

About this report

 G4-17, G4-18, G4-22, G4-28, G4-30, G4-32, G4-33

REPORT CONTENT

In its second sustainability report ('SR') the KION Group describes the progress it has made in the reporting period regarding sustainable business practices. Through this report the KION Group also fulfils its obligation to submit a separate Group non-financial declaration as required by §§ 315b, 315c in conjunction with 289c to 289e HGB (German Commercial Code). The SR additionally contains further information on the KION Group's sustainability activities that goes beyond statutory reporting requirements.

In producing this SR the KION Group orientated itself towards the G4 guidelines of the Global Reporting Initiative (GRI). This report has been prepared in accordance with the G4 guidelines 'core' option.

The Company commissioned an auditing firm with an external limited-assurance audit of the contents of the Group non-financial declaration pursuant to § 315b HGB for the 2017 fiscal year. The Supervisory Board has included the auditor's assessment in its independent review of the Group non-financial declaration and respective final assessment.

Complementing this, a limited-assurance audit of this report was carried out in accordance with the GRI guidelines 'core' option. The audit mandate and audit result are available in the [Assurance Statement](#).

Materiality analysis

To identify the material sustainability topics for reporting, the KION Group reflected on the results of the materiality analysis carried out in 2015 by Linde Material Handling and transferred these to the Group in 2016 (see [Key challenges for the KION Group](#)).

To identify the most material topics for the Group with regard to the German implementation of the EU Directive on non-financial reporting (CSR-RUG), in 2017 the newly appointed KION Group Sustainability Committee checked the materiality analysis and carried out a complementary review of the risks and negative implications for the environment and society. The result can be summarised into the following six key material topics: location-specific GHG emissions (aspect 'environmental matters', see [Climate protection](#)); product-related GHG emissions (aspect 'environmental matters', see [Energy- and resource-efficient products](#)); extraordinary environment-related events (aspect 'environmental matters', see [Environmental protection](#)); employee health and safety (aspect 'employee matters', see [Health and safety](#)); prevention of corruption and bribery (aspect 'anti-corruption and bribery matters', see [Compliance – Preventing corruption and bribery](#)); product safety (further aspects, see [Product responsibility](#)). No material topics for the KION Group regarding the CSR-RUG aspects of 'social matters' and 'respect for human rights' were identified in this process, as no related statements were assessed by the KION Group Sustainability Committee as necessary for an understanding of the performance or results of the business, the situation of the KION Group, or impacts of KION's business activities

on social matters or respect for human rights. As at the end of the 2017 reporting year a Group-wide supplier assessment system with regard to social standards and human rights had not yet been fully implemented; implementation will be completed in 2018 (see [Outlook for assessment of strategic suppliers by EcoVadis – Sustainability in Supplier Management](#)).

In 2018 the Company plans to revise the materiality analysis at the level of the KION Group and its operating units.

Non-financial risks to the KION Group's business activity are addressed by the KION Group's risk management, which is explained in detail in the [Risk Report](#) of the KION Group Annual Report. Furthermore, no material risks were identified with a very high probability of serious negative impacts regarding the aspects set out in the CSR-RUG that are related to the KION Group's own business activity, business relationships, products and services.

References to, and additional explanations of, specific financial positions in the Financial Statement are not required to understand the Group non-financial declaration.

SCOPE AND REPORTING PERIOD

The contents of the report relate to the KION Group and all its consolidated subsidiaries. A list of these reporting entities is provided in [Table 126](#) of the KION Group Annual Report 2017.

The KPIs were essentially produced based on data from 125 reporting entities. Within this, data for 33 production and administration locations (referred to as 'plants') were gathered individually, while 92 disclosure points for sales and service companies in some cases comprise aggregated data from several locations. Varying degrees of data-gathering aggregation are indicated in the corresponding places, where in exceptional cases these do not cover all KION Group employees or companies. The report therefore covers all consolidated KION Group companies based in 33 countries and at approximately 400 locations. The figures for 2016 include the contributions from Dematic in November and December (if not stated differently), the period in which it was consolidated for the first time. The comparability between the full-year figures for 2016 and 2017 is therefore limited.

The Sustainability Report 2017 relates to the fiscal year 2017 covering the period 1 January to 31 December 2017.

GATHERING AND COMPARABILITY OF DATA AND INFORMATION

The gathering of data which provides the main basis for the KPIs presented in this report is supported across the Company by WeSustain software. Data on around 800 sustainability indicators are currently gathered Group-wide.

Certain figures in this Sustainability Report have been rounded up or down to maximize legibility. This may result in differences between the sum of the individual amounts given in the tables and the overall totals stated, as well as between the figures stated in the tables and their analysis in the main text of the Sustainability Report. All percentage changes and KPIs were calculated based on the underlying data. Possible deviations from data provided in previous reports may be the result of subsequent improvements in the underlying data or a modification in the calculation method applied. There are no significant changes in the overall totals, i.e. >15 per cent.

FORWARD-LOOKING STATEMENTS

This Sustainability Report contains forward-looking statements that relate to the current plans, objectives, forecasts and estimates of the management of the KION Group. The management of the KION Group cannot guarantee that these forward-looking statements will prove to be correct. The future development of the KION Group and its subsidiaries, and the results that are actually achieved, are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements.

ADDITIONAL REMARKS

In the interests of legibility, the KION Group avoids the use of double-gender pronouns. No significance is implied, and any mentioning of personal pronouns is to be understood as gender-independent. The Sustainability Report 2017 is available in German and English in both online and PDF editions. For further and more detailed information, see the corporate website www.kiongroup.com and the [Annual Report](#).

The Company will publish its next sustainability report for the fiscal year 2018 in early 2019.

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON SUSTAINABILITY INFORMATION*

To KION GROUP AG, Wiesbaden

We have been engaged to perform a limited review on the disclosures in the KION Sustainability Report 2017 (hereinafter: "Sustainability Report") of KION GROUP AG, for the period from January 1 to December 31, 2017.

Management's Responsibility

The Company's Executive Board is responsible for the accurate preparation of the Sustainability Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter: "GRICriteria") and for the selection of the disclosures to be evaluated.

This responsibility includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the Company's Executive Board is responsible for such internal control, as it has considered necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

Practitioner's Declaration Relating to Independence and Quality

We are independent of the entity in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with the relevant provisions within these requirements. Deloitte GmbH Wirtschaftsprüfungsgesellschaft applies the German national legal requirements and the German profession's 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: Requirements for Quality Control in Audit Firms [IDW Qualitätssicherungsstandards: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)], that are consistent with the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB).

* We have performed a limited assurance engagement on the German version of the KION Sustainability Report 2017 and issued an independent assurance report in German language, which is authoritative. The following text is a convenience translation of the independent practitioner's assurance report.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures in the Sustainability 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 IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that no matters have come to our attention that cause us to believe that the information disclosed in the KION Sustainability Report for the period from January 1 to December 31, 2017 has not been prepared, in all material respects, in accordance with the relevant GRI-Criteria. In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's professional judgment.

Within the scope of our limited assurance engagement, which was – with intermittent delays – performed from December 2017 to April 2018, we have performed, amongst others, the following audit procedures and other activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Conducting an on-site visit to the subsidiaries STILL GmbH and Linde Material Handling GmbH as part of an investigation into the processes for collecting, analyzing and aggregating selected data
- Interviews with legal representatives and employees involved in the preparation of the Sustainability Report regarding the preparation process, the related internal control system and selected disclosures in the Sustainability Report at the Munich site
- Identification of the likely risks of material misstatement within the sustain under consideration of the GRICriteria
- Analytical evaluation of selected disclosures within the Sustainability Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements
- Evaluation of the presentation of the selected disclosures regarding sustainability performance.

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures of KION Sustainability Report 2017 of KION GROUP AG for the period from January 1 to December 31, 2017 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

Purpose of the Assurance Statement

We issue this report on the basis of the engagement agreed with KION GROUP AG. The assurance engagement has been performed for purposes of KION GROUP AG and the report is solely intended to inform KION GROUP AG as to the results of the assurance engagement.

Limitation of Liability

The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward KION GROUP AG and is limited based on the "Special engagement terms of Deloitte GmbH Wirtschaftsprüfungsgesellschaft" as well as on the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften of the IDW" from January 1, 2017, which were agreed with KION GROUP AG. We do not assume any responsibility towards third parties.

Frankfurt, April 23, 2018

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed: (Kirsten Gräbner-Vogel)
Certified Public Accountant

Signed: (ppa. Vinzenz Fundel)