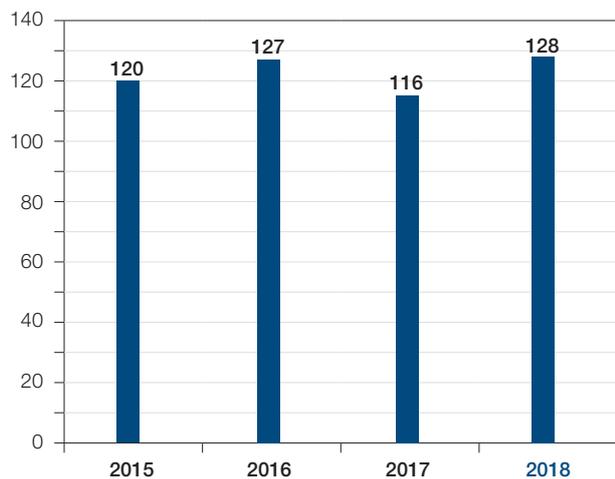
Turnover rate

in % in Germany



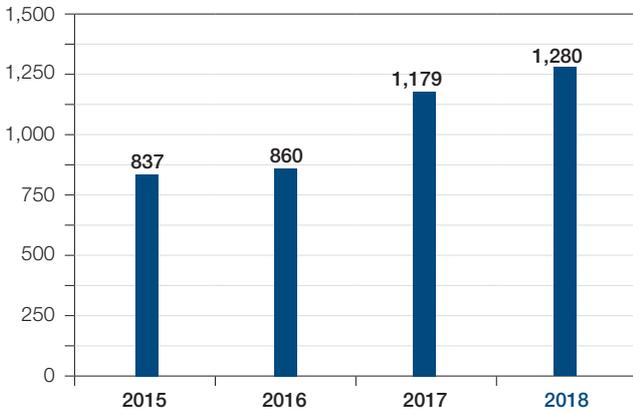
Number of employees with disabilities

in Germany



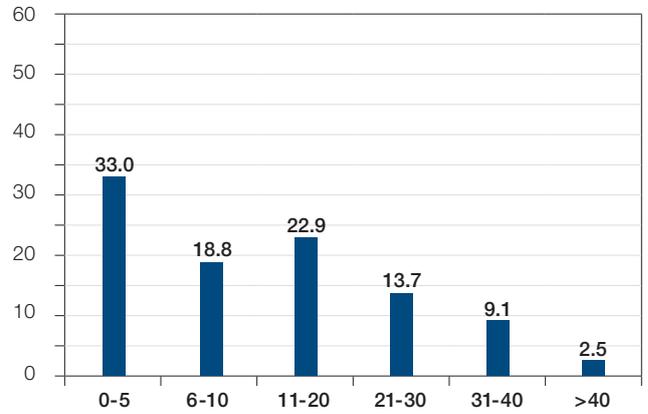
Submitted improvement recommendations

in Germany



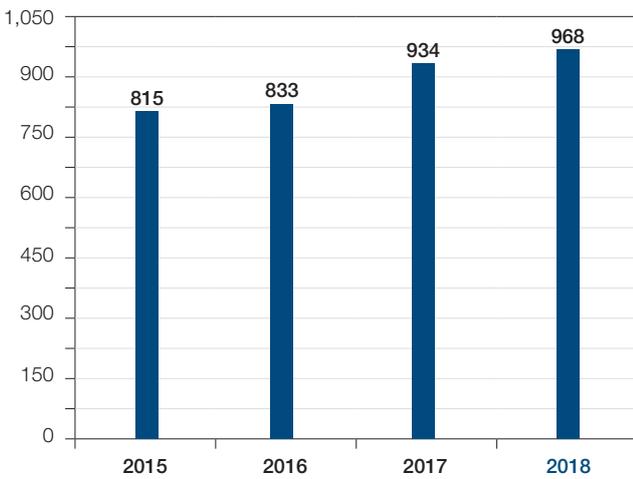
Length of employment

in % in Germany



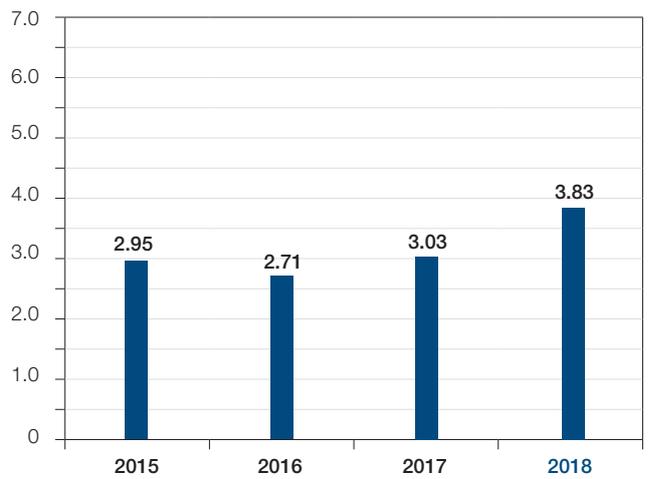
Number of seminars

in Deutschland



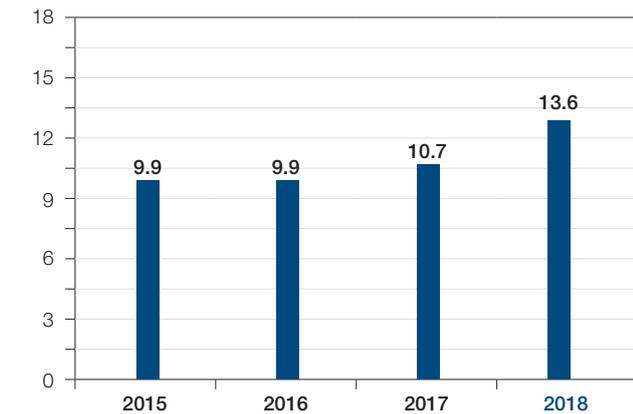
Continuing education costs

in EUR million in Germany



Average number of training hours per employee

in hrs. in Germany





Environment

Our understanding of sustainability includes a commitment to minimize the impact of our commercial activities on our environment. As a company, we are tackling the challenges of protecting the environment and climate with energy-efficient equipment, new technologies, and careful use of resources.





> Environmental management

We have set ourselves the target of minimizing the impact of our business activities on the environment. Alongside the core areas of health and safety, environmental management is an established element of our corporate strategy. We have established standards and guidelines to ensure responsible action and their realization is regularly monitored by HSE audits.

> Organization

The managing directors of the individual Group companies are directly responsible for achieving the prescribed goals. In close cooperation with our employees, they coordinate environmental targets, strategies, and measures. The central HSE department also makes a major contribution, offering a range of activities and training to improve our employees' environmental awareness.

> Getting there in small things

It can often be relatively minor actions that bring much greater benefit than initially thought. In choosing our company vehicles, we opt for the most fuel-efficient and low-emission engines. In addition, we continuously assess the effectiveness of using electric vehicles, which we view as yet another potential source of emission savings. We significantly reduce our impact on the environment by using modern means of communication. In particular, we use some 50 video conferencing systems at multiple locations around the world to avoid long trips and the associated CO₂ emissions.

Environmental Statement for the Schrobenhausen Location

REPORTING BASIS AND LIMITS

This updated environmental statement, in accordance with the requirements of EMAS III, is an integral part of the 2018 Environmental Statement and outlines major changes, trends in consumption and performance indicators as well as the status of environmental goals at the Schrobenhausen site.

This location is the headquarters of the company and is home to the largest machine production facility. It consists of the buildings of the head office as well as the Schrobenhausen, Aresing and Edelshausen plants. The main companies located here are BAUER AG, BAUER Spezialtiefbau GmbH, BAUER Maschinen GmbH, and BAUER Resources GmbH. The Schrobenhausen site has 196,467 square meters of built-up land.

Compliance with the European Union's EMAS environmental management standards was reconfirmed at the Schrobenhausen location after successful validation of the consolidated environmental statement in May 2019. Bauer has now been registered as an EMAS-certified company for over 20 years.

ENERGY CONSUMPTION TREND

Energy consumption at the Schrobenhausen location was slightly reduced in 2018. At the Aresing plant and the head office, geothermal plants generate energy, while a photovoltaic system has been installed in Edelshausen. This photovoltaic system generated more than 380 MWh of energy, 66 of which were fed into the supply grid.

EMISSIONS TREND

NO_x, SO₂, and CO₂ emissions were calculated on the basis of electricity, heating oil, and natural gas consumption. The installation of geothermal energy systems in the head office building in Schrobenhausen and the Aresing plant in 2009, combined with the reduction of heating oil and natural gas systems, is having a positive impact in terms of preventing sulfur oxide emissions.

Some fossil fuels have been replaced by environmentally-friendly and low-emission energy sources. In 2018 the photovoltaic system in Edelshausen saved 97 tonnes (previous year: 90 tonnes) of CO₂. The geothermal energy systems in Aresing and at the head office each saved 31 tonnes (previous year: 36 tonnes).

The calculation of CO₂ emissions based on electricity consumption was changed in 2018.

WATER CONSUMPTION

Water consumption rose in 2018 compared to 2017. At the Aresing plant, more water was required for testing special equipment and projects. In all plants, increased production led to a rise in water consumption. In the figure on page 31, the fresh water consumption corresponds to the waste water volume.

SOLVENT EMISSIONS

The introduction and increased use of low-solvent water-based paints in 2009, which have a solvent content of only three to six percent, about a tenth of that of conventional paints, helped us greatly to reduce our VOC emissions compared to the previous year. At the Aresing plant, VOC emissions were reduced by more than 50% compared to 2017 (2018: 8,348.10 kg; 2017: 16,993.00 kg). This can be attributed to the use of a cleaner with a significantly lower VOC content.

WASTE VOLUME

The amount of hazardous waste at the Schrobenhausen location was once again reduced in 2018. Almost no waste is now disposed of: more than 99 % of waste is recycled. The amount of non-hazardous waste rose slightly to 4,425 tonnes (previous year: 4,060 tonnes). Despite the increased production volume, this meant only a slight increase in the relative amount.

MATERIAL EFFICIENCY

The core indicator of material efficiency refers to the environmental impact directly related to the materials used in machine production. In 2018, this value was 8,918 tonnes (previous year: 3,768 tonnes).

Schrobenhausen, Germany
(plant + head office)

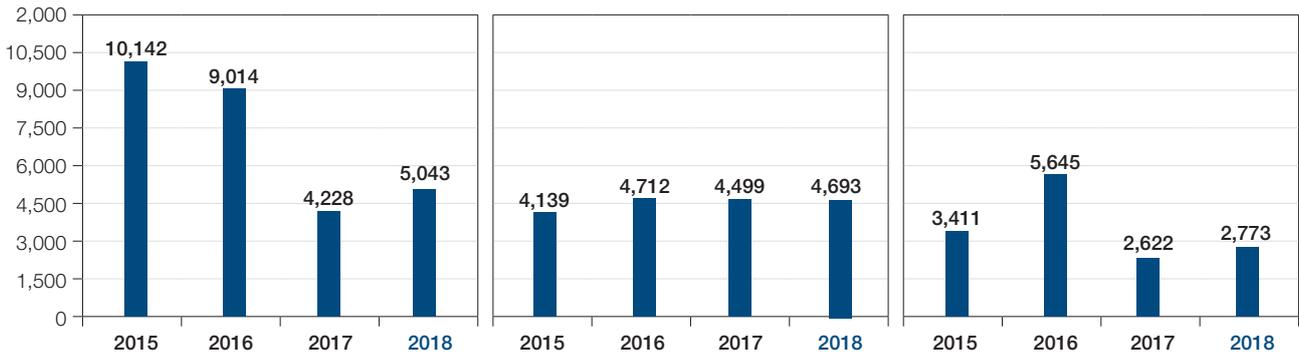
Aresing plant

Edelshausen plant



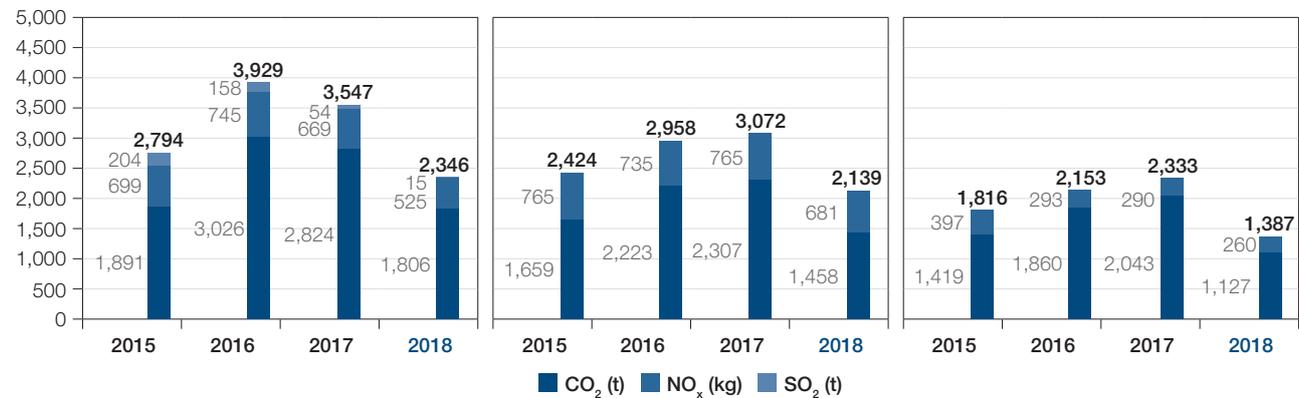
Water Consumption

in m³



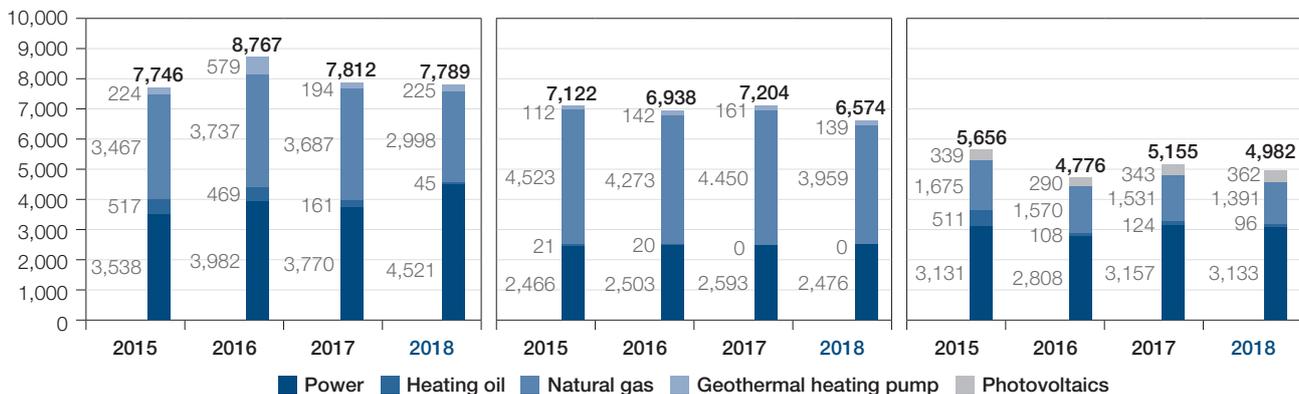
Emissions *

in t or kg



Energy consumption

in MWh



* Calculation of emissions based on electricity consumption was changed in Germany in 2018.

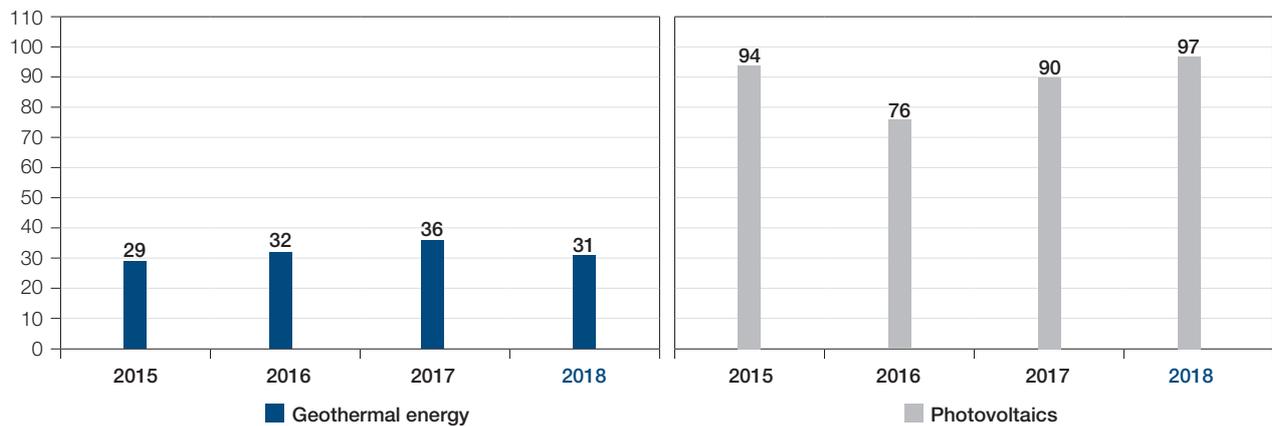
Aresing plant



Edelshausen plant

Avoidance of CO₂ emissions

in t/year



Core indicators of EMAS III in relation to gross value added *

	2016		2017		2018	
	Core indicator	Core indicator/ gross value added	Core indicator	Core indicator/ gross value added	Core indicator	Core indicator/ gross value added
Built-up area (m ²)	196,467	1,201.49	196,467	899,43	196,467	799,82
Input						
Water (m ³)	19,371	118.46	11,349	51.96	12,509	50.92
Power (MWh)	9,293	56.83	9,520	43.58	10,130	41.24
Natural gas (MWh)	9,580	58.59	9,668	44.26	8,348	33.98
Fuel (MWh)	5,705	34.89	8,763	40.12	8,546	34.79
Heating oil (MWh)	597	3.65	285	1.30	141	0.57
Geothermal energy (MWh)	721	4.41	698	3.20	1,075	4.38
Metal boards (t)	3,162	19.34	3,165	14.49	7,528	30.65
Paints (t)	84	0,51	94	0.43	92	0.37
Lubricants (t)	339	2.07	368	1.68	921	3.75
Acetylene (t)	9	0.06	7	0.03	23	0.04
CO ₂ (t)	36	0.22	38	0.17	44	0.18
Argon (t)	47	0.29	48	0.22	140	0.57
Oxygen (t)	87	0.53	48	0.22	170	0.69
Output						
Non-hazardous waste (t)	3,518	21.51	4,060	18.59	4,425	18.01
Hazardous waste (t)	230	1.41	259	1.19	174	0.71
Scraps and metals (t)	2,695	16.48	3,216	14.72	2,893	11.78
CO ₂ emissions (t)	7,109	43,47	7,174	32.84	4,391	17.88
SO ₂ emissions (t)	158	0.97	96	0.44	47	1.85
NO _x emissions (t)	1,773	10.84	1,725	7.90	1,466	5.97
Gross value added (in EUR '000)	163,520		218,436		245,639	

* Calculation of emissions based on electricity consumption was changed in Germany in 2018.

Other machinery manufacturing plants

REPORTING BASIS AND LIMITS

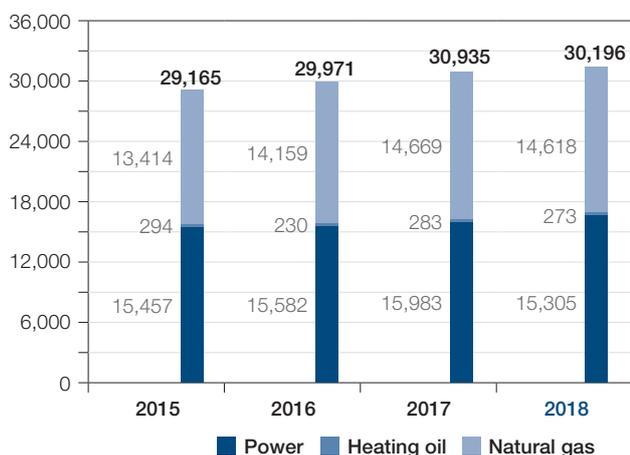
This section presents the environmental performance indicators of key machinery manufacturing plants around the world. It also includes our shareholding in Olbersdorfer Guß GmbH, a foundry that mainly produces small castings and therefore has very high energy requirements. Its environmental performance indicators have been fully included.

INVESTMENTS

In 2018, BAUER Tianjin Technologies Co. Ltd. invested in a purification system for VOC polluted air.

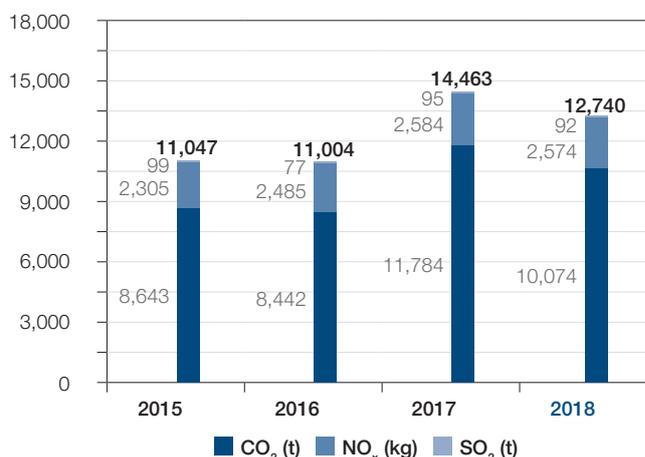
Energy Consumption

Other machinery manufacturing plants in MWh



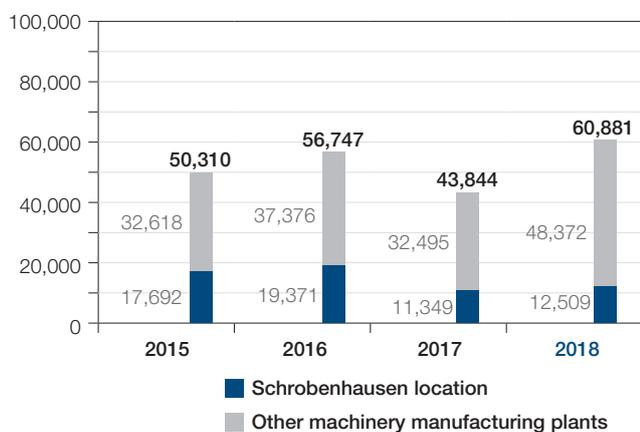
Emissions *

Other machinery manufacturing plants in t or kg



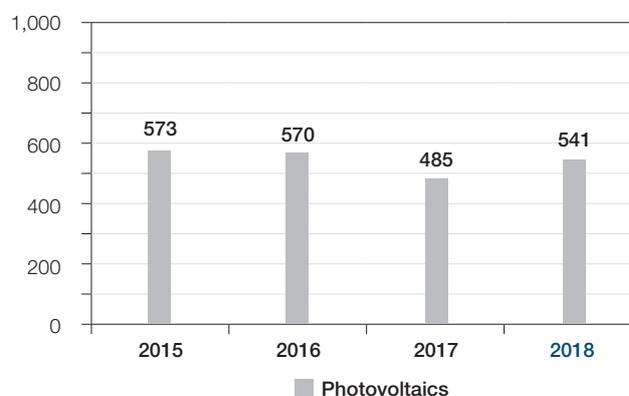
Water Consumption

Other machinery manufacturing plants in m³



Avoidance of CO₂ emissions

Other machinery manufacturing plants in t/year



* Calculation of emissions based on electricity consumption was changed in Germany in 2018.

TREND IN ENERGY CONSUMPTION

At the other machinery manufacturing plants, energy consumption was slightly reduced compared to the previous year.

At the SCHACHTBAU NORDHAUSEN GmbH and KLEMM Bohrtechnik GmbH plants, energy gains were achieved from the use of photovoltaic systems. These were increased compared to the previous year.

TREND IN EMISSIONS

NO_x, SO₂, and CO₂ emissions were calculated on the basis of electricity, heating oil, natural gas, and fuel consumption, and were reduced compared to the previous year.

Calculation of CO₂ emissions based on electricity consumption was changed in 2018.

WATER CONSUMPTION

Water consumption in the other machinery plants in 2018 rose compared to 2017. The reasons for this were problems with

leaks at BAUER Equipment Malaysia Sdn. Bhd. and SCHACHTBAU NORDHAUSEN GmbH, along with restructuring of the water pipe systems at Olbersdorfer Guss GmbH. An incorrect statement of the water consumption for BAUER MAT Slurry Handling Systems in 2017 also explains the difference in 2018.

SOLVENT EMISSIONS

In 2018, VOC emissions were produced primarily by painting work at KLEMM Bohrtechnik GmbH, SCHACHTBAU NORDHAUSEN GmbH, EURODRILL GmbH, Bauer Tianjin Technology Co., Ltd. and BAUER Manufacturing LLC. VOC emissions at the other machinery plants totaled 51.8 t in 2018 (previous year: 40.2 t). This rise can be explained by the increased production at SCHACHTBAU NORDHAUSEN GmbH and BAUER Tianjin Technologies Ltd., and in the latter case also by new legal regulations that require more parts to be painted in-house than in previous years. Reduction of VOC emissions through use of water-based paints totaled 9.8 t (previous year: 74.6 t).

2018 environmental data

	Revenues (EUR million)	Employees	Energy consumption (in MWh)			Emissions **		
			Power	Natural gas	Heating oil	CO ₂ (t)	NO _x (kg)	Water (m ³)
Standort Schrobenhausen	1,072.1	2,257	10,130	8,348	141	4,391	1,466	12,509
SCHACHTBAU GmbH	87.2	639	5,308	5,241	-	3,930	901	16,859
KLEMM Bohrtechnik GmbH	47.0	246	1,064	2,566	-	905	441	1,580
EURODRILL GmbH	19.2	61	222	459	-	173	79	421
BAUER MAT Slurry Handling Systems *		54	204	528	-	173	91	1,390
PRAKLA Bohrtechnik GmbH	13.1	40	237	269	273	156	105	235
Olbersdorfer Guß GmbH	6.6	90	3,734	2,484	-	1,667	427	4,151
Summe Inland	1,245.1	3,387	20,899	19,894	414	11,395	3,512	37,145
BAUER Equipment America Inc. + BAUER Manufacturing Inc.	90.8	127	2,360	249	-	1,321	43	7,107
BAUER Tianjin Technologies Co.,Ltd.	73.7	221	1,576	2,823	-	1,426	486	8,746
BAUER Equipment (Malaysia) Sdn. Bhd.	41.9	145	600	-	-	323	-	7,883
Summe Ausland	206.5	493	4,536	3,072	-	3,070	528	23,736
Summe ermittelte Kennzahlen	1.451,6	3.880	25.435	22.966	414	14.465	4.040	60.881
in % des Konzerns	86,1	33,32	n/a	n/a	n/a	n/a	n/a	n/a
BAUER Gruppe	1.686,1	11.643	n/a	n/a	n/a	n/a	n/a	n/a

* Branch office of BAUER Maschinen GmbH

** Calculation of emissions based on electricity consumption was changed in Germany in 2018.

*Foundation work for new
biology center – Vienna, Austria*



Status of Sustainability Goals

Status of sustainability goals in the company

Goals/Actions	Situation	Status	Implementation
Expand management systems	Management systems such as HSE will be introduced and certified at other companies in the Group.	■ ■ ■ ■ ■ ■ ■ ■	continuous
Improve CSR reporting	The goal is to continually improve data quality and expand reporting to other companies in the Group.	■ ■ ■ ■ ■ ■ ■ ■	continuous

Status of sustainability goals in health and safety

Goals/Actions	Situation	Status	Implementation
Improve HSE culture throughout the Group	In 2011, senior management adopted a Group-wide health, safety and environmental policy. The policy defined goals and fundamental principles. A key goal in the coming years is to continue our extensive efforts to improve this safety policy. Efforts to raise employee awareness will focus on behavior recognition, feedback and communication as well as evaluating insights and defining personal goals based on these insights.	■ ■ ■ ■ ■ ■ ■ ■	continuous
Emergency app for employees	An app will be developed to allow employees in offices, plants and on construction sites to quickly report emergencies and unsafe working conditions to the company. This will allow supporting measures to be implemented immediately.	■ ■ ■ ■ ■ ■ ■ ■	2019
Group-wide online store for personal protective equipment (PPE)	Wearing PPE is mandatory at Bauer. In the future, employees will be able to conveniently order all equipment that protects their health and safety from a centralized, Group-wide online store.	■ ■ ■ ■ ■ ■ ■ ■	2019

Status of sustainability goals for research and development

Goals/Actions	Situation	Status	Implementation
Reduce noise emissions, save energy, increase safety while boosting productivity	Bauer strives to be a driving force for the future by delivering an ever more perfect range of premium-quality products and services. An electrically powered MC 96 duty-cycle crane has been developed and was presented for the first time at Bauma 2019. It is quieter and more efficient than its predecessors and has zero local emissions. BAUER Maschinen GmbH also won the EuroTest Award for a new development in safety - fall protection for Bauer rotary drilling rigs with forward lowering mast.	■ ■ ■ ■ ■ ■ ■ ■	continuous
Geothermally activated Mixed-in-Place wall	Starting from a Group-wide research project on the potential and the process engineering for the manufacture of geothermally activated MIP walls, an innovative concept has been successfully launched based on a model project. At a 14-unit apartment building in Füssen, the soil is heated via the retaining wall by the warmth generated by the thermal roof collectors in summer; in winter the stored heat is then released from the ground and used to heat the building. Based on this project BAUER Spezialtiefbau GmbH was presented with this year's innovation prize by the Bavarian construction industry.	■ ■ ■ ■ ■ ■ ■ ■	2018
Reduction in disposal of suspensions/return flows	Bauer was very quick to recognize that targeted reduction and also targeted treatment of suspensions and return flows conserves resources and brings economic advantages. Various possible solutions have been pursued. For example, a special hopper for the MIP process was developed, which retains the return flow in the area of the drilling location and is thus available as a volume when removing the mixing tool. Specific methods for improving the robustness of diaphragm wall suspensions are currently being investigated, while solutions for disposing of return flows as economically and ecologically as possible are being analyzed. The key challenge is always to reduce the volumes produced.	■ ■ ■ ■ ■ ■ ■ ■	continuous

Status of sustainability goals with regard to stakeholders

Goals/Actions	Situation	Status	Implementation
Internship opportunities	We offer college students the opportunity to get to know Bauer during an internship or semester-long work placement.	■ ■ ■ ■ ■ ■ ■ ■	continuous
Partnerships with middle schools	We want to increase collaboration with middle schools in the region to offer career perspectives to adolescents.	■ ■ ■ ■ ■ ■ ■ ■	continuous
Partnerships with secondary schools: "Improved Career Guidance for Secondary School Students"	We seek to educate and inform secondary school students about the various job training opportunities at Bauer. Back in 2015, BAUER Training Center GmbH organized its first business skills seminar for 8th graders at a secondary school to better equip them for everyday working life. In 2018, the focus was on planning some adjustments to the event, which will be implemented along with the new supporter of the program in 2019.	■ ■ ■ ■ ■ ■ ■ ■	continuous
Support volunteering	Voluntary projects initiated by our employees are selectively supported, while employees' volunteering is backed by flexible arrangements. We assist associations and organizations through donations and by providing our expertise.	■ ■ ■ ■ ■ ■ ■ ■	continuous
Expand regional partnerships with universities and research organizations	To strengthen the region, we aim to work even more closely with local academic and research institutions. We offer a dual study option with the universities in Ingolstadt and Augsburg. Throughout Germany, we deliver guest presentations at various universities, award research projects and dissertations, and offer trips to construction sites and plants.	■ ■ ■ ■ ■ ■ ■ ■	continuous

Status of sustainability goals in human resources

Goals/Actions	Situation	Status	Implementation
Expand "Be Mobil" program across the Group	Employees at the Schrobenhausen location can gain experience of working abroad through the "Be Mobil" program. This program is also offered by other companies in the BAUER Group. To provide optimum preparation for working abroad, individual development goals have been set in close cooperation between BAUER Training Center GmbH, the employee in question and his or her line manager. The level of fulfillment of these goals is assessed during a feedback interview at the end of each international assignment.	■ ■ ■ ■ ■ ■ ■ ■	continuous
Improve cooperation within the Group in the area of personnel development	Communication within the Group between individual companies and the head office in Schrobenhausen will be further intensified. BAUER Training Center GmbH conducts discussions with German and international Group companies based on need. There are also regular video conferences with instructors at the company's international locations. In 2018, the first internal mentoring program was run. At all levels of the hierarchy and across the Group, this creates added value both for the mentor, a manager who can pass on their experience, and for the mentee, a talented junior employee looking to expand their management skills.	■ ■ ■ ■ ■ ■ ■ ■	continuous
Development of young employees	A Group-wide development program for young employees was developed with the support of BAUER Training Center GmbH. This professional development program comprises a total of twelve one-day workshops over a period of about 17 months as well as continuous coaching. The first round of workshops was successfully completed in the summer of 2017 with Group-wide participation, and a further round started in December 2018. In the future, the focus will be on change management.	■ ■ ■ ■ ■ ■ ■ ■	continuous
Restructuring of BAUER Training Center GmbH	With the aim of providing our employees with optimum preparation for their future duties, and ensuring that customers benefit in all areas of our company, BAUER Training Center GmbH has developed a new, more focused strategy to realize untapped potential. Optimized, company-wide requirements analysis will play an important role here. Some important findings have already been obtained and, at the end of 2018, were incorporated into a newly developed extended range of courses both for employees and for customers.	■ ■ ■ ■ ■ ■ ■ ■	2019

Status of environmental sustainability goals

Goals/Actions	Situation	Status	Implementation
Optimize outdated heating and lighting systems	Existing heating and lighting systems will be inspected and continuously replaced at the Schrobenhausen location. In the past, switching to the new LED lighting was not economically viable, but investing in this technology now pays off both from an ecological and economic point of view. Therefore, by 2022, modern LED lighting will predominantly be used at the company. Insulation in older office and factory buildings will also be inspected. At the Schrobenhausen plant, the possibility of converting an existing heating system to a combined heat and power plant is being investigated. The resulting waste heat, which simultaneously heats hot water and process water, can be used to reduce CO ₂ emissions and achieve a very high level of overall efficiency.	■ ■ ■ ■ ■ ■ ■ ■	2022
Expand emergency stations for leakages	The HSE Department has launched a large number of preventive measures for dealing with hazardous substances in order to minimize negative impacts on employees and the environment. At the Schrobenhausen site, central emergency stations are established to prevent hazards in especially vulnerable areas. The stations will be equipped with items such as bonding agents for safe and rapid removal of leaked oil.	■ ■ ■ ■ ■ ■ ■ ■	2019
Effective recycling and waste management	As the volume of waste increases, it is essential to establish effective sorting and recycling logistics at our company in order to ensure sustainable recycling of materials. In the future, small waste and residual materials will be sorted and placed only in the designated recycling containers in all assembly departments at the Schrobenhausen site. The sorting instructions on the waste and residual material signs are clearly visible to make the recycling process as easy as possible for our employees. This standard will be implemented at other locations. The cardboard compactor at the Schrobenhausen plant will be upgraded and local compactors will be added to facilitate in-house recycling in the future.	■ ■ ■ ■ ■ ■ ■ ■	2019
Software for hazardous substance management	A software program for hazardous substance management will be used to map dangerous substances centrally and make the data accessible to all relevant employees on demand. Initially, the program will be introduced at the Schrobenhausen site. The long-term goal is to ensure consistent measures and documentation throughout the company.	■ ■ ■ ■ ■ ■ ■ ■	2020

The Group at a Glance

Konzernkennzahlen 2015 – 2018

IFRS in EUR million	2015	2016	2017	2018	Changes 2017/2018
Total Group revenues	1,656,4	1,554.7	1,772.0	1,686.1	-4.9 %
of which Germany	473.7	472.9	477.8	467.1	-2.3 %
International	1,182.7	1,081.8	1,294.2	1,219.0	-5.8 %
of which Construction	742.9	713.1	835.0	767.6	-8.1 %
Equipment	753.1	634.4	754.5	723.1	-4.2 %
Resources	221.6	262.4	248.2	261.5	5.3 %
Sales revenues	1,379.0	1,396.9	1,667.9	1,589.1	-4.7 %
Cost of materials	752.5	718.0	919.6	821.5	-10.7 %
Staff costs	376.1	369,7	383.5	392.4	2.3 %
EBIT	90.7	70,3	89.6	100.1	11.7 %
Profit after tax	29.0	14,4	3.7	24.1	n/a
Employees (on average over the year)	10,738	10.771	10,913	11,643	6.7 %
of which Germany	4.166	4.064	3,992	4,046	1.4 %
International	6.572	6.707	6,921	7,597	9.8 %

Consolidated Balance Sheet

Assets in EUR ,000	Dec. 31, 2017	Dec. 31, 2018
Intangible assets	21,021	18,077
Property, plant and equipment and investment property	407,429	411,571
Investments accounted for using the equity method	121,315	113,019
Participations	11,733	8,350
Deferred tax assets	45,607	49,189
Other non-current assets	7,653	7,637
Other non-current financial assets	14,389	13,198
Non-current assets	629,147	621,041
Inventories	430,606	426,353
Less Advances received for inventories	-13,883	-16,098
	416,723	410,255
Receivables and other assets	520,591	535,111
Effective income tax refund claims	3,976	3,290
Cash and cash equivalents	47,266	62,587
Current assets	988,556	1,011,243
	1,617,703	1,632,284

Equity and liabilities in EUR ,000	Dec. 31, 2017	Dec. 31, 2018
Equity of BAUER AG shareholders	415,483	428,312
Non-controlling interests	3,249	3,504
Shareholders' Equity	418,732	431,816
Provisions for pensions	126,332	134,389
Financial liabilities	180,395	338,304
Other non-current liabilities	6,883	5,335
Deferred tax liabilities	20,789	23,396
Non-current liabilities	334,399	501,424
Financial liabilities	460,565	286,104
Other current liabilities	364,998	357,851
Effective income tax obligations	16,202	31,687
Provisions	22,807	23,402
Current debt	864,572	699,044
	1,617,703	1,632,284

About this Report

The BAUER Group Sustainability Report is intended for our present and former employees, analysts and investors, customers and suppliers, public policymakers, the public at large in the regions where we operate, friends of the company and anyone else who may be interested.

To make reading easier, we use the term employees to refer to both male and female employees in this report.

REPORTING PERIOD

This report covers the fiscal year from January 1, 2018, to December 31, 2018. In certain cases, information from other periods may be provided. The editorial deadline was June 2019. The sustainability report, published separately but independently of the non-financial consolidated statement, is published annually.

REPORTING BASIS AND LIMITS

The reporting basis and limits are explained in detail in each section. Because the data is collected from different departments, its scope and range varies. The 2018 Sustainability

Report is based on international Group accounting data and specific surveys. All data is acquired through internal surveying of individual companies in the Group. It is not always possible to collect data uniformly due to the complex structure of the Group. We always indicate the company to which the data relates.

The table below lists the companies whose personnel data is included in the "Employees" section of this report. This will give readers an idea of the range of information presented.

Our goal is to improve the quantity and quality of data in order to increase the informative value of the metrics presented in this report.

Despite exercising all due diligence, we cannot guarantee that the information contained herein is complete and correct in every detail.

Company		Total Group revenues in 2018 (in EUR million)	Employees in 2018
German Group companies	Core Companies		
	BAUER AG	83.3	286
	BAUER Spezialtiefbau GmbH	316.3	697
	BAUER Maschinen GmbH (with MAT)	504.4	1,136
	BAUER Resources GmbH	112.9	221
	BAUER Training Center GmbH	2.3	11
	SPESA Spezialbau und Sanierung GmbH	15.8	60
	RTG Rammtechnik GmbH	36.1	7
	BAUER Deep Drilling GmbH	1.4	8
	Esau & Hueber GmbH	9.0	63
	GWE pumpenboese GmbH	43.3	205
	Total (ext. core companies)	1,124.4	2,694
	Ext. core companies as a % of the Group	66.7	23.1
	KLEMM Bohrtechnik GmbH	46.9	246
	Olbersdorfer Guss GmbH	6.6	90
	PRAKLA Bohrtechnik GmbH	13.1	40
	BAUER MAT Slurry Handling Systems *		54
	EURODRILL GmbH	19.2	61
	SCHACHTBAU Group **	103.7	840
	Total (German Group companies)	1,313.9	4,025
German Group companies as a % of the Group	77.9	34.6	
BAUER Group	1.686.1	11,643	

* Branch office of BAUER Maschinen GmbH

** Includes SCHACHTBAU NORDHAUSEN GmbH, SCHACHTBAU NORDHAUSEN Bau GmbH and SCHACHTBAU NORDHAUSEN Stahlbau GmbH

GRI Index

Our 2018 Sustainability Report is based on the template provided by the Global Reporting Initiative (GRI), GRI standards version. The Global Reporting Initiative is a multi-stakeholder foundation based in Amsterdam, Netherlands, which supports organizations in drafting sustainability reports. To that end, the GRI has established a comprehensive reporting framework as well as guidelines that outline the principles and indicators that companies can use to measure their economic, environmental

and social performance. These guidelines are continuously improved and updated.

The options indicate how well the company in question has applied the reporting framework and how many standard disclosures and indicators for each material aspect are contained in the Sustainability Report. Based on our own appraisal, our 2018 Sustainability Report fulfills the requirements of the 'Core' option.

Indicator and Description

Link/Note

GRI 102: General information		
Organizational profile		
102-1	Name of the organization	p. 10
102-2	Brands, products, and services	p. 10
102-3	Location of headquarters	p. 10
102-4	Countries and main production sites	p. 1-2, front cover
102-5	Ownership and legal form	p. 10, 15
102-6	Markets served	p. 1, front cover, p. 10
102-7	Scale of the organization	p. 40
102-8	Total number of employees by type	p. 25
102-9	Description of the organization's supply chain	Depth of detail not significant
102-10	Changes to the size, structure and ownership of the organization or its supply chain during the reporting period	None
102-11	Precautionary principle or approach	AR p. 45-52, 53-55
102-12	Charters, principles, or other initiatives to which the organization subscribes or which it endorses	p. 9-11, 15-19, 21, 29, 30, 33-44
102-13	List of memberships in associations	p. 15
Strategy		
102-14	Statement from CEO	p. 4-5
102-15	Key impacts, risks, and opportunities	S. 4-5; AR p. 45-52
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	p. 9, 21
Governance		
102-18	Governance structure of the organization	p. 10, AR p. 15, 73-77, 170-171
Stakeholder engagement		
102-40	List of stakeholder groups	p. 15-19
102-41	Percentage of all employees covered by collective bargaining agreements	Metric is not relevant for governance
102-42	Basis for determining and selecting integrated stakeholders	p. 15-19
102-43	Approach to stakeholder engagement	p. 15-19
102-44	Key topics and concerns raised by stakeholders as well as reactions	p. 15-19

Reporting procedure		
102-45	Entities included in the consolidated financial statements	AR p. 176-179
102-46	Procedure for selecting report contents	p. 4-5, 9, 15
102-47	Material topics	p. 9
102-48	Effects of and reasons for restatements of information	p. 30-34, 39-40
102-49	Important changes to the scope and limitations of aspects compared to previous reporting periods	p. 30-34, 36-38
102-50	Reporting period	p. 40
102-51	Date of the most recent previous report	p. 40
102-52	Reporting cycle	p. 40
102-53	Contact point for questions regarding the report	p. 45, rear cover
102-54	Claims of reporting in accordance with GRI standards	p. 41
102-55	GRI content index	p. 41-43
102-56	External assurance	No reference
GRI standards: economic topics		
Economic performance		
103-1	Explanation of material topics and their boundaries	p. 9
103-2	The management approach and its components	p. 4-5, 9, 29
103-3	Evaluation of the management approach	p. 4-5, 9
201-1	Direct economic value generated and distributed	p. 18-19, 39
Energy		
103-1	Explanation of material topics and their boundaries	p. 9
103-2	The management approach and its components	p. 4-5, 9, 29
103-3	Evaluation of the management approach	p. 4-5, 9
302-1	Energy consumption within the organization	p. 30-34
302-4	Reduction of energy consumption	p. 30-34
Water		
103-1	Explanation of material topics and their boundaries	p. 9
103-2	The management approach and its components	p. 4-5, 9, 29
103-3	Evaluation of the management approach	p. 4-5, 9
303-1	Total water withdrawal	p. 30-34
303-3	Water recycled and reused	p. 30-34
Emissions		
103-1	Explanation of material topics and their boundaries	p. 9
103-2	The management approach and its components	p. 4-5, 9, 29
103-3	Evaluation of the management approach	p. 4-5, 9
305-1	Direct greenhouse gas emissions	p. 30-34
305-2	Indirect greenhouse gas emissions	p. 30-34
305-7	NO _x , SO _x and other significant air emissions	p. 30-34

Waste water and waste		
103-1	Explanation of material topics and their boundaries	p. 9
103-2	The management approach and its components	p. 4-5, 9, 29
103-3	Evaluation of the management approach	p. 4-5, 9
306-1	Effluents and waste	p. 30, 32-34
Compliance		
103-1	Explanation of material topics and their boundaries	p. 9
103-2	The management approach and its components	p. 4-5, 9
103-3	Evaluation of the management approach	p. 4-5, 9
307-1	Non-compliance with environmental laws and regulations	None
GRI standards: social topics		
Employment		
103-1	Explanation of material topics and their boundaries	p. 9
103-2	The management approach and its components	p. 4-5, 9
103-3	Evaluation of the management approach	p. 4-5, 9
401-1	New employee hires and employee turnover	p. 21, 25-26
Occupational health and safety		
103-1	Explanation of material topics and their boundaries	p. 9
103-2	The management approach and its components	p. 4-5, 9-10, 13
103-3	Evaluation of the management approach	p. 4-5, 9-10, 13
403-1	Workers represented by occupational health and safety committees	Metric is not relevant for governance
403-2	Types of injury and rates of injury	Depth of detail not significant
Training and education		
103-1	Explanation of material topics and their boundaries	p. 9
103-2	The management approach and its components	p. 4-5, 21
103-3	Evaluation of the management approach	p. 4-5, 21
404-1	Average hours of training per year per employee	p. 26
402-2	Programs for upgrading employee skills and transition assistance programs	p. 21-24

Environmental Verifier's Declaration

on verification and validation activities
according to Annex VII of Regulation (EC) No 1221/2009
and according to Amendment Regulation (EU) 2017/1505

Reinhard Mirz with EMAS environmental verifier registration number DE-V-260 accredited for the scope 28.9 (NACE Code Rev. 2) declare to have verified whether the sites as indicated in the updated environmental statement of the organisations

BAUER AG
BAUER Maschinen GmbH
BAUER Spezialtiefbau GmbH

Bauer-Straße 1
86529 Schrobenhausen

with the plants

Schrobenhausen, Bürgermeister-Götz-Straße 36, 86522 Schrobenhausen
Aresing, Sonnenhamer Straße 55, 86561 Aresing
Edelshausen, In der Scherau 14, 86529 Schrobenhausen

Reg.-Nr.: DE-155-00006

meet all requirements of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25th November 2009 and Amendment Regulation (EU) 2017/1505 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).

By signing this declaration, I declare that:

- the verification and validation has been carried out in full compliance with the requirements of Regulation (EC) No 1221/2009,
- the outcome of the verification and validation confirms that there is no evidence of non-compliance with applicable legal requirements relating to the environment,
- the data and information of the updated environmental statement of the organisation -pages 28 to 31 and pages 36/37 of the sustainability report 2018- reflect a reliable, credible and correct image of all sites activities, within the scope mentioned in the environmental statement.

This document is not equivalent to EMAS registration. EMAS registration can only be granted by a Competent Body under Regulation (EC) No 1221/2009. This document shall not be used as a stand-alone piece of public communication.

Nuremberg, 26.6.2019


Reinhard Mirz
Environmental Verifier

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