

A photograph of a modern escalator with a purple and blue color scheme. The escalator steps are illuminated with a warm, orange-red light, creating a strong contrast with the cooler tones of the surrounding walls and handrails. The perspective is from a low angle, looking up the length of the escalator, which recedes into the distance. The overall atmosphere is futuristic and sleek.

STEPS TO A SUSTAINABLE FUTURE

2020/21
SUSTAINABILITY REPORT

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TK Elevator at a Glance

50,000+
employees

Sales of ≈ €8 billion
in fiscal year 2020/21

NET 0
CO₂ global emissions by 2050

24,000+
service technicians

≈ 1,000
locations worldwide

1.5 mn units
under maintenance

Customers in **100+** countries

TOP rated by SUSTAINALYTICS

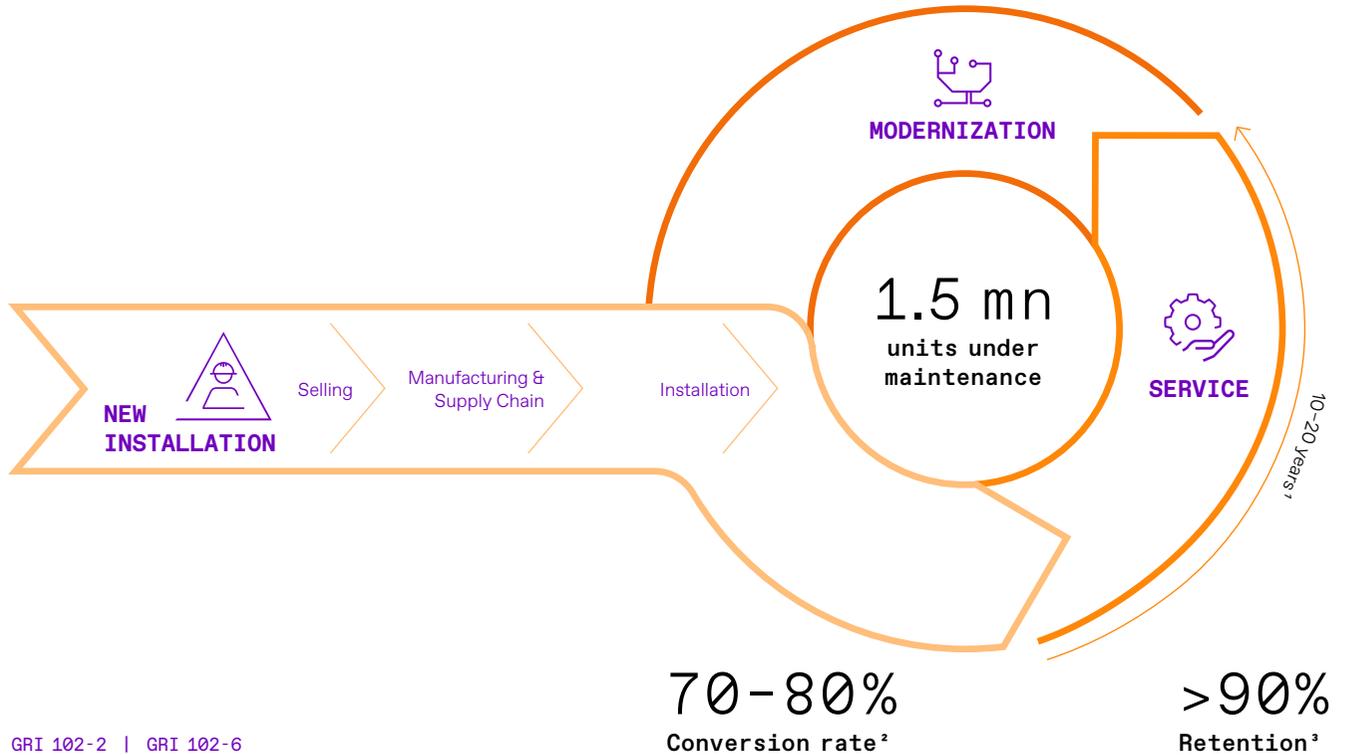
CDP rating A
Environmental sustainability

About Us

TK Elevator is one of the world’s leading providers of elevator and escalator technology, with top market positions in the Americas, Europe, and Africa and a strong platform for capturing growth opportunities in the Asia Pacific region. We design, manufacture, install, service, and modernize passenger and freight elevators, escalators, moving walkways, passenger boarding bridges, and chair and platform lifts, covering the entire product life cycle from new installation to service and modernization. Building on our German engineering heritage, we are an innovation leader in the digital age, leveraging Internet of Things (IoT) technologies to collect data and make recommendations for repairs in real time to better serve rapidly urbanizing societies, with a focus on improving product safety and efficiency. Operating from approximately 1,000 locations worldwide and serving customers in more than 100 countries, our business is characterized by a global sales and service network that ensures optimal proximity to clients. Infrastructure projects like the metro lines in Stockholm, Sweden, and in Fuzhou, China and the Sabiha Gökçen Airport in Istanbul, Turkey, which are equipped with our elevators, escalators, and passenger boarding bridges, illustrate our strengths and global reach.

Our life cycle business model is built on our “new installation” business, which serves as the entry point to our service business. On average, we convert 70% to 80% of new elevator and escalator installations into ongoing service contracts. This provides a source of stable and recurring sales, since we also succeeded in retaining more than 90% of our service customers in each of the preceding two fiscal years. We also win service and modernization contracts for installations originally made by ourselves or other manufacturers. Our service and modernization businesses, which together accounted for 55% of sales and the bulk of our gross profit in

Our Value Chain



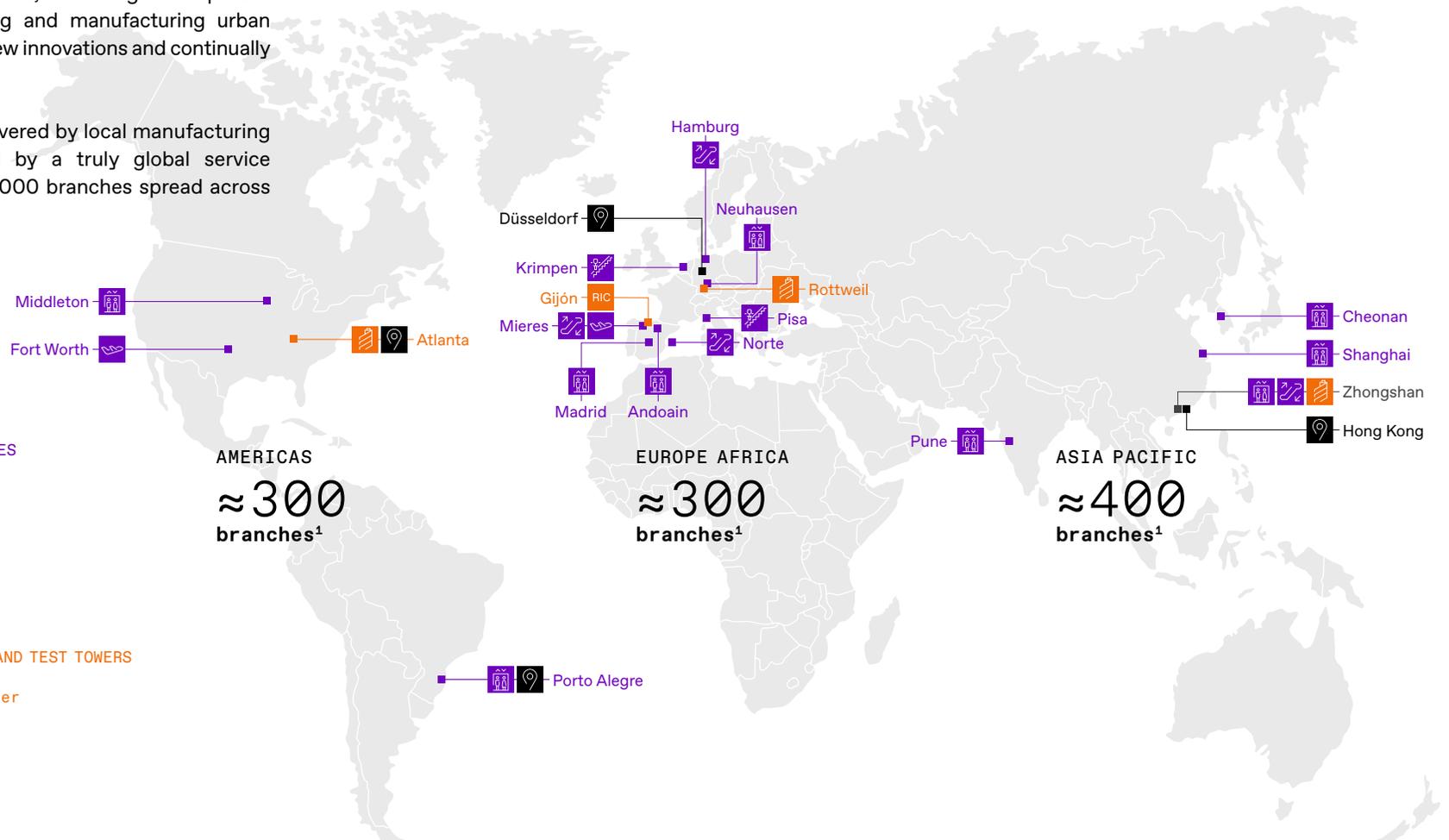
fiscal year 2020/21, provide recurring sales and high profit margins for the group, as well as visibility on future earnings. Driven by our high conversion and retention rates, we have been able to maintain longstanding customer relationships. Given our global reach and high level of diversification, our top 10 customers in aggregate typically account for less than 3% of our annual revenue.

1 | Refers to elevator lifetime prior to significant modernization, not the duration of service contracts.
 2 | Percentage of newly installed units (excluding distributor sales, which don't immediately result in access for servicing) that have been converted into paid service contracts.
 3 | Units under maintenance at the end of the year (excluding new units added during the year) divided by units under maintenance at the beginning of the year.

Global Footprint

TK Elevator has customers worldwide and our manufacturing footprint reflects this, extending from the Americas across Europe to Asia. At all of our facilities, we leverage our expertise and experience in engineering and manufacturing urban mobility solutions to develop new innovations and continually improve existing products.

All major sales markets are covered by local manufacturing facilities and complemented by a truly global service network with approximately 1,000 branches spread across five continents.



MANUFACTURING AND R&D FACILITIES

- Elevators
- Escalators
- Airport Solutions
- Home Solutions

RESEARCH & INNOVATION CENTERS AND TEST TOWERS

- Research & Innovation Center
- Principal "Test Tower"

REGIONAL HEADQUARTERS

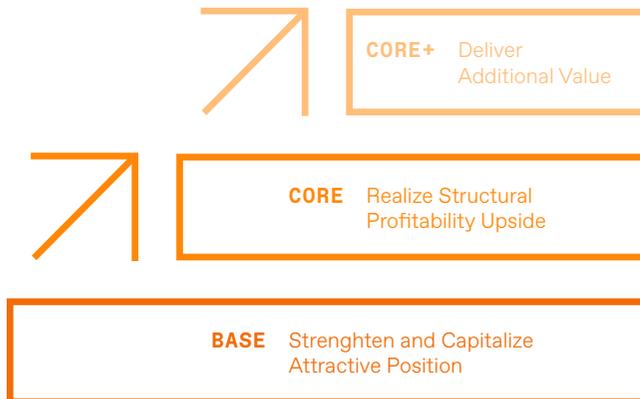
1 | "Branches" refers to service centers.

Stable and Profitable Growth

Our Strategy

Sustainability is an integral part of our strategy, contributing to our value creation and long-term growth. It provides opportunities for us to responsibly meet and exceed relevant requirements and thus set an example for others. But it's also a chance for us to continue steering our business along a path of stable, profitable growth. Ultimately, we're enabled to create lasting value that benefits our stakeholders, the environment, and society. We believe in stakeholder engagement and take a prudent, proactive approach to managing sustainability risks.

Our strategy is based on three pillars:



BASE: Strengthen and Capitalize Attractive Position

Our world is poised to become more mobile than ever before, and while benefitting from this structural growth, we are committed to strengthening our position in a responsible way. As such, we strive to achieve more with less by constantly optimizing the efficiency of our products and services to drive long-term growth and raise the standards for accessibility solutions. Our values at TK Elevator define both how we treat one another and how we act toward those that we do business with. Sustainability is an integral part of our strategy and deeply rooted in our culture.

CORE: Realize Structural Profitability Upside

The CORE element of our strategy is to increase structural profitability with initiatives to standardize products, improve our manufacturing operations, and raise overhead efficiency, while driving growth across all business lines. Sustainability is an integral part of these initiatives, which will not only bring down our costs, but also help us attain our sustainability targets. For example, we will reduce waste by improving product quality and decrease emissions with optimized transportation routes and prevent accidents by strengthening our health and safety culture.

CORE+: Deliver Additional Value

The CORE+ element of our strategy aims at generating more long-term value by continuing to enhance our current digital solutions, like our cloud-based “MAX” IoT platform, and launching disruptive innovations such as MULTI, the world’s first cableless elevator for high-rise buildings. These are designed to optimize flows of people and use available resources as efficiently as possible and, in conjunction with

the measures of our “Core” strategy, will help us expand our business steadily, profitably, and sustainably.

Performance in 2020/21

In its first entire fiscal year as an independent company after being sold by thyssenkrupp AG in August 2020, TK Elevator achieved key strategic targets and greatly improved its operating performance. Despite major headwinds caused by the Covid-19 pandemic, rising costs for inputs, and supply chain bottlenecks, we succeeded in significantly boosting all relevant performance indicators compared to both preceding years, the first of which was before the pandemic. Order intake rose by 5% to EUR 8.1 billion after adjusting for currency effects. Sales increased by 4% to EUR 8.0 billion, driven mainly by the Home Solutions division and double-digit growth in revenues in China. Despite a challenging environment and negative exchange rate effects, the adjusted EBITDA in the year under review topped the results of both previous years by a wide margin.

Steps to a Sustainable Future

At TK Elevator, we focus on responsible long-term value creation while striving to shape the future of sustainable urban mobility. Our world is poised to become more mobile than ever before, and it's vital for us to achieve this while optimizing both our environmental footprint and our social impact. We're tackling these challenges with:

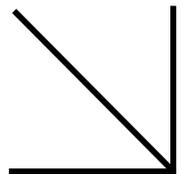
- Our entrepreneurial mindset, which is what enables us to innovate and drive our industry forward
- Our commitment to putting safety first in everything we do
- Our passion for technology and offering products and services that help conserve energy and natural resources



Statement by Our CEO

“
Moving more with
less is our key ambition,
as we strive to shape
the future of sustainable
urban mobility.”

PETER WALKER
CHIEF EXECUTIVE OFFICER



Dear Reader,

TK Elevator is an extremely resilient business, and the circumstances over the last few years have given us more opportunities than we would have wished for to demonstrate this.

We aren't taking this resilience for granted. Instead, we're constantly challenging ourselves to grow our business in a long-term, responsible manner, thus creating value for all of our stakeholders while positively impacting the environment and the communities in which we operate.

Our world is poised to become more mobile than ever before, and it's vital for us to enable this while reducing our environmental footprint. "Moving more with less" is our key ambition in connection with creating the future of sustainable urban mobility. At the same time, we have a responsibility to increase the resilience of the societies in which we operate by acting with fairness and integrity, both toward one other and toward the people we do business with. In this context we are strongly committed to the UN Global Compact's Sustainable Development Goals (SDGs) – making our contribution for achieving a better future for all.

Having begun intensifying the dialogue between us as an independent company and all of our stakeholders, we have made significant headway along our sustainability journey and received very positive and encouraging feedback, including top ratings from Sustainalytics and CDP. This report is the next step in increasing our transparency even further.

We strongly believe that it's vital for us to engage in an intensive dialogue with our stakeholders, since it helps us learn from different points of view and advance our sustainable value creation strategy. One aspect of this engagement was our first materiality assessment, which reconfirmed our long-term goals for all three ESG pillars, namely environment – targeting zero emissions driven by smart and efficient products and processes, social – aiming for zero accidents and strength through diversity, and governance – geared to zero tolerance of unethical behavior as well as to shared values of mutual appreciation.

In the last fiscal year we implemented comprehensive measures across all three of these pillars. In particular, we made significant progress in slashing emissions and strengthening employee engagement. We reduced our scope 1 and 2 emissions by 19% over the last two years, which was a major step toward achieving our target of 53% reduction by 2030. We also carried out our first group-wide employee survey with a high participation rate of 78%.

In view of our environmental ambitions, we're proud to have achieved yet another major milestone by reinforcing our net zero commitment with targets validated by the Science Based Targets initiative (SBTi). Where our own operations are concerned (scope 1 and 2 emissions), we are consistent with the reductions required to keep global warming to 1.5°C, the most ambitious goal of the Paris Agreement; and regarding our value chain (scope 3 emissions) we have set a new target that meets the SBTi's criteria for ambitious value chain goals.

Sustainability is an integral part of our value creation strategy. And building on the progress that we've made so far, I'm deeply convinced that TK Elevator will achieve the ambitious targets we have set ourselves and continue taking steps toward an even more sustainable future.

[GRI 102-14](#)



PETER WALKER
CHIEF EXECUTIVE OFFICER

Our Sustainability Highlights

<p>ACHIEVEMENTS</p>	 <p>Released new Code of Conduct in 19 languages</p>	 <p>YOUR VOICE 2021 MAKE AN IMPACT</p> <p>First global employee survey</p>	<p>Reduced TRC rate by almost 50% over the last five years</p>  <p>OSH BECAUSE WE CARE</p>	 <p>Reduced scope 1 and 2 emissions by 19% over the last two years</p>
<p>NEW TARGETS NEW COMMITMENTS</p>	<p>RE100 CLIMATE GROUP CDP</p> <p>Joined RE100 with target to source 100% renewable electricity by 2030 (45% in 2020/21)</p>	<p>Set target for diversity</p> <p>30% women in senior leadership positions by 2025 and new DEI commitment statement</p>  <p>DEI WE ARE MORE</p>	<p>BECAME A SIGNATORY OF THE UN GLOBAL COMPACT</p> 	<p>Net zero commitment and GHG emissions reduction targets validated by SBTi</p>  <p>SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</p>
<p>EXTERNAL RECOGNITION</p>	 <p>CDP DISCLOSURE INSIGHT ACTION A LIST 2021 CLIMATE</p> <p>Recognized in CDP Climate A-List for second consecutive year 2020 and 2021</p>	<p>SUSTAINALYTICS a Morningstar company</p> <p>ESG INDUSTRY TOP RATED</p>  <p>Top-rated by Sustainalytics</p>	<p>CDP SUPPLIER ENGAGEMENT LEADER 2021</p> <p>Recognized by CDP as a Supplier Engagement Leader</p>	



SUSTAINABILITY AT TK ELEVATOR

Sustainability at TK Elevator

- Robust governance structures are the basis for driving sustainable value creation at TK Elevator.
- The CEO has overall responsibility for sustainability, with a dedicated ESG function reporting directly to him.
- We have prioritized the sustainable development goals (SDGs) to which we believe we are making the biggest contributions.
- Regularly engaging with our stakeholders is an essential part of setting our sustainability priorities and assessing our success in meeting targets.
- Our materiality assessment identified the topics with the greatest relevance and impacts for TK Elevator. Our sustainability strategy and this report therefore focus on them.

Our Approach

We're convinced that sustainability and business targets go hand in hand for driving sustainable value creation. Instilling a values-based culture throughout our corporate group is an essential part of this journey. Doing so requires both robust management structures and regular communication with our stakeholders on the aspects that matter to them. Our materiality assessment was a major milestone in refining our approach, and reporting on these aspects helps us intensify our stakeholder dialog.

Sustainability Governance

✓ Everyone at TK Elevator has a role to play in conducting our business with integrity and effectively managing our environmental impacts. We have therefore anchored a cross-functional approach spanning the entire organization for addressing sustainability topics. While TK Elevator's CEO has overall responsibility for sustainability (with support from a dedicated ESG function that reports directly to him), everyone contributes information and suggestions flow in both directions, from the top down and vice versa.

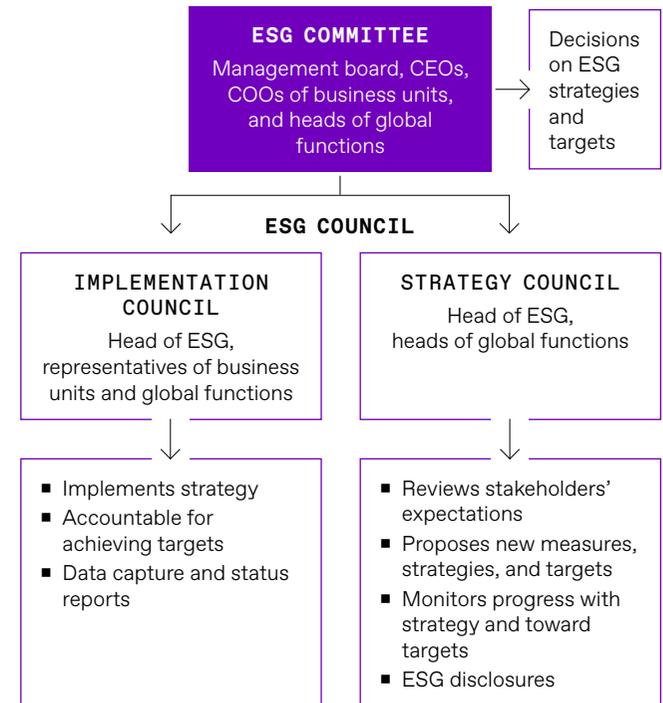
To ensure that strategic decisions on sustainability receive the attention of top leadership and are aligned with all relevant stakeholders within the organization, we have created an ESG committee. Chaired by the CEO, it comprises the members of TK Elevator's management board, the CEOs and COOs of the business units, and the heads of relevant global functions. Its role is to review all sustainability strategies and targets before these are approved and signed off by the management board.

The ESG committee is supported by two ESG councils:

- **The implementation council** comprises delegates of our business units, sustainability business coordinators, and representatives of our global functions. They are responsible for implementing our ESG strategy, achieving targets, capturing data for reporting purposes, and regularly preparing and submitting progress reports.
- **The strategy council** consists of the heads of relevant global functions, such as health and safety, human resources, and quality. It is tasked with reviewing stakeholders' expectations, developing proposals, and monitoring progress on strategy and targets.

Both ESG councils are coordinated by the head of ESG.

TK ELEVATOR ESG GOVERNANCE



TK Elevator's code of conduct and other policies and guidelines on specific sustainability topics elaborate our approach in greater detail and provide guidance to our employees in their everyday work.

GRI 102-19 | GRI 102-20 ✓

Integrating Sustainability Risks and Opportunities

Our process for managing sustainability risks is integrated into our multidisciplinary company-wide risk management process. Within this scope, we enter sustainability risks in our risk register and review and adjust these as required every six months. The most relevant sustainability risks have to do with the safety of our employees and subcontractors in connection with production activities, followed by installation and maintenance work. There are also nonfinancial risks in connection with information security, temporary staff shortages caused by the Covid-19 pandemic, and compliance. The most significant climate-related risks are associated with extreme weather conditions, which can disrupt our operations, and the ongoing transition to a low-carbon economy (driven by policy and a new regulatory framework), which may cause carbon prices to rise.

Conversely, we see several megatrends that are opening up fresh opportunities for TK Elevator. For example, greater digitalization will help us increase the uptime and service life of our elevators while reducing the CO₂ emissions of our vehicles since there will be fewer unplanned maintenance and servicing trips. Features such as LED lights and regenerative elevator drives (which capture the mechanical energy they generate during use and convert it into electrical energy) are reducing our products' energy consumption. Digital enhancers like AGILE help transport passengers more efficiently while consuming fewer resources. And innovative technologies like MULTI and TWIN save space, which in turn helps reduce buildings' embodied carbon (the carbon dioxide emissions associated with materials and construction processes throughout the life cycle of a building or infrastructure).

GRI 102-11 | GRI 102-15

Our Commitment to the United Nations Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) established by the United Nations address social and economic development topics on a global scale. While TK Elevator supports all 17 of them, we have identified and are focusing on the ones that are most relevant to our business.

The SDGs to which we make our largest contributions are:



Ensure healthy lives and promote wellbeing for all at all ages

On the basis of our safety-oriented corporate culture and a comprehensive package of measures, we are striving to ensure safe and accessible urban transportation. We also take steps to minimize the accident risks to which our employees and subcontractors are exposed.



Achieve gender equality and empower all women and girls

We are committed to creating and fostering a diverse, open, and inclusive culture for all of our employees. Our goal is for them to become the best possible versions of themselves. In addition, we have made a commitment to increasing the share of women in our workforce.



Make cities and human settlements inclusive, safe, resilient, and sustainable

With our products and services, we tackle the challenges of urbanization while making cities and buildings smarter, more sustainable, and the best possible places to live.



Take urgent action to combat climate change and its impacts

We are committed to leading the way toward a low-carbon future.

We are committed to amplifying positive impacts on the SDGs and intend to continue working during the years ahead to better define and understand the ways in which we affect the SDGs and appropriately modify our impacts.

Reporting

✓ We believe that reporting is an essential contributing factor for amplifying transparency and corporate accountability. In our view, reporting is the basis

- for measuring our performance and making improvements and
- conducting a transparent dialog and engaging with our stakeholders.

Our ESG committee has been intensively involved both in the results of our materiality assessments and in preparing this first sustainability report. Regular updates were provided to that committee on the progress made in preparing it, and both the ESG committee and the members of the management board have reviewed its contents [see page 11](#).

GRI 102-31 | GRI 102-32 ✓

Stakeholder Engagement

An open, regular, and systematic dialog with our key stakeholders is imperative for ensuring that concerns, global trends, and market expectations are successfully and proactively identified and addressed. TK Elevator’s stakeholder engagement is based on both structured and ad hoc interactions, as well as regular surveys of topics such as customer and employee satisfaction. We also obtain important information via formal grievance channels [see page 24](#).

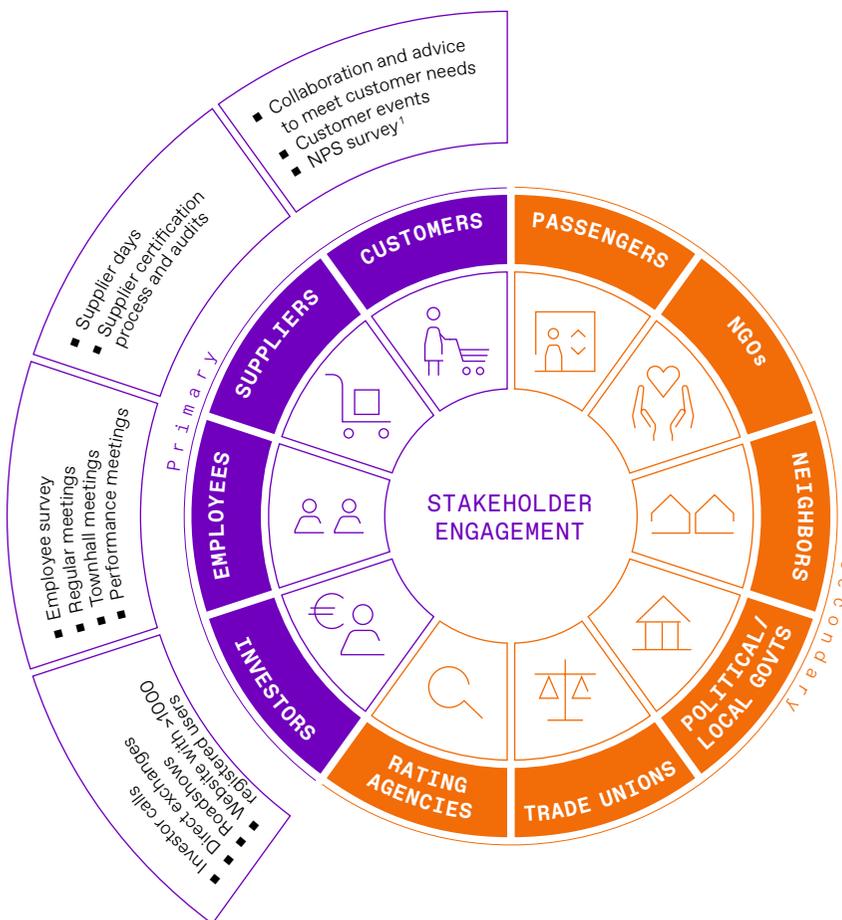
We define a stakeholder as someone who either is affected by TK Elevator or impacts how we do business. We have identified 10 stakeholder groups and mapped the stakeholders that have the greatest impact and influence on our business activities while distinguishing between primary and secondary stakeholders based on the extent of their influence and impact.

Our primary stakeholders are employees, customers, suppliers, and investors. The secondary stakeholders include NGOs, trade unions, local governments and so on. We applied a wide range of methods to identify what our stakeholders believe is important. Their input is essential for us to define our sustainability priorities and assess how successfully we meet our targets. The graphic below summarizes additional information on our stakeholders, their level of influence, and how we surveyed our primary stakeholders.

More information on the topics important to our stakeholders is contained in our materiality assessment [see page 14](#). Going forward, we will fine-tune our engagement processes based on the findings of our first materiality assessment [see page 15](#). We will also use dialogs and derived insights to validate and refine our approach.

[GRI 102-21](#) | [GRI 102-43](#) | [GRI 102-44](#)

OUR STAKEHOLDERS AND HOW WE CONSULT



1 | NPS: net promoter score

[GRI 102-40](#) | [GRI 102-42](#)

Materiality Assessment

✓ Our sustainability activities naturally focus on the aspects that impact our operations and stakeholders the most. We carried out our first materiality assessment in 2020/21 to determine whether our overall approach for improving sustainability is efficient and effective and derive additional insights on stakeholders’ expectations. We took a four-step approach:

Step 1: Identify stakeholders and topics

We began by mapping our stakeholders to capture their degree of influence [see page 13](#). Based on the findings, we then decided which ones to interview in the second step.

To identify the impacts of our business activities throughout our value chain, we collected possible topics from external sources such as ESG benchmarks, sustainability standards and frameworks such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), and peer and media analyses.

Step 2: Take an external stakeholder perspective

We then interviewed the stakeholders that impact our business the most, including customers, suppliers, employees, and investors. They were also asked to complete a questionnaire on every topic’s relevance and their perception of TK Elevator’s performance. A total of 21 topics were covered. This provided detailed insights on topics identified as relevant and others that we considered likely to become important in the short to medium term.

Step 3: Ascertain internal stakeholders’ perspective and assessment of impacts

To understand better how our business operations affect the 21 topics, we then asked in-house experts to assess the likelihood and probable intensity of impacts at different points of the value chain.

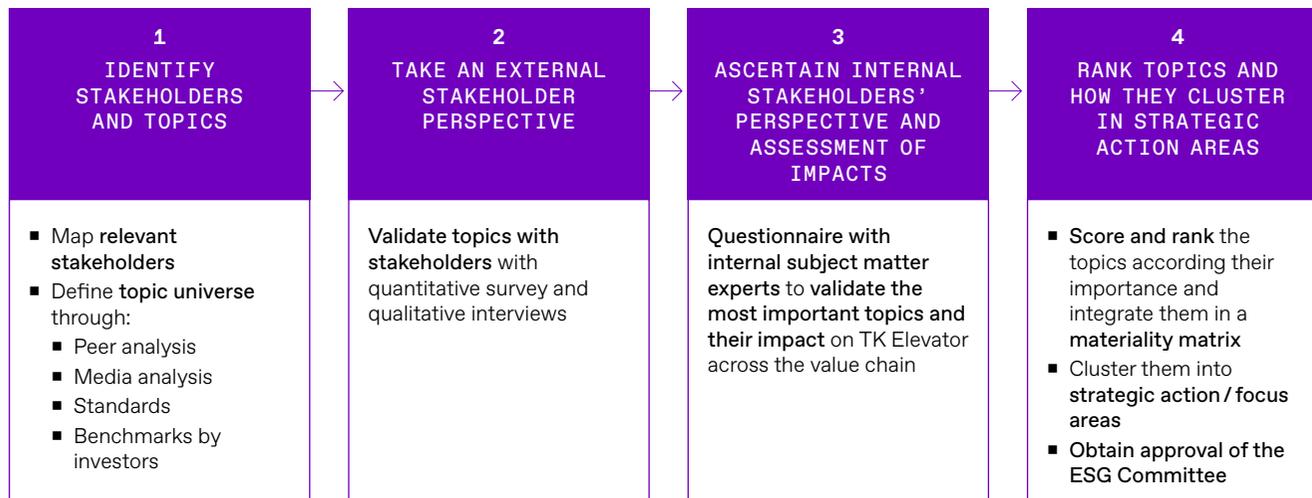
Step 4: Rank topics and how they cluster in strategic action areas

Finally, we ranked the topics based on their relevance and impacts and entered them in a materiality matrix. Seven topics emerged as having the greatest impacts on our overall value chain and the greatest relevance to our stakeholders, which were grouped into six focus areas: Governance and Compliance, Products and Services, Environment, Health and Safety, Employees, and Sustainable Value Chain.

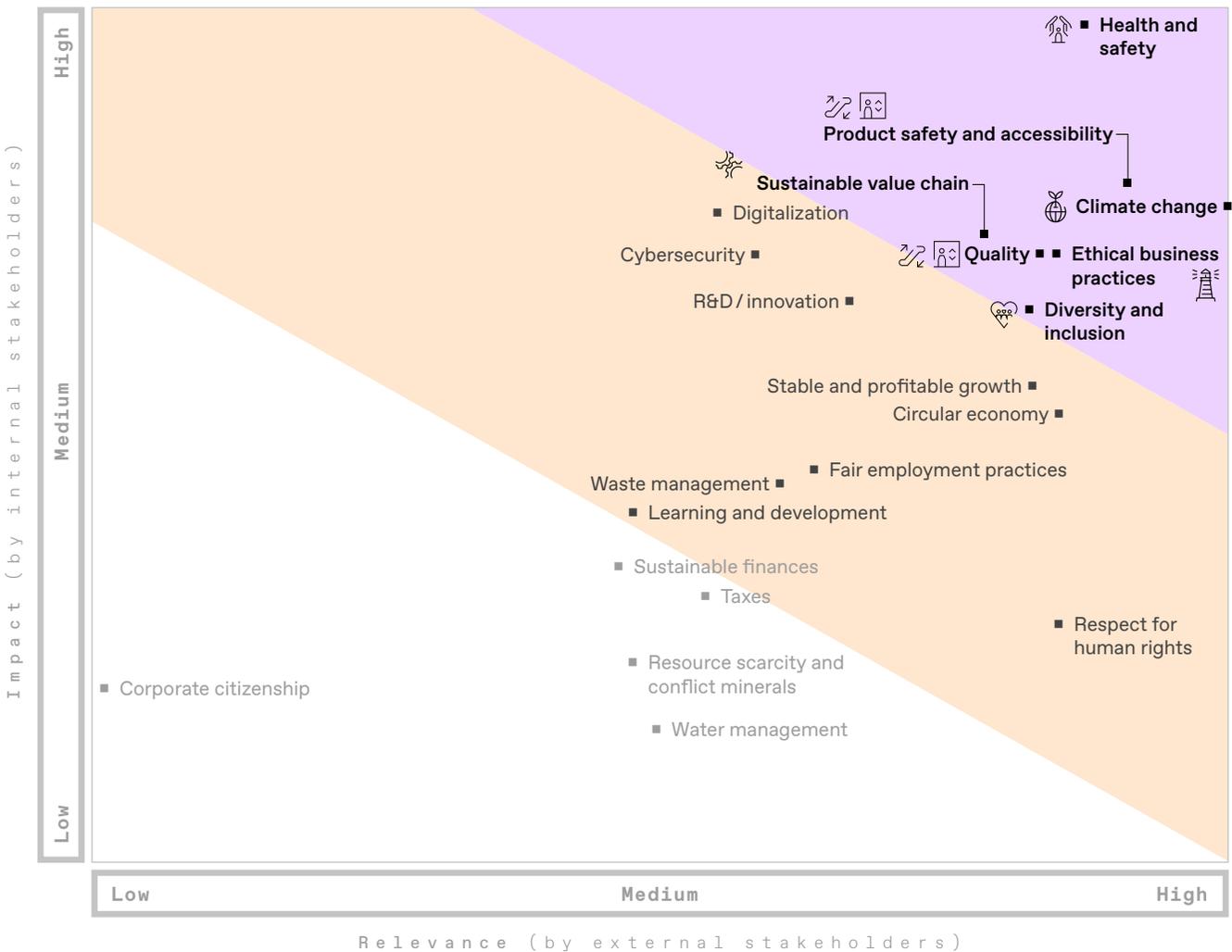
We also looked at other topics that had been assessed as having moderate relevance and impact and assigned them to the six strategic focus areas – which also provide this sustainability report’s structure.

GRI 102-21 | GRI 102-29 | GRI 102-44 | GRI 102-47 ✓

STRUCTURED APPROACH TO MATERIALITY ASSESSMENT



MATERIALITY ASSESSMENT FOR 2020/21



OUR FOCUS AREAS

HEALTH & SAFETY



SUSTAINABLE VALUE CHAIN



PRODUCTS & SERVICES



GOVERNANCE AND COMPLIANCE



ENVIRONMENT



EMPLOYEES



GRI 102-44 | GRI 102-46 | GRI 102-47

Commitments, Memberships, and Achievements

✓ We work on our targets and commitments together with a large number of stakeholders in various associations and initiatives. Here is an overview of our voluntary commitments and memberships: ✓

FUTURE STEPS

In the 2021/22 fiscal year, we will focus on applying the results of our assessment across our operations and regions.

- We plan to carry out a materiality assessment based on the new requirements of the “GRI:3 Material Topics 2021” standard, reflecting its greater emphasis on positive and negative impacts.
- We will continue to improve management of the most relevant topics and those that are likely to assume greater importance going forward.
- Other, currently less relevant topics will also be monitored on an ongoing basis in case their importance increases.



WE SUPPORT
Signatory of the UN Global Compact



Member of the Business Ambition for 1.5°C campaign led by the Science Based Targets initiative (SBTi) [see page 42.](#)



Signatory of a global framework agreement with the group’s works council and the global IndustriAll trade union.



Cofounder of the Global Elevator Safety Forum, which was established to pursue the shared goal of a safe industry without accidents.



Supporter of the Carbon Disclosure Project (CDP). In 2021 we were included in its acclaimed A list for the second consecutive year.

[The report is available here.](#)



Recipient of the CDP “Supplier Engagement Leader 2021” award for taking action to measure and reduce environmental risks in our supply chains.



Ranked by Sustainalytics as a top ESG performer: TK Elevator achieved one of the best results among over 500 companies of the machinery industry, confirming our low ESG risk profile and efficient management of ESG risks.



GOVERNANCE &
COMPLIANCE

HOW ARE WE
INSTILLING A
SUSTAINABLE
VALUE CULTURE
ACROSS THE
ORGANIZATION?



The code of conduct
is available in

19
Languages

OUR CULTURE IS INFLUENCED BY HOW WE TREAT EACH OTHER



DR. ANDRÉ UHLMANN,
CHIEF COMPLIANCE OFFICER

The way we treat each other and how we behave toward the people we do business with affects our culture at TK Elevator. Every one of us plays an integral part in shaping it. To foster a sustainable value-based culture we, as the compliance department, provide practical guidance to our employees, for example with our code of conduct courses and eLearning programs.

Our role is to guide our colleagues like a lighthouse: helping them navigate troubled waters and find their way into a safe harbor.

Governance and Compliance

- We're committed to high standards of corporate governance.
- Our state-of-the-art compliance management system supports our value-based company culture.
- TK Elevator's whistleblowing hotline is available to both internal and external stakeholders in 13 languages.
- High standards of cybersecurity and data protection strengthen mutual trust and long-term relationships with our stakeholders.
- Human rights are integrated in our sustainability approach, which is aligned with the 10 principles of the UN Global Compact.



Our Approach

Our values and principles are the basis for how we do business and behave toward both our own people and others that we deal with. At TK Elevator, we strive for excellence – and not only in our products and services, but also in how we work. We build on robust governance structures, including a compliance management system that provides a framework for our value-based company culture.

Our responsibility as a company goes further than respecting the laws and regulations of the countries we operate in. Reliability, honesty, credibility, and integrity are part of our DNA. We turn down contracts that could only be won by breaking the rules. This is reflected in the TK Elevator management board's commitment to compliance and in our code of conduct and supplier code of conduct. These clearly define the ethical standards that we consistently apply to our employees, our business partners, and ourselves.

As a signatory of the UN Global Compact, we're committed to helping to achieve a sustainable future, globally fight corruption, and prevent violations of human rights and labor standards.

Governance

We uphold high standards of corporate governance. Our approach is designed to reflect our values, comply with legal and regulatory requirements, and meet stakeholders' expectations while applying current best practices. Corporate governance is the framework within which we pursue our financial and other objectives, defining how authority and accountability are distributed across the company. This essential framework helps us meet the legal requirements for appropriately and properly managing TK Elevator and lays the groundwork for responsibly creating value on a long-term basis.

Our Governance Structures

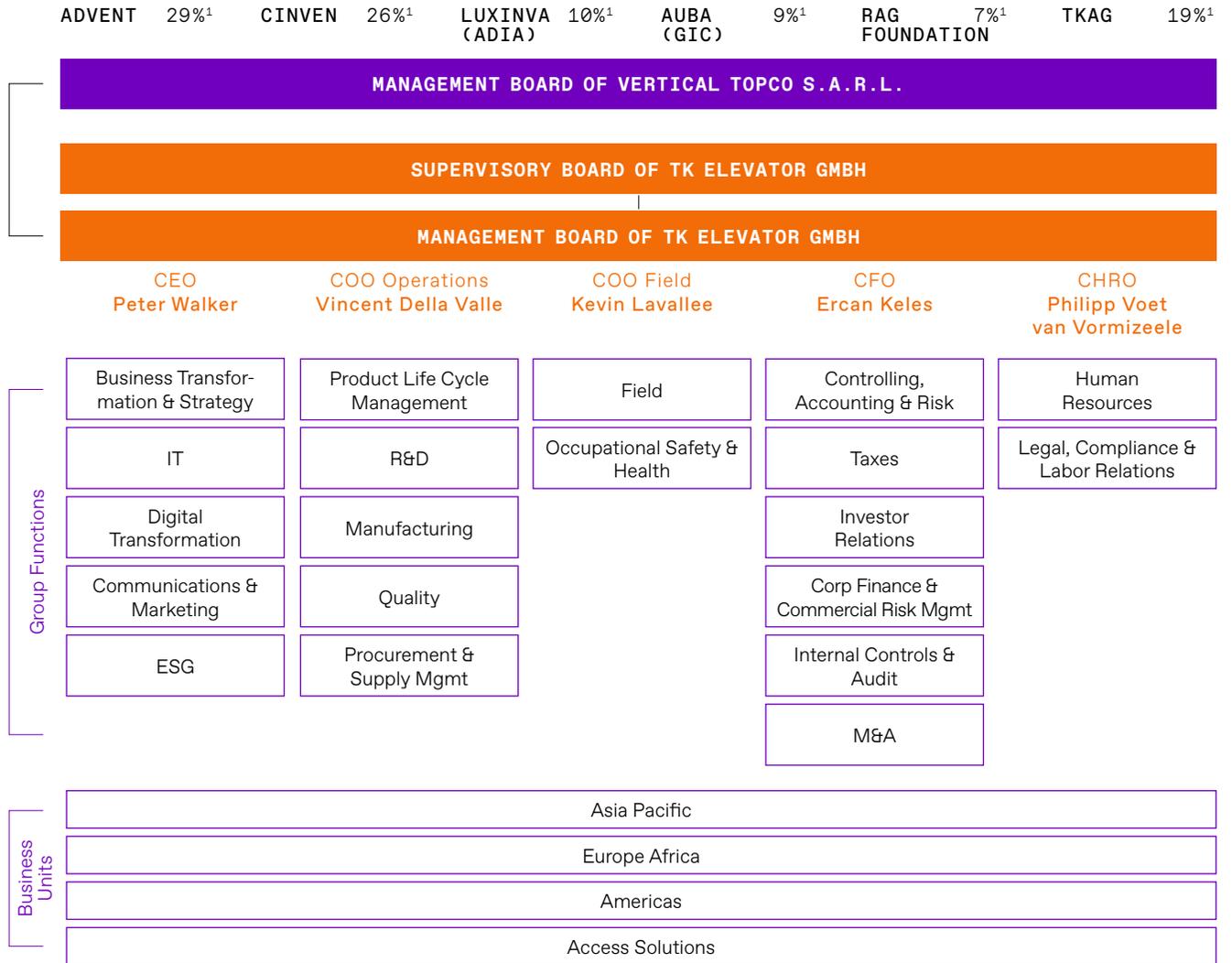
Our management board leads TK Elevator’s organization. It has overall responsibility for our Group functions, our business units, and the business activities of our entire corporate group and family of subsidiaries. When matters of fundamental importance arise – such as a change in the nature of our business, a reorganization at the business unit level, or major acquisitions or disposals – our management board must obtain the supervisory board’s approval before taking action.

The board of directors of Vertical Topco S.à.r.l., a company incorporated in Luxembourg that is an indirect shareholder of TK Elevator GmbH, represents the owners of the TK Elevator group and is responsible for its overall management and supervision. In the following, it is referred to as the “Topco board”. It makes decisions on matters that have strategic importance for the group as a whole.

A set of rules of procedure governs the composition of these boards and how their members are nominated and chosen.

GRI 102-18 | GRI 102-22

TK ELEVATOR GOVERNANCE STRUCTURE



Note: Simplified overview
1 | Approximate shareholder stake in TK Elevator group

GRI 102-18

Management Board

TK Elevator GmbH has a mandate to manage the companies of the TK Elevator Group, and our management board is therefore responsible for making all decisions regarding the group’s organization, business operations, and performance. While exercising this responsibility, it takes into account the interests of all stakeholders, also obtaining the approval of the supervisory board and the Topco board when required. The management board has five members: the chief executive officer (CEO), the chief financial officer (CFO), the chief operating officer operations (COO operations), the chief operating officer field (COO field), and the chief human resources officer (CHRO). For details on the management board’s responsibilities with regard to sustainability issues, [see page 11](#).

The current board members all have a strong entrepreneurial background and mindset. Together they have accumulated an entire century of experience in the elevator and escalator sectors. In 2021, our board was strengthened by the appointment of Vincent Della Valle and Kevin Lavallee to the posts of COO operations and COO field, respectively.

[GRI 102-21](#) | [GRI 102-27](#)

Supervisory Board

TK Elevators’ supervisory board consists of 16 members, eight of which are appointed by the shareholders and eight of which are appointed by the employees in accordance with the provisions of the German Codetermination Act. So far, the shareholders have appointed seven members: four representatives from Cinven and three independent entrepreneurs. Nine members of the supervisory board are nonexecutive directors. More information on the members of the supervisory board is available [on our website](#).

Each supervisory board member serves for between four and five years, depending on the election schedule and exactly when their terms end. A member may be reelected. At the latest, the term of a supervisory board member ends with the next annual meeting after they reach the age of 75. The chair of the supervisory board represents the shareholders and the vice-chair the employees.

The members of the supervisory board must possess the knowledge, abilities, and expertise that are essential for them to properly carry out their duties. They must also be familiar with the sectors in which TK Elevator operates. At least one member of the board must also have accounting or auditing expertise.

All of the supervisory board’s members are obliged to protect the company’s interests. The chair must be immediately informed of any conflicts they may have in this regard. The supervisory board’s reports to the annual general meeting must also include information on any conflicts of interests that have arisen during the preceding reporting period.

[GRI 102-25](#)

The supervisory board has the following committees: an executive committee, a mediation committee, a personnel committee, and an audit committee.

The executive committee comprises the supervisory board chair and vice-chair plus one member of the supervisory board, who is proposed and elected by the shareholder representatives, and one member who is proposed and elected by the employee representatives. The mediation committee and personnel committee are structured analogously. The audit committee consists of two supervisory board members who are proposed and elected by the shareholder representatives, plus another two members who are proposed and elected by the employee representatives on the supervisory board.

[GRI 102-23](#) | [GRI 102-24](#)

The supervisory board appoints the members of the management board, including its chair. The management board reports to the supervisory board, and in certain cases to one or more of its committees. All matters that are relevant to the company and/or the TK Elevator group are reported on an ongoing basis. They include strategy, planning, business development, sustainability, risk management, and compliance. There are regular reports, special reports, and requested reports. The supervisory board also reviews the annual financial statements and presents the results to the management board.

[GRI 102-19](#) | [102-26](#) | [GRI 102-30](#) | [GRI 102-33](#) | [GRI 102-34](#)

Topco Board

The Topco board comprises managers who have been nominated by the investors. It has a remuneration committee, an audit, risk, and compliance committee, and an environmental, social, and governance (ESG) committee. The last of these three regularly communicates with TK Elevator’s own ESG committee; its role is to help the group meet its sustainability-related and corporate responsibilities by supervising and providing advice on ESG matters and activities that are relevant to the group’s business. For more information on how we manage sustainability topics [see page 11](#).

[GRI 102-22](#) | [GRI 102-23](#)

Ethical Business Practices

✓ Unethical behavior such as corruption or money laundering can be highly damaging to any business. Operating while upholding high standards of integrity, honesty, and transparency is therefore not only the right thing to do but in fact crucial for the continuing success of our business. This has been confirmed by our materiality assessment, in which

“ethical business practices” were identified as a central theme for TK Elevator.

Our code of conduct, compliance management system, and whistleblowing hotline, all of which are supported by various internal policies, provide the framework for ensuring the highest standards of business ethics. ✓

Code of Conduct and Compliance Policies

✓ Our code of conduct defines clear standards for how we behave as employees and as a company and reflects how we act toward customers, suppliers, and other stakeholders. It guides us as we translate our ambitions and principles into actions in keeping with the vision expressed by our motto “move beyond”.

This code applies to all activities that are relevant to our business: providing the best and safest products and services possible to our customers, protecting the environment, and creating an atmosphere in which future generations will want to work. It also includes our commitment to compliance with measures to combat fraud, bribery, corruption, and anti-competitive behavior. It is posted in 19 languages on our website and also on our in-company intranet for our employees to consult.

Our group policies, regulations, and other supporting documents contain additional information and guidance on core compliance topics that include anti-corruption and anti-trust, steps to prevent money laundering, trade control, and data protection. All of our employees can access our compliance policies and documents via a virtual guideline desk.

GRI 205-2 ✓

State-of-the-Art Compliance Management System

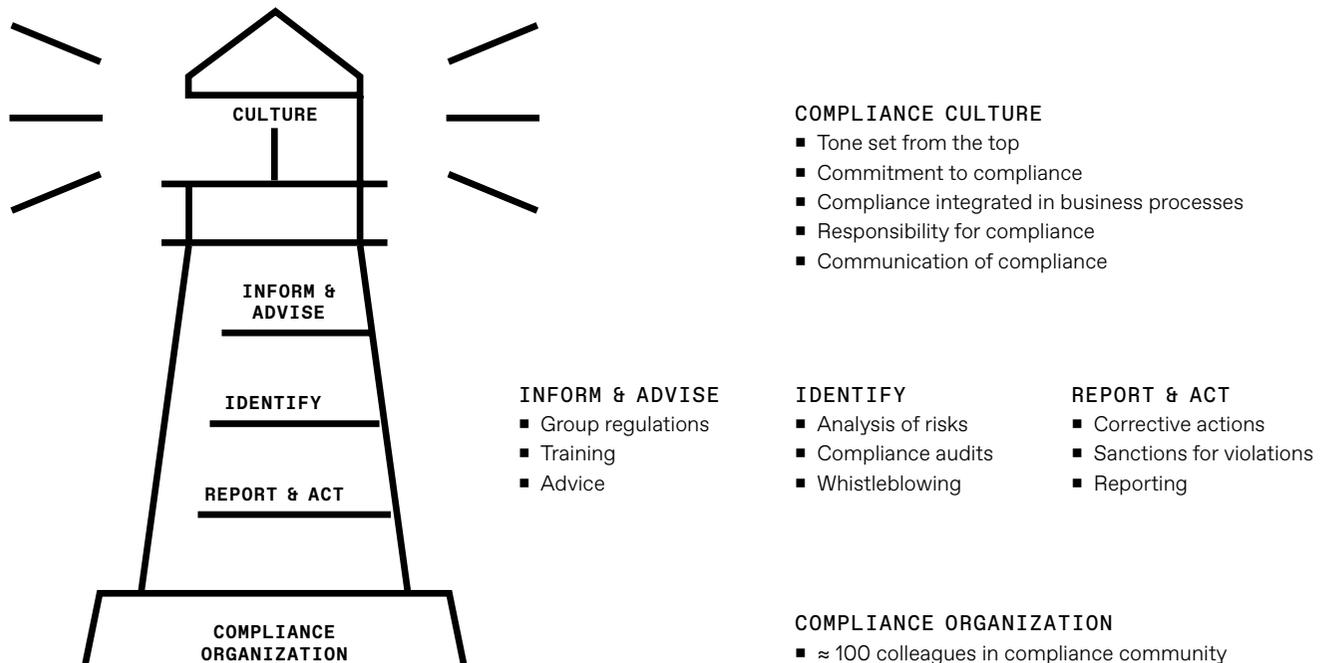
✓ Compliance is part of TK Elevator’s DNA. We are committed to ingraining a lasting, value-based culture throughout the group that makes reliability, honesty, credibility, and integrity the cornerstones of our actions.

We have created a state-of-the-art compliance management system that is specifically tailored to our business model and the environment in which we operate. TK Elevator has established worldwide standards and processes to ensure a consistent group-wide approach.

We expect our business partners to share our high standards in promoting an open and transparent culture, ethical behavior, and compliance. This includes adhering to international standards like those of the United Nations (UN) and the Organization for Economic Co-operation and Development (OECD), conventions against corruption, and all other anticorruption laws. They are also expected to hold their own suppliers to the same standards. More information on how we build sustainable partnerships with our business partners is available in the chapter “Sustainable Value Chain”, see page 66.

SASB RT-EE-510a.1

ELEMENTS OF THE TK ELEVATOR COMPLIANCE PROGRAM



TK Elevator’s compliance program has three parts: “inform & advise”, “report & act”, and “identify”. It is tightly interwoven with our overall risk management program, our internal control system, and the internal controls & audit function, which together provide three lines of defense. In this way, we ensure that compliance is an integral component of every single business process and that potential risks are identified at an early stage so appropriate countermeasures can be promptly initiated. Our compliance officers around the world advise, educate, and inform employees about legal requirements. ✓

Organisation and Reporting

✓ The TK Elevator compliance organization is headed by our chief compliance officer, who directly reports to the CHRO. It has more than 20 full-time compliance officers at the corporate and business unit levels. Based in Germany, China, Brazil, the United States, and Spain, they work closely with a network of more than 70 compliance managers to implement the compliance program at all of the organization’s levels.

In addition, our compliance officers are supported by a larger network of colleagues worldwide who are specialized in areas such as data protection or trade controls. They also train and advise employees worldwide on applicable statutory requirements and internal groupwide policies.

GRI 102-17

Our chief compliance officer reports to TK Elevator’s management board each quarter and periodically also to the supervisory board. In addition, a comprehensive compliance report is prepared on a biannual basis. Each such report outlines the current status of the TK Elevator compliance management system, principal risks, incidents, and any measures taken. It is submitted to TK Elevator’s management board and supervisory board. Similar KPIs and compliance reports are also

prepared for each dedicated business unit and submitted to their management boards.

In addition, when necessary the TK Elevator management board, business unit heads, and other line managers are immediately notified of any material risks, violations of rules, or compliance-related developments. ✓

Risk Assessments

The central body responsible for risk management is the interdisciplinary risk and internal control committee (RICC), which regularly carries out a comprehensive assessment and analysis of the overall risk situation at TK Elevator. The RICC includes TK Elevator’s CFO as well as the heads of the relevant global functions.

The basic principles for corporate governance and risk management are defined in our governance, risk, and compliance policy. These principles serve as guidelines for appropriately and responsibly managing risks. Our risk management process is based on a “three lines of defense” model, with each one covering various risk management responsibilities at TK Elevator.

The first line of defense comprises individual management functions and units, which perform their own checks to monitor and manage relevant internal risks. The second line, comprising the Controlling, Accounting & Risk and Legal, Compliance & Labor Relations functions, monitors risks and supports proactive management of them. The third line is based on the Internal Auditing & Control Systems function, which independently analyzes the appropriateness and effectiveness of the processes and systems of the first two lines of defense. The compliance program is included in the second line of defense and interlinked with TK Elevator’s risk

management function and internal control system. This ensures that compliance is an integral component of every relevant business process. Our compliance officers act as strategic business partners, providing advice on compliance to our employees and management.

TK Elevator also conducts comprehensive bottom-up risk assessments of aspects that are relevant to compliance – such as bribery and corruption – for all TK Elevator companies. Every year we hold in-depth risk assessment workshops with selected group companies to update the assessments and define specific measures for mitigating the identified risks. To advance these processes further, we are planning to implement a new risk assessment tool over the course of the next two years. Our risk management systems have not identified any significant corruption-related risks during the course of the year under review.

GRI 205-1

Prevention and Advice

✓ Our compliance officers work closely with operational teams and management worldwide as strategic business partners. They advise, inform, and train employees internationally on relevant laws and internal policies. ✓

Training Activities

✓ TK Elevator has established a worldwide training system for compliance topics. It combines classroom and onboarding courses with a comprehensive e-learning program. In 2020/21 we rolled out our eLearning Journey, which gives each employee a personalized learning experience geared to their particular role and exposure to compliance risks.

Our recently developed “Compliance Values” training course focuses on values and expectations with regard to ethical behavior and preventing corruption. It is mandatory for all employees, including the members of our management board. It focuses strongly on scenarios that reflect everyday situations that our employees might face, how our values matter in our everyday work (especially in challenging situations), how to respond in cases of doubt, and the consequences of noncompliant behavior.

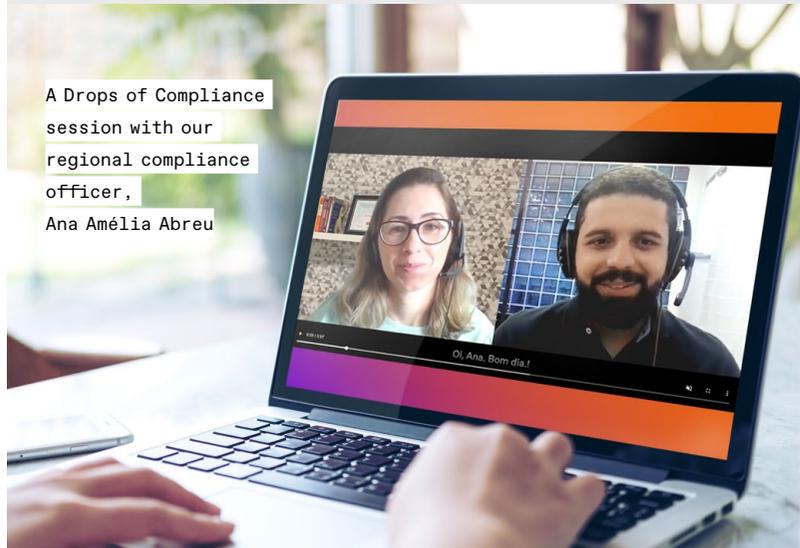
In June 2021 the course was rolled out on our global learning platform in 12 different languages for all TK Elevator employees in over 100 countries. For employees that lack access to the global learning platform or aren’t competent in any of the available languages, separate in-person training sessions are available locally. By the end of the 2020/21 fiscal year, 79% of our employees had finished the course, with the completion rate reaching 87% at the end of December 2021.

A special anticorruption training module was introduced in October 2021, and additional modules on antitrust and data protection will follow during the course of the current fiscal year. Employees may also be required to attend courses on other topics depending on their personal risk profiles. After the initial rollout, employees who have participated in courses receive annual refreshers on each topic. All employees must repeat each entire course every three years. In the next sustainability report, we will provide an update on the progress of our training program.

GRI 205-2

In addition to the online courses, our compliance officers also regularly conduct in-person courses and workshops on specific risk topics. ✓

“DROPS OF COMPLIANCE” – SHARING REAL-LIFE STORIES WITHIN LATIN AMERICA



are presented in the form of conversations between regional compliance officer Ana Amélia Abreu and colleagues, including a head of manufacturing and branch sales managers, who recount their experiences and reflect on their decisions.

▶ The videos are available online for all employees to watch and learn from, and are also being used within the scope of our in-house compliance communications to raise awareness and provide guidance.

Launched in 2020, the initiative has been very well received across the organization. These vivid examples are very helpful for guiding our everyday decisions and strengthening our values-based culture.

“Sure, it’s important to deal with that... but it would never happen to me!” is what many employees say when hearing about cases of bribery or corruption.

That’s why the Latin American business unit of TK Elevator decided to launch “Drops of Compliance”, a series of videos that present real-life examples contributed by colleagues who have faced difficult decisions related to business ethics. The stories

TK ELEVATOR COMPLIANCE VALUES

	TRAINING CANDIDATES ✓	COMPLETION RATE ✓
Total	51,174	79%
Management Functions		
Executives	23	96%
Senior management	115	94%
Other management levels	542	95%
Job Functions		
Administrative functions	4,288	91%
Field	39,348	79%
Manufacturing and R&D	6,858	71%
Regions		
Americas	16,291	66%
Europe Africa ¹	16,340	72%
Asia Pacific	18,543	97%

1 | Including TK Elevator headquarters and the Access Solutions business unit

GRI 205-2

Whistleblower System

✓ Robust ethics are paramount for TK Elevator, which goes out of its way to ensure compliance with laws, regulations, and internal guidelines while taking a zero tolerance approach. This protects the company, our employees, and our business partners. It is essential to identify, thoroughly review, and immediately put an end to any identified misconduct.

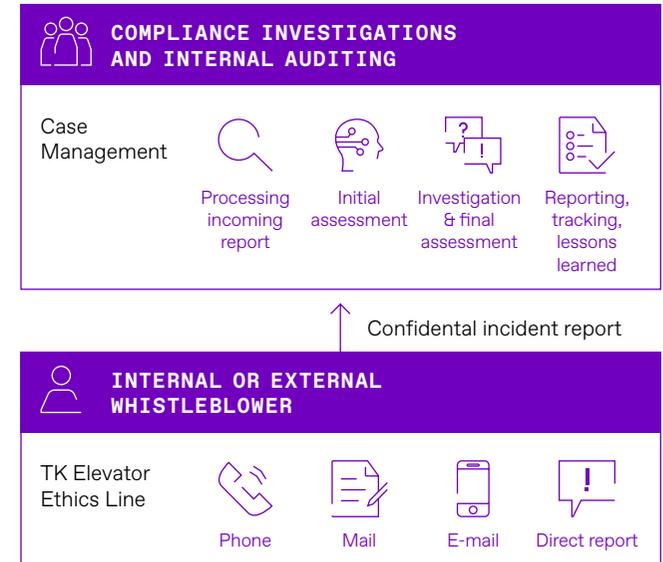
For this reason, we have established a central compliance investigation team. Together with our internal auditing team, its specialized compliance officers regularly conduct compliance audits throughout the group. Our employees also have the possibility of confidentially reporting any incidents via internal channels by communicating with their supervisor, HR, a local compliance manager, or one of our compliance officers without fear of retaliation or repercussions.

We have also set up a TK Elevator “Ethics Line” that employees can use to confidentially report their concerns at any time of the day or night. They can access it over the Web or dial dedicated telephone numbers. The TK Elevator Ethics Line is available in 13 different languages, and employees can submit reports in their native languages. It is also available for use by all customers, suppliers, business partners, and other parties.

It is possible to anonymously submit reports on a wide range of topics including fraud, theft, bribery and corruption, anticompetitive behavior, harassment and discrimination, data protection, environmental and safety issues, trade compliance, and conflicts of interest. Received reports are carefully reviewed and processed by TK Elevator’s compliance investigation team using our secure and confidential compliance investigation case management system.

TK Elevator guarantees that the identity of all whistleblowers acting in good faith will be safeguarded to the greatest possible extent. They may submit information anonymously to the extent that this is allowed by the applicable national laws. We also protect whistleblowers from any negative consequences that might result from submitting a report.

TK ELEVATOR’S WHISTLEBLOWER SYSTEM



GRI 102-17

TK Elevator promptly investigates all reported concerns and takes any required corrective action including disciplinary measures, improvements to processes, and further training. If a violation is confirmed, our zero tolerance policy goes into effect and we implement ad-hoc measures and/or impose sanctions to the required extent. Depending on the severity of a case, disciplinary action can range from warnings or reprimands to redeployment or even dismissal. ✓

Incidents and Investigations

There were no confirmed cases of active corruption in 2020/21. However, there was a case in Asia in which a breach of TK Elevator’s internal guidelines on gifts and hospitality to public officials was identified. Appropriate steps were taken to prevent more such violations including issuing a warning to the implicated employee and holding training courses for the members of the department concerned.

GRI 205-3

INTERNAL INVESTIGATIONS

	2020/21 ¹
Reported possible violations in connection with core compliance topics	67
Measures implemented ²	63
▪ Termination of employment contract	10
▪ Warning or reprimand	10
▪ Job rotation	2
▪ Criminal proceedings	1
▪ Others ³	29

1 | As a result of the company being spun off from thyssenkrupp AG, data are only available for 2020/21.
 2 | In some cases, more than one measure was taken in connection with the same investigation.
 3 | Including process improvements, communication measures, update of internal guidelines.

GRI 102-33 | GRI 102-34

Legal Proceedings, Fines and Other Sanctions

If core compliance topics are involved, our compliance officers manage the proceedings. They must also be informed about any ongoing external investigations. No fines or other sanctions were imposed on TK Elevator in 2020/21, nor have any other relevant legal proceedings or external investigations come to our knowledge. TK Elevator has also not received any complaints about substantial breaches of customer privacy or leaks, thefts, or losses of customer data during the period under review.

The legal predecessor of TK Elevator was penalized by the European Commission for violating EU antitrust rules. The European Commission initiated investigations in 2004, and a fine was paid by thyssenkrupp in 2007. Similar proceedings were launched concurrently by Austria’s Federal Competition Authority, but the thyssenkrupp group testified as a key witness and was granted immunity from fines in return.

Possibly damaged parties asserted claims for compensation both in and out of court. Proceedings are still pending in Belgium and Austria. However, most of the cases have already been settled or dismissed by the court or else the lawsuits have been withdrawn. All of the proceedings in Germany and the Netherlands have been concluded.

GRI 206-1 | GRI 418-1 | GRI 419-1 | SASB RT-EE-510a.2 and 3

Rules for Our Business Partners

✓ TK Elevator’s supplier code of conduct defines what we expect of our suppliers in terms of ethical business practices. It covers aspects including our zero tolerance policy toward bribery and corruption, conflicts of interest, and failure by our suppliers to uphold our standards on labor and human rights, health and safety, and the environment. We expect our suppliers to comply with the requirements outlined in TK Elevator’s supplier code of conduct in all of their dealings with us. These also apply to their own employees and suppliers and any involved third parties, including government officials. For more information on supplier sustainability audits see page 68. TK Elevator may terminate its contracts with suppliers if they fail to adhere to our supplier code of conduct, which is available in 26 languages.

Sales related business partners, especially sales intermediaries and distributors, must submit to a compliance check before we will initiate a business relationship with them. We also recheck them every three to five years. These checks are carried out with our global business partner compliance tool, which is based on global standards, involves the use of questionnaires on risk-related aspects, and is deployed to continually monitor all sales related business partners by consulting relevant compliance databases. Risk-based compliance checks (due diligence) and any required measures are also applied to business partners involved in acquisitions, joint ventures, and major projects. ✓

Activities During the Year

✓ Following TK Elevator’s separation from the thyssenkrupp group in August 2020, we created standalone systems and processes that were better tailored to our business operations and needs. The compliance-related measures implemented in 2020/21 included:

- Development and rollout of a compliance values e-learning course for all TK Elevator employees
- Development and implementation of a compliance investigation case management system to provide a secure and confidential system for managing and storing cases under investigation and simplifying KPI reporting
- Development and implementation of a compliance advisory case management system to simplify reporting on global compliance KPIs and enable global collaboration and sharing of best practices within the compliance organization
- Rollout of new group regulations on trade control, data protection, corporate social responsibility ✓

Cybersecurity

TK Elevator takes data protection and information security very seriously; they are becoming increasingly relevant, also in our industry. Our code of conduct outlines our approach to protecting company information, software ethics, and data protection. We’re convinced that the high standards we have set ourselves strengthen trust and bolster long-term relationships with our customers, employees, and other partners.

At TK Elevator, our information security and data privacy functions are involved in data processing and ensuring compliance with relevant legislation in the countries we operate in. Our cybersecurity is governed by an IT security management system. It is regulated by our internal standards, which adhere to the NIST 800-53 framework while also meeting the requirements of the NIST cybersecurity framework v.1.1 and ISO/IEC 27001. Our internal policies and standards on information and our IT security guide define how employees, managers, and board members must handle related issues. These are also supported by an IT security framework that ensures structured implementation, ongoing maintenance, and continual improvement of how our IT security standards are applied in practice.

TK Elevator has assessed its cyber security risk profile. If an incident occurs, it is immediately investigated by our security operations center and computer emergency response team, which are also responsible for fixing any problems. A security incident management procedure and standardized plans (e.g. for dealing with phishing or ransomware attacks) are in place and supported by a security incident and response team.

Data Protection

✓ We have adopted a global group data protection regulation that establishes internationally acknowledged data privacy and data security principles (like those defined by the European General Data Protection Regulation, the Chinese Personal Information Protection Law, the Brazilian General Data Protection Law, and the California Consumer Privacy Act) to ensure appropriate procedures and practices for processing personal data. ✓

Respect for Human Rights

✓ We act with integrity across our operations and throughout our value chain while applying a zero tolerance policy with regard to human rights violations. It is integrated in our sustainability approach, which is aligned with the 10 principles of the UN Global Compact, the UN Universal Declaration of Human Rights, and the core labor standards of the International Labor Organization (ILO). We have formulated a statement on slavery and human trafficking in which we firmly commit ourselves to combatting all kinds of child and forced labor and violations of the core labor standards. We also expect all of our business partners to acknowledge and respect human rights and apply equivalent principles. In 2020, TK Elevator signed a global framework agreement (GFA) with the group’s employee council and the IndustriAll global trade union in which we pledge to safeguard human and employee rights worldwide.

Our commitment to human rights spans three areas:

1. Health and safety across our value chain: this involves ensuring safe working conditions both for our own employees and for our subcontractors [see page 49](#).
2. A working culture based on fairness and diversity: we ensure fair working conditions for all our employees [see page 60](#).
3. Respect for human rights throughout our supply chain: we work with our suppliers to ensure due diligence [see page 68](#).

Human rights violations can be reported to TK Elevator using our Ethics Line [see page 24](#). This makes it easy for all internal and external stakeholders to report suspected breaches.

TK Elevator’s principal tools for ensuring due diligence with respect to human rights are:

- Code of conduct
- Supplier code of conduct
- Minimum requirements in terms of human resources and working conditions
- Supplier audits
- Safety standards and tools for all business units
- Grievance mechanisms (e.g. TK Elevator Ethics Line)
- The Global Elevator Industry Safety Forum, which we cofounded
- A global framework agreement (GFA) with the global trade union IndustriAll
- Our slavery and human trafficking statement ✓

FUTURE STEPS

In the year 2021/22, TK Elevator will continue to develop its governance and compliance activities. Our targets support our vision to “move beyond” the status quo and constantly challenge ourselves.

- Rollout of additional e-learning modules anticorruption, antitrust, data protection and other relevant topics.
- Development of a new business partner compliance system for checking compliance by sales intermediaries.
- Launch of new group regulations for sales intermediaries and measures to prevent money laundering.
- Advancing our risk assessment processes with a new compliance risk assessment tool that will be implemented over the next two years.
- Introduction of a new data protection management tool.
- Additionally strengthening of our cybersecurity measures by means of frequent technology upgrades, regular audits, and training and awareness programs.



PRODUCTS & SERVICES

HOW DO WE SUPPORT OUR CUSTOMERS ON THEIR SUSTAINABILITY JOURNEYS?



Our goal is to reduce unscheduled maintenance visits by up to

50% with MAX

in order to slash the carbon footprint of our products and services

WE'RE DEVELOPING PRODUCTS THAT HELP REDUCE THE CARBON FOOTPRINT OF BUILDINGS AND CITIES



HYUN-SHIN CHO,
HEAD OF DIGITAL
TRANSFORMATION

Solving operational challenges with superb engineering and cutting-edge technology has always been a core strength of TK Elevator. What excites us is seeing a solution work and helping our customers succeed.

Sustainable urbanization is one of the key trends shaping our industry. What this basically means is that we need to move more people with fewer emissions and less use of resources. We're developing products that help reduce the carbon footprint of buildings and cities by modernizing existing infrastructure to help lower energy consumption.

Products and Services

- We ensure maximum safety in connection with using our products.
- We believe that a rigorous, comprehensive approach to managing quality and safety is key for customers to be satisfied with and rely on our products and services.
- We develop products that modernize infrastructure and help improve the carbon footprint of buildings and cities.
- We regard digitalization as a key enabler for streamlining our operations for greater resource efficiency and providing sustainable products and services to our customers.
- At the end of our products' useful lives, over 75% of the materials they contain can be recycled to substantially reduce environmental impacts.



Our Approach

The environment in which we operate is being reshaped by global megatrends such as sustainable urbanization, making it increasingly important to use resources efficiently. TK Elevator is tackling the associated challenges with a clear commitment to "zero accidents", "zero defects," and "zero

emissions". Today elevators are already one the safest and most reliable means of transportation. We're committed to continuing to steadily raise these already-high standards while making our products even more energy-efficient and helping our customers reduce their environmental footprints.

Product Safety

✓ Trust in our products is the foundation of our business. We move a billion people a day with them, and safety is paramount for earning and keeping their trust. We therefore take a proactive approach to premarket safety design and quality testing. Our activities include monitoring our products' safety and taking timely corrective action whenever required. We constantly analyze and assess how our products impact users' health and safety, starting in the design phase and continuing throughout the supply chain, which includes production, installation, and servicing. Like every other company in our industry, TK Elevator must comply with national and international regulations such as EN 81, the new European Union standard on elevators. But we also define our own internal standards, such as our "TKE Health & Safety Design Rules," which go even further to help safeguard both users and those who install, service, and maintain our products.

GRI 416-1

The main process for assessing safety risks that arise from design issues is "design failure modes and effects analysis" (DFMEA). This is a well-defined, systematic group of activities used to identify and evaluate potential failure risks for customers and users. DFMEA is applied to identify the effects and outcomes of these failures. It involves assessing all product features down to the level of individual components and overall functionality. If a safety risk is identified, it is multiplied by the probability of its occurrence and detection. Which procedures are appropriate for mitigating risks

depends on the individual case; design and/or process factors are taken into account. All identified “critical for safety” aspects are documented and prioritized. Special procedures are applied to manage critical parameters for mitigating risks that are attributable to manufacturing or downstream activities, extending all the way to installation and servicing.

Due to the large size of most of our products, recalling them isn’t an option. Instead, we work on them on site to fix any issues that arise. We prepare product corrective instructions (PCIs) for most such products that have been installed for more than a year. Most of the units worked on in 2020/21 had therefore already had PCIs drawn up in previous years. We make no distinction between cases of voluntary rework and involuntary (i.e. mandatory) rework.

To determine which actions to take, we begin by assessing the associated risks to gain a measure of a problem’s severity. During the year in question, we had PCIs for 22 out of a total of 117,077 units worked on, including previously prepared PCIs. The work done in 2020/21 in connection with these 22 PCIs incurred remediation costs of EUR 5.1 million in the manufacturing process, significantly less than the figure for 2019/20 (EUR 13.4 million). This shows that our mission to implement a zero-defect culture is making excellent progress.

[SASB RT-EE-250a.1](#)

Before most products (except chair lifts, small platform lifts, and escalators) may begin operating, they have to be assessed by a third-party accreditor to determine whether they comply with local codes and standards. If they don’t comply, the unit must be immediately corrected and retested. Products that don’t require approval for each individual unit, but comply with both the relevant standards and relevant safety rules of the party installing them, must pass mandated type tests (for example, to qualify for a “CE label”). In 2020/21

TK Elevator had no cases of noncompliance with local codes and standards and didn’t receive any penalties or warnings.

[GRI 416-1](#) | [GRI 416-2](#)

All relevant labels providing detailed information on the safe use of TK Elevator’s products are covered by the relevant codes (e.g. EN 81) or national regulations and checked by a designated body during handover; an example is the “Do not use in case of fire” label. All elevators must meet the applicable requirements for these labels before they may begin operating. All potential noncompliances are identified within the scope of the service check performed by the notified body and immediately resolved before first operation.

[GRI 417-1](#) | [GRI 417-2](#)

Nothing is more important to TK Elevator than the safety of passengers and employees. But with a billion people being moved every day, unfortunately accidents do very occasionally occur and lead to claims for compensation. Due to our high standards of quality and safety and the relatively low frequency of accidents, however, our related financial losses are negligible.

[SASB RT-EE-250a.2](#) ✓

Quality

✓ TK Elevator’s customers and the passengers who ride in our products all expect them to meet the most stringent safety standards and be characterized by uncontested reliability. Quality – along with our products’ safety and environmental impact – is an essential component and goal of TK Elevator’s product development activities, R&D processes, and standards. Quality is also an integral part of our zero-defect philosophy. We believe that every

employee’s initiative and dedication are vital for establishing a “zero-defect” culture across all our operations.

At TK Elevator, “product safety” and “quality” go hand in hand. Both are deeply ingrained in our corporate culture. We believe that a rigorous, comprehensive approach to quality and product safety management is crucial for the long-term success of our business. It is one of the prerequisites for customers to be satisfied with and trust the products and services we offer them. It therefore fits that our materiality assessment identified “quality” and “product safety” as two of the most relevant topics [see page 15](#). They also have a very clear impact on our sustainability priorities. The more resources we consume to correct issues, the greater our negative impacts on the environment will be. A preventive approach thus not only makes business sense but also helps us achieve our sustainability targets.

TK Elevator has a basic tenet: never to compromise quality or product safety. Our comprehensive quality management system is based on a quality policy that covers planning, quality assurance, and quality control. Within our organization, we have implemented customer-focused tools and processes. Our quality management systems are ISO 9001 accredited and all of our manufacturing sites are ISO 9001 certified. When creating our quality and product safety system, we incorporated a wide range of tools and systems based on industry best practice standards. These include processes for identifying and managing critical aspects such as failure mode and effects analysis, supplier quality management processes like Advanced Product Quality Planning (APQP) and the Production Part Approval Process (PPAP), VDA 6.3 auditing methods used in the automotive industry, and industry-standard problem resolution tools such as 8D and Six Sigma.

Our Quality Management System (QMS) describes our vision and mission, all core quality processes, and our responsibilities and commitments. It sets out how we want to achieve a zero-defect culture throughout our organization. A variety of policies and guidelines define organizational responsibilities and structures as well as the tasks and the content of quality management at TK Elevator. ✓

Organization

✓ The TK Elevator management board is ultimately responsible for quality and product safety. The quality function is headed by our COO operations, to whom the head of quality directly reports. The quality managers of our global business units also indirectly report to the global head of quality. The corporate quality organization is responsible for defining and deploying processes, which include establishing and reporting on a core set of KPIs. The “R&D”, “supply chain”, “manufacturing,” and “field” functions are responsible for taking preventive and reactive action within the scope of our quality management system and for the results obtained. The quality functions at the business unit level are responsible for operationally applying the quality management system. Responsibility for ensuring quality is also part of processes and systems and rests with the corresponding managers at our manufacturing sites.

Processes that directly impact quality and product safety have the highest priority in our quality management system. Success and risks are measured for each problem by assigning it to one of three severity levels, each of which is associated with instructions for taking corrective action.

For measuring performance, TK Elevator applies a set of internal KPIs based on customer callbacks and issues that have been identified in the past during the course of normal

maintenance. We resolve all problems in direct contact with the customer. Claims are prioritized on the basis of their severity and impacts, and responsibility for resolving problems is assigned as appropriate. We also measure customer feedback on new installations and services. These KPIs are used to define actions for improvement at all organizational levels. TK Elevator applies stringent targets to all BUs, operational units, and branches.

Within each BU, quarterly meetings are held to summarize all major activities and track progress in making improvements. At each factory, we hold quarterly supply chain management meetings that focus attention on the main factors contributing to quality issues. Strategic measures for improving quality are regularly presented to the TK Elevator management board and corporate functions. To ensure efficient decision-making and alignment with local conditions, each business unit is empowered to make operative decisions. The quality functions responsible for product safety and customer satisfaction report to the corresponding head of the business unit. The business unit functions are incentivized to attain quality and product safety targets and held accountable if they fail to make progress. TK Elevator has also established global reporting structures to monitor whether strategic measures are implemented, and the budgets and resources required to achieve targets and generally improve quality are allocated at the business unit level.

TK Elevator bases decisions on activities for making improvements on KPI reports and emerging issues. We focus on individual high-impact issues (for example, when there are multiple complaints about quality in connection with a given supplier). These actions can lead to strategic mitigation measures like drawing up process monitoring plans. Each business unit defines its own measures based on its particular needs and process maturity. We place great emphasis on a detailed analysis of root causes.

Prevention is yet another important part of robust, rigorous quality management. We have therefore introduced a number of relevant measures such as quality lessons learned, management of critical attributes, process checks, supplier scorecards, and audits. ✓

Working with Suppliers

✓ TK Elevator works closely with its suppliers to manage quality. All suppliers must first complete a qualification process before they can be vetted. It includes a joint audit by the purchasing and quality functions. If the audit is passed, the Advanced Product Quality Planning Process starts preparing the supplier to begin delivery. To ensure high delivery standards, individual parts are cleared by the Production Part Approval Process. Quality and product safety requirements are also addressed at regularly held local “supplier days”. ✓

Activities During the Year

✓ During the global pandemic we introduced online training courses and remotely assisted the business units for deploying quality-related processes. For example, we launched a “Quality Foundation Training” course to teach core messages from the QMS handbook to the more than 4,000 associates worldwide who had already received some relevant training. Existing courses at the business units were rolled out globally in various languages. We also focused attention on using a predictive model to calculate the costs of poor quality in our factories. In addition, a global tool for tracking PCIs was developed and is now already being used by one business unit in prototype form.

Due to the pandemic situation, it was very difficult and in some cases impossible for the global quality team to make on-site visits and for cross-audits to be performed between business units. We therefore introduced several digital solutions for auditing factories. ✓

R&D and Innovation

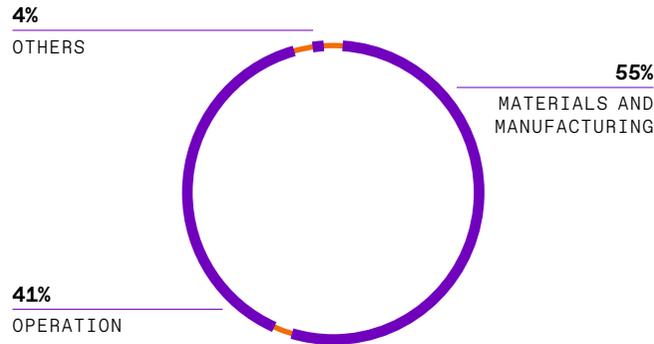
✓ We attach high priority to continually improving efficiency, safety, and the overall customer experience to achieve even greater customer satisfaction. We also constantly strive for forward-looking, disruptive technologies. Our MULTI system, the world's first cable-less elevator for high-rise buildings, is an example.

Our research and development activities focus on fundamental technological challenges that we must master to better serve today's growing, aging, and increasingly urban societies. We do this by designing products that help reduce the carbon footprint of buildings and cities and minimize consumption of natural resources. Product safety and quality are our foremost concerns throughout the R&D process. We have internal R&D standards in place that exceed the requirements of relevant official codes and regulations by defining stricter criteria and recommendations on the safety-related and environmental impacts of new products. ✓

ISO 14044-compliant life cycle assessments (LCAs) are regularly carried out on all new designs at TK Elevator to measure their environmental performance. These studies yield useful information on the environmental impacts of TK Elevator products, facilitate a better understanding of their most important aspects, and reveal possibilities for curbing environmental impacts.

We publish ISO 14025-compliant environment product declarations (EPDs) on our products that provide reliable, transparent, and comparable information on their environmental impacts. As of the end of the last reporting year, we had published nine EPDs on our elevators in North and South America, Europe, China, and Australia.

LIFE-CYCLE CARBON FOOTPRINT OF ONE OF OUR TYPICAL ELEVATORS



Figures in this chart are based on the EPD published for the most representative configuration of our low-rise elevator installed in Europe. Most of this elevator's GHG emissions over the course of its life cycle are related to the use of materials, manufacturing and operation. Their relative importance is strongly influenced by the elevator's configuration and where it is installed.

Reducing Our Environmental Impacts with R&D

TK Elevator's most significant environmental impacts are related to consumption of electricity for operating our products and the materials used to manufacture them. Our R&D approach ensures that all products are designed to minimize energy use and made of materials with low environmental impacts. Part of our product portfolio has already qualified for the highest energy efficiency ratings (Class A as defined by ISO 25745-2 for elevators, and Class A+++ according to ISO 25745-3 for escalators).

GRI 102-11

PIONEERING PRODUCTS WITH REDUCED CARBON FOOTPRINT

In addition to focusing on our core products, we're also constantly on the lookout for forward-looking, disruptive technologies. An example is MULTI, the world's first multi-directional, cable-free elevator, which will be able to move multiple cars both vertically and horizontally in one shaft.



MULTI

MULTI is expected to need up to 50% less floor space for hoistway shafts than typical elevators, thus significantly reducing the carbon embodied in a building's core area.



TWIN

Our breakthrough TWIN® elevator system has two cars, arranged one above the other, that operate independently in a single hoistway. TWIN® provides the same transportation capacity as conventional elevators but requires less space and construction work and overall leads to less embodied carbon.



MAX

Our innovative cloud-based maintenance platform helps us optimize our maintenance logistics and reduce travel by our service technicians, yielding a significant reduction in GHG emissions.



AGILE

This technology transforms elevator systems into a seamless mobility ecosystem that is more intelligent and efficient. As one major feature, AGILE gauges the demand for traffic and groups passengers by identifying similar destinations. This results in less crowding, fewer stops, and more efficient use of available elevator capacity, thus also minimizing energy consumption when there is less demand.

Collaboration with Stakeholders

We collaborate with external scientific and academic institutes to improve product safety, accessibility, and energy efficiency standards. In addition, we belong to various industry associations including the European Lift Association (ELA), National Elevator Industry, Inc. (NEII), and the Chinese Elevator Association (CEA) and are represented in globally leading standards organizations such as ISO, CEN, ANSI, and SAC, thus actively contributing to the development of new codes and standards. We enhance our innovative strengths by collaborating with customers and companies in other industries to implement specific technologies for new products. One example is our collaboration with Zühlke and Microsoft, which enabled us to develop HoloLinc, a fully digitalized end-to-end sales process for the stairlift industry. HoloLinc lets customers see exactly how products will look in their homes. It also ensures highly precise measurements and significantly reduces lead times, which is crucial for many customers who may suddenly and urgently need to install a stairlift.

Circular Economy

✓ There is growing concern globally about the use and disposal of materials, resulting in mounting pressure on businesses to address the issue of post-consumption waste. The adoption of circular economic principles will lead to better products for our customers, increase the efficiency of our operations, and reduce our overall environmental footprint. TK Elevator’s products contribute to the circular economy, and our internal R&D standards establish minimum requirements and other recommendations: for increasing the recyclability of materials used in products and facilitating the reuse of materials and components, with the ultimate goal of keeping products, components, and materials circulating through several entire lifecycles. This approach bolsters resource efficiency while reducing waste. ✓

Modernization Solutions to Support a Circular Economy

Not only TK Elevator’s new products, but also our modernization solutions support the transition to a circular economy and help improve the environmental performance of existing infrastructure. When upgrading elevators, escalators, and passenger boarding bridges, we reuse components that have longer lifespans. This reduces the use of materials and therefore also the carbon that’s embodied in buildings. We also integrate the latest new technologies for improving energy efficiency, which additionally slashes energy use and buildings’ overall carbon footprint.

REDUCING OUR EMISSIONS THROUGH SPARE PARTS BUSINESS EXCELLENCE

Digitalization helps us benefit our customers by reducing downtimes and enabling more efficient operation while also decreasing TK Elevator’s own costs and reducing emissions. Our Spare Parts Business Excellence (SPBE) program brings all of this together.

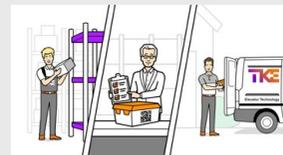
We have nearly 1.5 million units under maintenance, and each elevator requires an average of between two and four replacement parts a year. We leverage Big Data analytics coupled with a digitalized end-to-end supply chain to ensure that, in most cases, the required parts are already in the technician’s car when arriving on site. This facilitates rapid replacement of the broken component and eliminates emissions from unnecessary travel and logistical processes.

This is measured by an important KPI, namely the “hit rate”, which reflects how often the correct part was already in the technician’s car 24 hours before performing the corresponding repair.

In Spain – the first country in which we fully rolled out our SPBE initiative – we have succeeded in increasing our hit rate by more than 50% over the last two years. We see much more potential in this initiative and are continuing to extend the program globally.



Big Data analytics leveraged by spare parts business center



End-to-end QR code-based supply chain with in-car delivery



Digital monitoring of spare parts consumption and inventory updating with [View For Mobile](#)

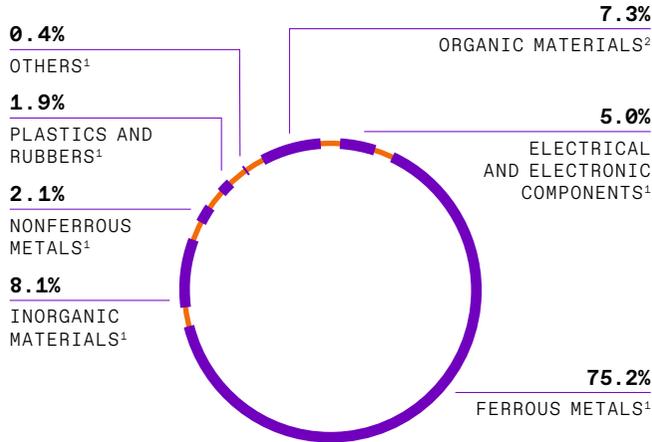


Fast repairs and satisfied customers

↳ Circular Economy
↳ Future Steps

More than 30% of all elevators installed globally are over 20 years old. Modernizing them can prolong their useful lives, lower their energy consumption, and reduce consumption of materials for replacing them with new units. We are meeting this demand by offering tailored modernization kits for both our own and third-party units and continuing to develop new solutions on an ongoing basis to widen our offering.

MATERIALS USED IN TK ELEVATOR PRODUCTS IN 2020/21



1 | Nonrenewable materials
2 | Renewable materials

GRI 301-1

The materials used during the year under review have been estimated based on available material inventories for the EPDs or LCAs of TK Elevator products.

Carbon steel and cast iron (ferrous metals) account for over 75% of the materials used in our products. They are highly recyclable and can be kept in the supply chain indefinitely, diverting waste from landfill and reducing the use of primary resources. Roughly 12% of the materials used in our products are recycled.

GRI 301-2

FUTURE STEPS

TK Elevator has a clear commitment to “zero accidents”, “zero defects”, and “zero emissions”. We will continue moving forward toward these long-term goals by implementing the following steps:

- Ingrain a zero defects culture and minimize PCIs and associated costs.
- Steadily enhance our offering with products and features that minimize the consumption of natural resources and help our customers reduce their environmental impacts.
- Drive modernization to minimize the environmental footprints of existing buildings and expand our offering with customized upgrading kits.
- Continue rolling out digital products (such as MAX) and implementing dedicated initiatives (such as SPBE) to boost efficiency and help reduce emissions, for both us and our customers.



ENVIRONMENT

HOW CAN WE REDUCE OUR ENVIRONMENTAL IMPACT BY SETTING MEANINGFUL TARGETS?



We're committed to achieving

NET 0

global emissions
by 2050

WE INVOLVED ALL RELEVANT FUNCTIONS AND BUSINESS UNITS IN DEFINING OUR NEW EMISSIONS REDUCTION TARGETS



DR. PAULA CASARES,
HEAD OF ESG

When we defined our first emissions reduction targets, we thought they would be very challenging to achieve. But after launching dedicated initiatives, we made such good progress that it encouraged us to define new, even more ambitious targets that should be in line with the most ambitious goals of the Paris Agreement. To get everyone aligned and ready to make their contributions, we involved all relevant functions and business units. We'll definitely have to work hard to achieve these targets, but with the great dedication and enthusiasm that I've witnessed so far, I'm convinced that we can make it happen.

Environment

- TK Elevator has committed itself to achieving net zero global emissions by 2050 at the latest.
- Our GHG reduction targets are guiding us for achieving our overall net zero ambitions. They have been validated by the Science Based Target initiative.
- We've set ourselves the goal of sourcing 100% renewable electricity globally by 2030.
- We want 100% of manufacturing sites to be operating with zero landfill waste by 2026.
- TK Elevator was featured in the acclaimed A list of the Carbon Disclosure Project (CDP) for a second consecutive year in 2021.



Our Approach

✓ Since we're aiming for long-term, sustainable growth, it's clear that our activities can't be at the expense of the environment we operate in. After all, our products help make urban transportation safer, greener, and more efficient. So it's only right for us to commit ourselves to reducing our environmental footprint and taking the steps that are required to achieve our long-term objective of net zero emissions.

A strong, robust approach to environmental governance and management is crucial for achieving our targets. The ways in

which we manage our environmental themes are detailed in our Environmental and Energy Management Regulation.

Our global ESG function is responsible for coordinating, supporting, and continually advancing environmentally relevant topics, including energy management. It reports directly to the CEO.

Owing to the wide diversity of local regulations and operating environments across the many countries we work in, our business units are responsible for implementing required action plans. To make sure that local initiatives are aligned with our global environmental strategy and targets, each business unit has appointed an environmental coordinator who is responsible for implementation and reporting while interacting closely with our global ESG function. If any other checks or monitoring activities are needed, additional contact persons can be designated.

TK Elevator's environmental policy is an integral part of its ESG strategy. It is defined by the company's ESG committee [see page 11](#), which is responsible for defining TK Elevator's overall approach to environmental topics. This includes setting new targets (for example, in waste management). The group's companies make decisions on individual initiatives in line with our overall environmental strategy. ✓

Environmental Management System

✓ All of TK Elevator's entities with a relevant environmental impact or high energy consumption are required to implement an appropriate ISO 14001-compliant environmental management system and a dedicated ISO 50001-compliant energy management system. Our energy and environmental management regulation defines criteria for determining the relevance of environmental and energy topics at TK Elevator. The content and scope of the group's environmental and

energy management systems are appropriately adapted to each entity’s facilities, activities, and services. As of 2020/21, 80% of our manufacturing centers were ISO 14001-certified and more than two-thirds of our factories’ energy consumption has been certified under ISO 50001.

Our factory in Brazil received ISO 50001 certification in 2020/21, and several more ISO 14001 and ISO 50001 certifications are planned.

Our management systems include regular compliance checks. No significant cases of noncompliance were reported in 2020/21.

GRI 307-1

Each year, all TK Elevator entities report their environmental data, including data on energy and water consumption and waste, using an standard industry software solution that makes it easy to centrally check the progress made against the group’s emission reduction targets. Our larger energy consumers, which account for over 80% of total energy consumption at TK Elevator, report both their energy data and their energy efficiency gains on a quarterly basis. Scope 1 and 2 emissions data are calculated and tracked throughout the year based on those submissions. Starting in 2021/22, all manufacturing centers are also required to report their waste each quarter. ✓

Minimizing Our Impacts Throughout the Value Chain

✓ Apart from our own production and business processes, at TK Elevator we also make a point of minimizing environmental impacts throughout our value chain. We consistently keep a close eye on the supply chains for materials, goods, and services, and on the environmental benefits that our products and services deliver to our direct customers and ultimate users. ✓

Setting Standards for Environmentally Friendly Products

✓ Minimizing our products’ environmental impacts is a key focus of our R&D work. One important aspect of this work is preparing life cycle assessments (LCAs) for new products, which is an integral part of our product development process. We also regularly publish environmental product declarations (EPDs) to communicate our elevators’ environmental performance 📖 see page 32.

At TK Elevator we offer energy saving options for all our products to reduce their energy consumption while they are operating. We provide information in product brochures and overall company communication, and also make it available to our customers in connection with bidding activities. Other information such as energy efficiency certificates, LCAs, and EPDs is also available to give our customers additional details on our products’ energy and environmental performance.

Buildings have a substantial environmental footprint. According to a study by the European Commission, in Europe they account for about 40% of energy consumption and 36% of CO₂ emissions. We are therefore convinced that it’s important for us to work and communicate with our customers to help them identify and take advantage of opportunities to reduce their buildings’ environmental impacts.

Our experts prepare dedicated assessments of specific projects and buildings for customers. These can include traffic analyses, energy calculations, LCAs, and EPDs on particular product configurations. This information helps our customers optimize their installations and make their buildings more efficient and environmentally friendly.

Our experts also provide assessments of how our products can help get buildings certified as green, like in the LEED and BREEAM rating systems. At TK Elevator we have more than

200 accredited LEED Green Associates and BREEAM Associates.

We also hold courses to help customers make the best choices for their buildings. They cover topics related to the energy consumption and efficiency of elevators and highlight the importance of EPDs for selecting appropriate materials to reduce the carbon embodied in buildings.

Modernization is another key element of making buildings more sustainable. More than 30% of all installed elevators worldwide are now more than 20 years old. Modernizing these units can help reduce their energy consumption, while lowering resource consumption by prolonging the useful lives of existing units. ✓

Setting Standards in the Supply Chain

✓ TK Elevator has clear expectations of all of its suppliers. These are explained in detail in our supplier code of conduct and supplier manual. We require all suppliers to comply with relevant national laws, regulations, and standards for protecting the environment. They are also expected to set up and maintain an appropriate environmental management system (compliant with ISO 14001 or a national equivalent) in order to minimize environmental impacts and hazards and improve environmental protection in their everyday operations. To ensure compliance by our suppliers, we carry out supplier assessments and also reserve the right to request further on-site audits. We perform risk analyses to decide which suppliers will be subjected to supply chain audits. They also cover risks relevant to environmental protection and climate change. In addition, we approach our suppliers to capture information on their scope 1 and 2 emissions, which are included in the calculation of our own scope 3 emissions and our products’ LCAs 📖 see page 32.

We believe that regularly engaging with suppliers on environmental issues is important for reducing environmental impacts throughout our supply chain. During the year under review, we organized a “China Supplier Day” (as part of our program of regular supplier days) that included a session on our sustainability auditing approach. At it, a TK Elevator team explained that audits are a useful tool for steadily improving suppliers’ sustainability performance and stressed the progress that suppliers have already made in improving their scores in this way. And at a “Supplier Quality Day” in Brazil, we explained our new targets for zero landfill waste to suppliers and urged them to choose recyclable or reusable packaging for the materials they send to our factories. ✓

External Engagement and Recognition

✓ In 2021, TK Elevator was included in the acclaimed A list of the Carbon Disclosure Project (CDP) for a second consecutive year. CDP praised our activities to cut emissions, mitigate climate risks, and contribute to achieving a low-carbon economy. It has also honored us as a “Supplier Engagement Leader 2021” for taking action to measure and reduce environmental risks within our supply chain [see page 70](#).

In 2021 we became a signatory of the European Climate Pact. Launched by the European Commission as part of the European Green Deal, it is helping the EU meet its objective of becoming the world’s first climate-neutral continent by 2050.

In April 2022 we joined RE100, a global initiative uniting the world’s most influential businesses that are committed to 100% renewable electricity.

We also belong to several codes and standards organizations, including the ISO committee on the ISO 25745 series of standards, where TK Elevator is helping to develop an approach for calculating and assessing the energy efficiency of elevators and escalators around the world. ✓



TK Elevator has joined RE100 and committed itself to achieving **100% renewable electricity across its global operations** by 2030.

RE100 is a global initiative led by the Climate Group in partnership with CDP. It brings together the world’s most influential businesses **committed to 100% renewable electricity**.

Our joining in RE100 acknowledges our leadership in the energy transition and reaffirms our commitment to increasing and transparently communicating our use of renewable electricity, **which helps us reduce our GHG emissions and achieve our ambitious climate targets**.

Climate Change

✓ TK Elevator is committed to protecting the earth’s climate by reducing emissions throughout the value chain. Our materiality assessment defined efforts to combat climate change as one of our highest-priority themes [see page 15](#). We’ve set ourselves ambitious targets in connection with energy sourcing, reducing our carbon footprint, and achieving a zero-carbon future. Within the scope of our robust environmental and energy management systems, we’re tracking relevant data for regularly calculating our scope 1, 2, and 3 emissions. ✓

Climate-Related Risks

✓ Subsequent to a multidisciplinary company-wide risk management process, we are also evaluating and reporting risks and opportunities related to climate change.

In 2020/21 we carried out, with the support of an external consultant, an analysis of climate-related risks and opportunities based on the TCFD recommendations to identify which, if any, of these may exist for TK Elevator. It revealed potential long-term risks associated with extreme temperatures and the transition to a low-carbon economy.

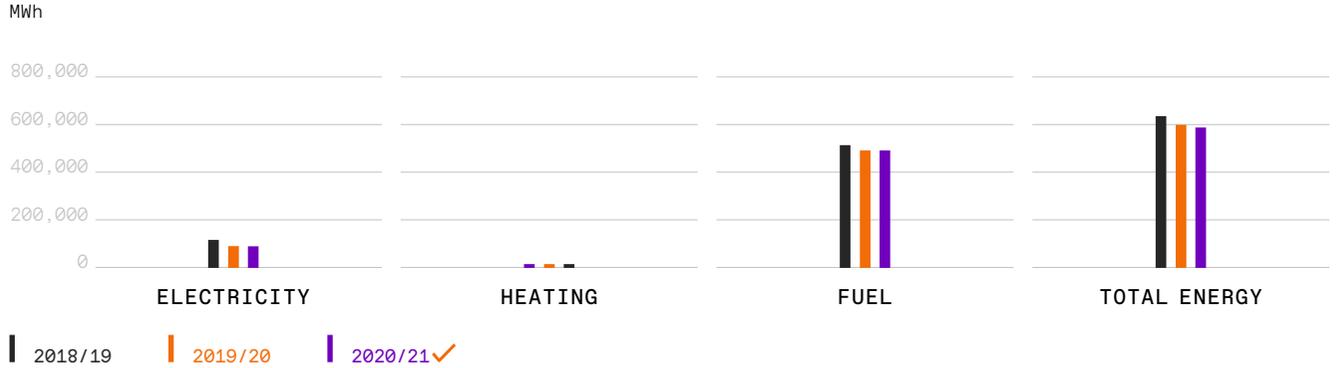
[GRI 201-2](#) ✓

Improving Our Energy Efficiency

✓ TK Elevator has set itself the target of sourcing 100% renewable electricity across all of its global operations by 2030. In 2020/21 more than 45% of the electricity we consumed worldwide was from renewable sources, up from only around 1% in 2019/20. This significant increase was mainly due to the purchase of “Energy Attribute Certificates” (EACs). We are also planning to increase the amount of electricity that we generate ourselves, mainly by installing solar panels on factories and other facilities.

TK Elevator’s energy efficiency measures and greater use of renewable energy have been the main levers for shrinking scope 1 and 2 emissions. We have a clear pathway for bringing emissions down further. Our focus will be on reducing the carbon footprint of our vehicle fleet, which comprises more than 16,000 vehicles and accounted for more than 70% of our scope 1 and 2 emissions in 2020/21. The fleet mainly consists of service vehicles used by technicians, cars driven by sales representatives, and other company cars made available for use by employees. We’re constantly looking for opportunities to additionally reduce the fleet’s carbon footprint, for example by digitally planning routes for greater efficiency and gradually switching to hybrid and all-electric vehicles. In the year 2021/22 we are planning to introduce more all-electric vehicles to our fleets in the USA and Europe.

ENERGY CONSUMPTION



GRI 302-1

RENEWABLE ENERGY CONSUMPTION

	2018/19		2019/20		2020/21 ✓	
	MWh	GJ	MWh	GJ	MWh	GJ
Total renewable electricity consumption	1,395	5,022	1,303	4,691	45,860	165,096
% of renewable electricity out of total electricity consumed	1%	1%	1%	1%	46%	46%
Total renewable energy consumption	1,395	5,022	1,303	4,691	45,860	165,096
% of renewable energy out of total energy consumed	0.2%	0.2%	0.2%	0.2%	7.7%	7.7%

SASB RT-EE-130a.1

ENERGY EFFICIENCY GAINS VERSUS TOTAL ENERGY CONSUMPTION

	2018/19		2019/20		2020/21 ✓	
	MWh	GJ	MWh	GJ	MWh	GJ
Reduction of energy consumption (conservation and efficiency initiatives)	8,923	32,123	8,328	29,981	11,334	40,802
Energy efficiency gains versus total energy consumption	1.4%		1.4%		1.9%	

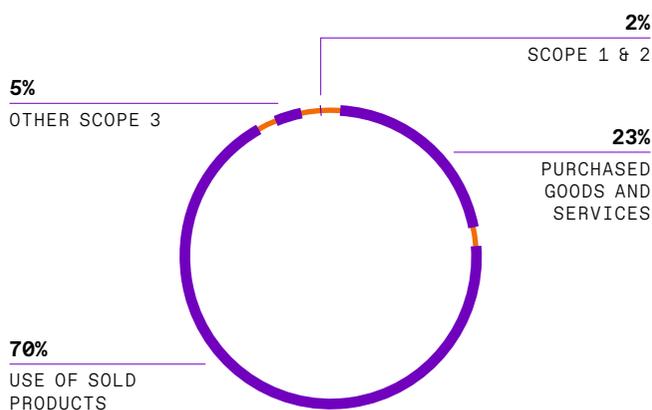
GRI 302-4

We have a groupwide program devoted to increasing energy efficiency. It covers all of our factories and the countries that consume the most fuel, which are committed to reducing their energy consumption by taking steps to boost energy efficiency. Their gains are reported on a quarterly basis.

Our most relevant measures in the fleet were related to the route optimization facilitated by the digitalization of our service business and migrating our fleet to more efficient vehicles. In the factories, we focused on process optimization and building renovation. All together our energy efficiency gains represent 1.9% of our energy consumption in 2020/21. ✓

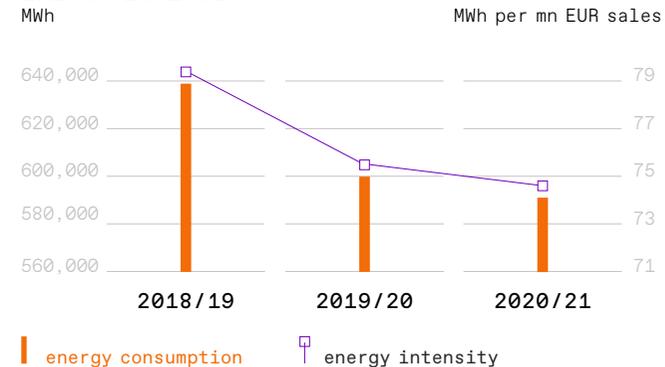
TK ELEVATOR CARBON FOOTPRINT 2020/21

t CO₂e



GRI 305-4

ENERGY INTENSITY



GRI 302-3

Reducing Our GHG Emissions

✓TK Elevator is committed to leading the way toward a low-carbon future, recognizes the importance of limiting global warming to 1.5°C, and has pledged to achieve net-zero global emissions by 2050 at the latest. We also aim to reduce our carbon emissions in support of the “Business Ambition for 1.5°C” initiative.

To minimize its carbon footprint, TK Elevator has defined ambitious targets for implementing the core values of climate and environmental protection. We have set emission targets across the entire value chain via the Science Base Target initiative (SBTi), which has validated our emissions reduction commitment in line with what climate scientists say is needed to meet the goals of the Paris Agreement. We aim to reduce direct emissions (scope 1) and indirect emissions from energy purchases (scope 2) by 53% by 2030 relative to 2019, and we are aiming for a 23% reduction in the scope 3 emissions associated with the use of our products by 2030, referenced to 2021 as the base year. ✓

STEPPING UP OUR COMMITMENT WITH AMBITIOUS TARGETS

TK Elevator has committed itself to achieving a 53% reduction in its absolute scope 1 and 2 GHG emissions by 2030 from a 2019 base year and to lowering absolute scope 3 GHG emissions from the use of products sold by 23% by 2030 compared to 2021. TK Elevator has also made a commitment to increasing its annual sourcing of renewable electricity from 1% in 2019 to 100% by 2030.

The Science Based Targets initiative has approved TK Elevator’s emissions reduction targets as being consistent with the levels required to meet the goals of the Paris Agreement.

The targets covering greenhouse gas emissions from TK Elevator’s operations (scopes 1 and 2) are consistent with reductions required to keep global warming to 1.5°C, the most ambitious goal of the Paris Agreement. TK Elevator’s

target for the emissions from its value chain (scope 3) meet the SBTi’s criteria for ambitious value chain goals, meaning that they are in line with current best practices.

In 2020, we emphasized our commitment to climate protection by introducing our first scope 1 and 2 emission reduction targets, aiming for an absolute reduction of 25% by 2030 and 50% by 2040 with 2019 as the base year. By implementing dedicated measures, we achieved a 19% reduction (versus 2019 as the base year) by September 2021.

This confirms that we are on track, and has emboldened us to commit ourselves to achieving even more ambitious objectives.

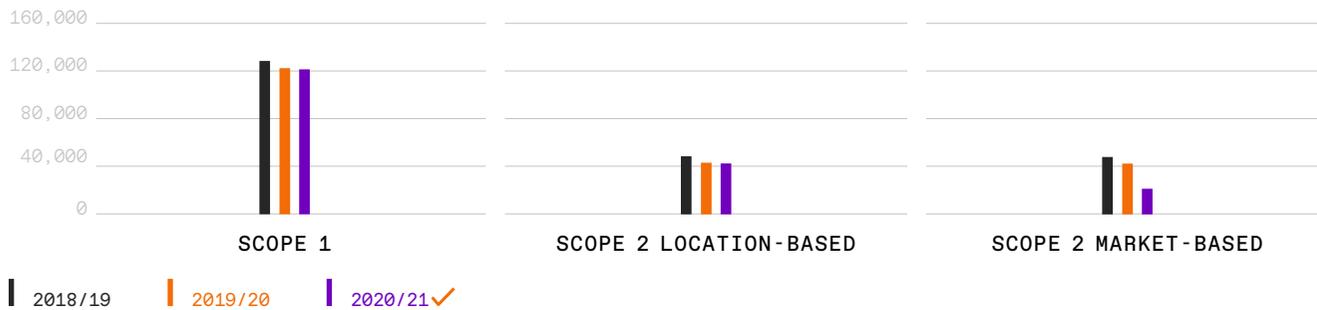
While our earlier activities were aimed at meeting the goals of the Paris Climate Agreement to limit global warming to 2°C, our new targets are in line with the 1.5°C trajectory.

The principal instruments for paring our scope 1 and 2 emissions are electrification of our vehicle fleet, increased use of energy from renewable sources, and measures to boost energy. Where scope 3 is concerned, we will reduce emissions by increasing our products’ energy efficiency further.



SCOPE 1 AND 2, ABSOLUTE

t CO₂e

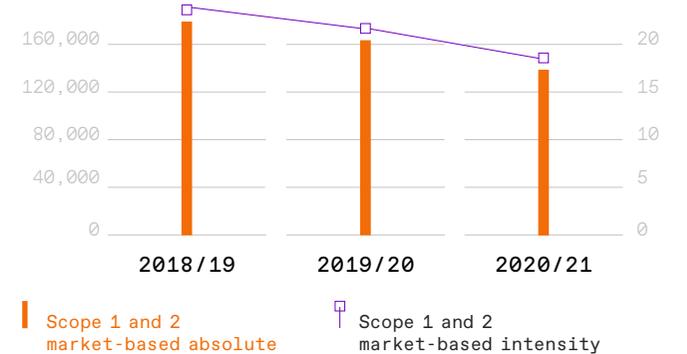


GRI 305-1 | GRI 305-2

SCOPE 1 AND 2 INTENSITY

t CO₂e

t CO₂e per mn EUR sales



GRI 305-4

ABSOLUTE SCOPE 3 EMISSIONS

	2020/21	
	t CO ₂ e	t CO ₂ e per mn EUR sales
Total Scope 3	5,717,898	718.42
Purchased goods and services	1,368,328	171.92
Upstream transportation and distribution	169,193	21.26
Business travel	13,084	1.64
Employee commuting	50,094	6.29
Fuel- and energy-related activities ✓	34,847	4.38
Use of sold products ✓	4,074,755	511.97
End-of-life treatment of sold products	2,294	0.29
Waste generated by operations	5,302	0.67

GRI 305-3

Our Achievements in 2020/21

✓ In 2020/21, TK Elevator reduced its scope 1 and 2 emissions¹ by 19% relative to 2018/19 as the base year. This reduction was mainly driven by an increase in the use of renewable electricity, eliminating nearly 50% of scope 2 emissions compared to 2019/20. Our factories in Brazil, Spain, Germany, China, and India were already sourcing 100% renewable energy at the end of the fiscal year 2020/21.

During the reporting year, our factories accounted for 16% of our scope 1 and 2 emissions versus 20% in 2019/20. After the slowdown in 2019/20 caused by the Covid-19 pandemic, the energy consumption of our factories rose by around 34% while our emissions dropped by almost 18% from pre-pandemic levels. This significant reduction was due to a rapid increase in the use of renewable electricity in our factories [see page 40](#).

In 2020/21, the emissions from our vehicle fleet remained steady after diminishing by about 5% the previous year as a result of Covid-19-related restrictions on our servicing activities. We thus succeeded in offsetting the greater GHG emissions caused by increased economic activity in 2020/21 by taking steps to improve efficiency. These mainly included optimizing routes, which was facilitated by the digitalization of our service business, and migrating our vehicle fleet to more efficient vehicles. ✓

SCOPE 1 AND 2 REDUCTION

t CO ₂ e	2018/19	2019/20	2020/21 ✓
From energy efficiency gains	2,759	2,863	3,118
From renewable energy	629	617	21,087

GRI 305-5

1 | market-based emissions

Waste

✓ TK Elevator’s manufacturing facilities have the biggest impact on waste production. We are focusing on improving our waste management in order to cut down on the use of resources while promoting waste separation, reduction, and recycling initiatives. Our aim is for 100% of our factories to operate with zero waste to landfill by 2026. Overall, we separate and recycle waste whenever possible, reduce waste generation by means of optimized and more efficient manufacturing processes, and engage with our suppliers to reduce the amount of packaging materials while increasing the share that is reused. In 2020/21, less than 9% of the waste generated at our manufacturing sites wound up in landfills.

Additional waste is generated by employees’ activities (such as paper waste and cafeteria waste), which we are working to reduce by introducing reusable dishes and tableware and encouraging paperless office work. While we only have a very limited influence on waste generated during the installation of our products (since packaging waste is usually handled by those in charge of construction sites), we are also working to cut down on the use of packaging materials for our products.

GRI 306-1

All TK Elevator entities disclose their waste data as part of their regular environmental data reports, including hazardous and nonhazardous waste, for both recycling waste and waste that goes into landfills.

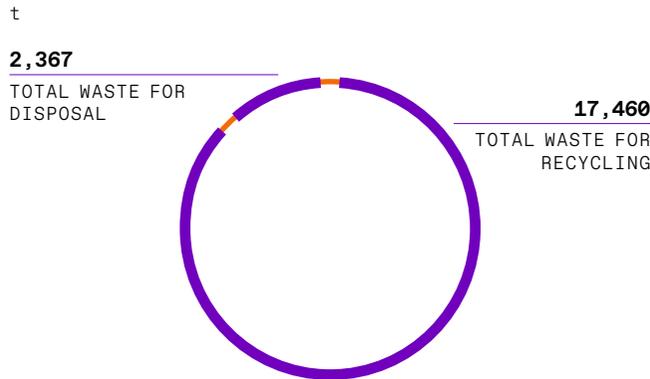
GRI 306-2 ✓

WASTE AT MANUFACTURING SITES

t	2020/21 ✓
Total waste	19,828
Total waste for recycling	17,460
Waste for recycling – hazardous	176
Waste for recycling – nonhazardous	17,284
Total waste for disposal	2,367
Waste for disposal – hazardous	160
Waste for disposal – nonhazardous	2,207
Waste to landfill	1,731

GRI 306-3 | GRI 306-4 | GRI 306-5 | SASB RT-EE-150a.1

WASTE AT MANUFACTURING SITES



Activities During the Year

✓ In 2020/21 we improved our waste data reporting process by also tracking landfill waste. The landfill waste data provided by our factories were applied as the baseline for defining new intermediate targets with the ultimate goal of reducing this parameter to zero by 2026. As of the end of 2020/21, six out of 15 manufacturing sites were already generating zero landfill waste. We are therefore confident that it will be possible for us to achieve this target by 2026. ✓

Water

TK Elevator uses water in its manufacturing processes, offices, and other facilities. In our production processes, water is mainly consumed for painting and coating. Across all of our entities, it is used for cleaning, irrigation, and other purposes. Compared to environmental indicators such as climate change, our impact on water as a resource is very low. This was confirmed by our materiality assessment, which identified water as TK Elevator’s least significant environmental issue. Nevertheless, we believe it is important to monitor water consumption and wastewater, and we aim to continue reducing our consumption as far as possible.

All TK Elevator companies report their water consumption and wastewater on an annual basis. All deviations from previous years are explained by the reporting company and significant ones are analyzed to determine their causes and identify possibilities for remedying the situation.

GRI 303-1 | GRI 303-2

Our manufacturing facilities mainly obtain water from municipal water networks and release their wastewater into municipal wastewater treatment systems. They all comply with local environmental laws, regulations, and requirements in connection with discharging water. In line with these stipulations, some manufacturing facilities regularly take samples of their water discharge and report analysis findings to the authorities. Some of our manufacturing facilities have their own wastewater treatment systems.

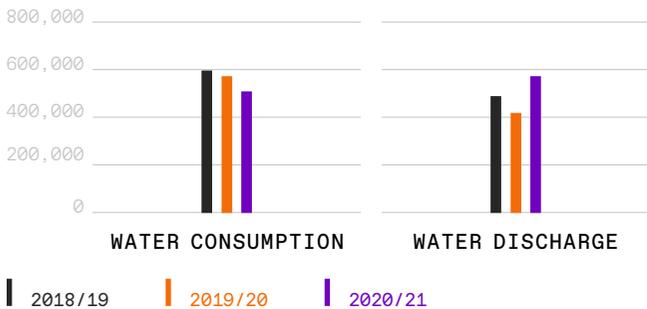
WATER DISCHARGE AND CONSUMPTION

M1	2018/19	2019/20	2020/21
Water discharge	481,665	407,854	487,142
Water consumption	594,796	587,606	519,034

GRI 303-4 | GRI 303-5

WATER DISCHARGE AND CONSUMPTION

M1



FUTURE STEPS

To set the baseline, we have committed ourselves to ambitious targets in all areas that have a substantial environmental impact. Going forward, the principal steps for achieving these targets are:

- Reduce our scope 1 and 2 GHG emissions by 53% by 2030 compared to 2019 as the base year by focusing on initiatives to reduce energy consumption in our operations, including route optimization and gradually switching to hybrid and all-electric vehicles, and increasing the use of green energy.
- 100% renewable electricity across our global operations by 2030 by promoting electricity from renewable sources.
- Reduce our scope 3 GHG emissions resulting from the use of sold products by 23% by 2030 from a 2021 base year by additionally improving our products by integrating energy-saving features such as regenerative drives and low-energy operating modes.
- 100% of our factories operating with zero waste to landfill by 2026.

Additional Environmental Data

ENERGY CONSUMPTION

	2018/19		2019/20		2020/21 ✓	
	MWh	GJ	MWh	GJ	MWh	GJ
Heating oil	8,984	32,342	8,149	29,336	9,986	35,950
Natural gas	89,511	322,238	85,969	309,487	86,403	311,051
Liquid petroleum gas (LPG)	4,147	14,930	3,763	13,548	3,649	13,136
Gasoline	280,980	1,011,529	268,952	968,226	259,810	935,316
Diesel	139,545	502,362	129,339	465,621	131,311	472,720
Acetylene	139	500	77	277	10	36
Electricity	114,812	413,322	102,984	370,741	100,649	362,336
District heating	902	3,247	981	3,532	340	1,224
Cooling	0	0	0	0	0	0
Steam	0	0	0	0	0	0
Total fuel	523,306	1,883,902	496,249	1,786,496	491,169	1,768,208
Total energy w/o fuel	115,756	416,721	104,007	374,424	101,025	363,690
Total energy	639,062	2,300,623	600,256	2,160,920	592,194	2,131,898
Total renewable energy	1,395	5,022	1,303	4,691	45,860	165,096

GRI 302-1 | RT-EE-130a.1

ENERGY INTENSITY

	2018/19		2019/20		2020/21 ✓	
	MWh per mn EUR sales	GJ per mn EUR sales	MWh per mn EUR sales	GJ per mn EUR sales	MWh per mn EUR sales	GJ per mn EUR sales
Total fuel	66	237	62	224	62	222
Total energy (w/o fuel)	15	52	13	47	13	46
Total energy	80	289	75	271	74	268

SCOPE 1 AND 2 ABSOLUTE

t CO ₂ e	2018/19	2019/20	2020/21 ✓
Scope 1	128,886	122,113	121,148
Scope 2 location-based	48,585	43,110	42,585
Scope 2 market-based	47,956	42,493	21,498

GRI 305-1 | GRI 305-2

SCOPE 1 AND 2 INTENSITY

t CO ₂ e per mn EUR sales	2018/19	2019/20	2020/21 ✓
Scope 1	16.2	15.4	15.2
Scope 2 location-based	6.1	5.4	5.4
Scope 2 market-based	6.0	5.4	2.7

GRI 305-4



HEALTH & SAFETY

HOW CAN WE
ACHIEVE OUR
ULTIMATE
GOAL OF
ZERO
ACCIDENTS?



We have reduced our TRC frequency rate by

50%

over the last five years

WE ALL TAKE RESPONSIBILITY FOR OURSELVES AND OUR COLLEAGUES



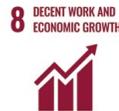
FRANS-JOZEF JASPERS,
HEAD OF OCCUPATIONAL SAFETY & HEALTH

We're not just an elevator company but also a business that's about people. Which is why I firmly believe that we can achieve our ultimate goal of zero accidents if all of us take responsibility: both for ourselves and for our colleagues.

We need to put safety first in everything we do, because at the end of the day no job is too urgent not to be done safely.

Health and Safety

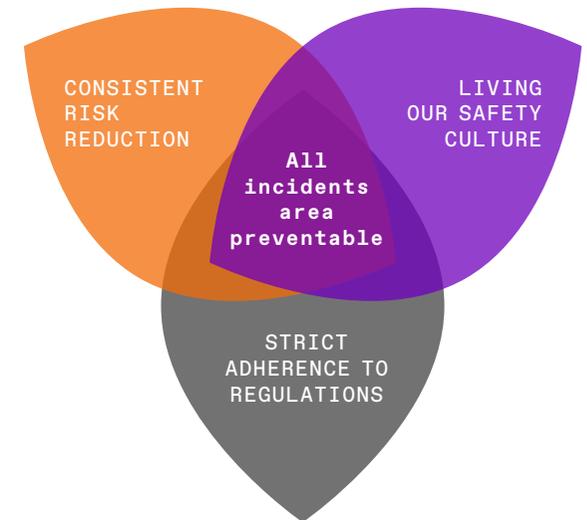
- Safety standards are fully integrated in our company's culture and day-to-day processes.
- Our ultimate goal is zero fatalities and we believe that every accident is preventable.
- We have joined other leading elevator companies to found the Global Elevator Industry Safety Forum in pursuit of a common goal: a safe industry without accidents.
- We have improved our TRC frequency rate¹ by nearly 50% over the last five years.



Our safety strategy rests on three pillars:

- Continually reducing risks for our employees and contractors
- Strengthening adherence to our rules and regulations
- Developing our safety culture further

SAFETY STRATEGY



Our Approach

✓ Priorities can change, but safety is more than a priority for us. It's a core value that must never be compromised. "Keep our people safe" is one of the six TK Elevator principles that guide our everyday conduct, processes, and decisions. Our structures, processes, and systems provide a framework for systematically identifying and eliminating safety hazards. In addition to applying these rules and processes, we're constantly striving to develop our culture of safety further. It's about all of us looking after one another.

Safety is on the agenda of every management board meeting, and we regularly gage our performance with KPIs. These quantify the progress made in reducing risks, complying with the rules of our management system, and fostering a culture of safety.

GRI 403-1 ✓

¹ | TRC frequency rate or TRCFR (total recordable cases frequency rate) is calculated as total accidents divided by total working hours times one million.

Occupational Health and Safety Management

✓ TK Elevator’s global head of Occupational Safety and Health (OSH), who reports to the global COO field, leads our occupational health and safety organization. He is supported by designated OSH leaders in all of the business units, who together comprise the global OSH leadership team. Each business unit has its own OSH organization with a designated manager who supervises the OSH unit leaders. Each legal entity and branch has its own OSH organization and holds regular meetings with employees and bodies that represent contractors in accordance with legal and organizational requirements.

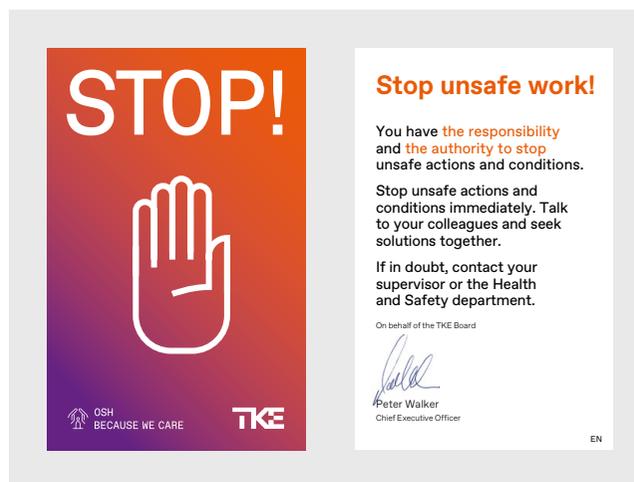
TK Elevator’s OSH organization ensures that both contractors and TK Elevator employees personally take responsibility for their safety. Supervisors are responsible for taking the initiative when safety risks arise. It’s crucial for them to effectively manage these risks. TK Elevator’s management develops and holds safety courses globally to ensure that workers have the right skills for recognizing and mitigating risks.

The TK Elevator Occupational Safety and Health (OSH) policy has one overarching goal: to make sure that all employees and contractors arrive home safely and in good shape after each day of work. We achieve it by complying with all local legal obligations and implementing a robust safety improvement strategy. The ultimate target is zero accidents. Our company-wide OSH management system is aligned with ISO 45001 and addresses all requirements for ensuring the safety of our employees and contractors. In addition to generally harmonizing our activities with ISO standards, we strive for external certification of locations that we consider relevant. At the end of the fiscal year 2020/21, sites

representing almost 60% of our overall workforce had been certified as complying with ISO 45001 and/or OSHAS 18001.

Our OSH management system mandates adherence to local legal OSH requirements. It defines specific risks and appropriate countermeasures so that all employees and subcontractors of TK Elevator can take suitable action. We investigate and categorize all incidents. After measures have been taken to prevent them from occurring again, we introduce a hierarchy of checks. We apply the incident cause analysis method (ICAM) to investigations. This involves identifying and analyzing organizational factors, task-related and environmental factors, actions by individuals and teams, and any absent or failed safeguards and defenses. If changes need to be made to the OSH management system, they are implemented accordingly.

TK Elevator urges all employees to stop working if they think that what they are doing isn’t safe. This is encouraged in the



training they receive and by a “STOP card” signed by the CEO of TK Elevator stating that they have not only the right, but also the responsibility to cease work if they feel that it’s unsafe. All employees have access to an app that they can use to report hazardous situations.

TK Elevator’s activities include installing, repairing, modernizing, and servicing elevators. The most severe work-related hazards are associated with working at heights and with electricity, which involve the danger of falls and electrocution. These risks are identified by conducting assessments and reviewing historical data. All employees can also consult an OSH management system manual containing all relevant rules and guidelines.

GRI 403-1 | GRI403-2 | GRI 403-3 | GRI 403-8 ✓

Participation and Consultation

✓ Around the globe, our employees are organized in formal structures such as works councils or safety committees, which vary depending on the region or country. In North America, for instance, there are regular joint safety committee meetings at the branch level for reviewing the progress made each month. This helps maintain an effective safety program. The branch manager has the final say on anything that the committee is unable to decide. The committee comprises representatives of management, field workers, and office workers. In Europe, OSH information is generally discussed and updated at meetings with the group works council and European Workers (EWC) that are held frequently throughout the year. In addition, the group works council has created an expert committee on occupational health and safety to coordinate the handling of certain OSH issues with the management board.

GRI 403-4 ✓

Rules, Audits, and Training

We have developed our “10 Safety Rules”, which apply to employees and subcontractors around the world. They are crucial for curbing major risks, such as working at heights and on electrical installations. During job site visits and audits, we check adherence to the “10 Safety Rules”. If a failure to observe them is identified, we analyze the situation and take appropriate steps. [Our “10 Safety Rules” are available here.](#)

We conduct a safety system audit for each branch, using a 27-point checklist to assess its safety system. The audit reviews the training approach, follow-up actions after incidents, and a number of other measures to help reduce risks.

At TK Elevator, the scope and content of our OSH training courses depend on the health and safety risks in each case. If the risk is high, more extensive and more frequent training courses and instructions may be required. Workers are instructed on risks and measures for mitigating them, and also informed about recent accidents and relevant findings.

We have defined and developed compulsory global OSH training requirements for specific target groups including managers, supervisors, and technicians. Courses cover our “10 Safety Rules”, risk management, behavior-based safety and incident investigations, and other relevant workplace-related topics. The content of each course is tailored to the target group and the safety and health risks it is typically exposed to. We monitor adherence to our training matrix every month.

Every technician and contractor involved in installing or servicing our products receives instruction on our “10 Safety Rules”. For each job we also perform a risk assessment (job hazard analysis) that must be completed before work may start. A “consequence management guideline” describes how to transparently and fairly respond to each major incident. Employees and contractors are also encouraged to report unsafe conditions, dangerous and risky actions, and close calls without fear of repercussions.

GRI 403-5

TRC RATE REDUCTION ✓



SAFETY STATIONS PROVIDING HANDS-ON TRAINING IN A CONTROLLED ENVIRONMENT

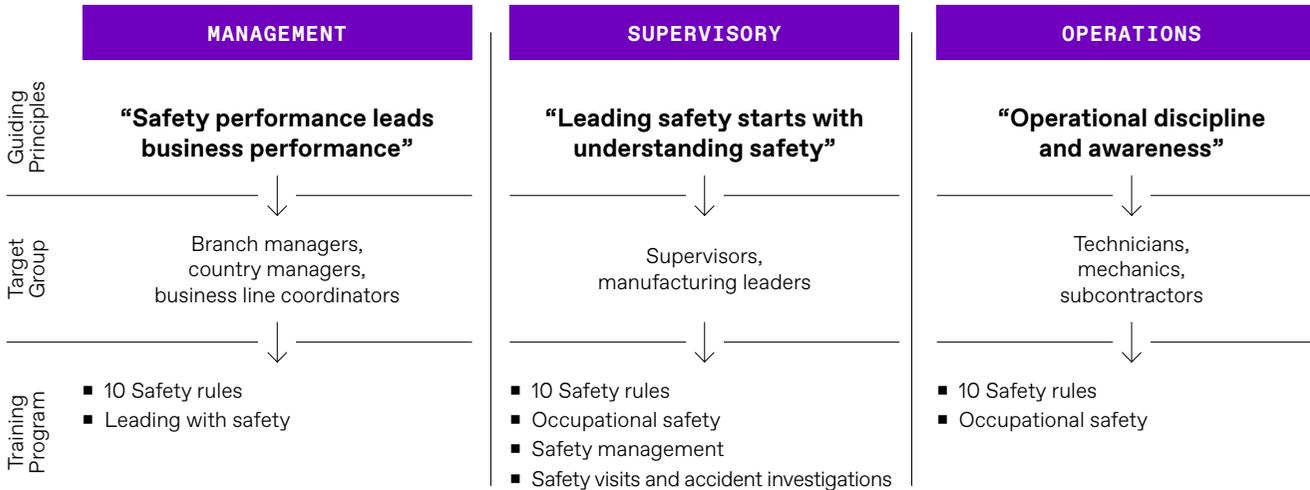
Effective training must be tailored to its audience and real-life circumstances. Which is why our Canadian colleagues have established “safety stations”, simulating real on-site working conditions, at various branches and locations. There are a total of four stations corresponding to an elevator technician’s major tasks, including hoisting and rigging, accessing car roofs and pits, and electrical work. All of TK Elevator’s 10 Safety Rules are covered.

Technicians are trained at the stations in small groups, giving them an opportunity to test and improve their skills in a controlled environment. Every new technician must successfully complete the course before actually beginning work in the field. To close the loop in this program, TK Elevator Canada has developed a rigorous follow-up process in which every technician undergoes a minimum of two safety audits per year. “Hands-on training can really save lives,” says Wayne Warren, the health and

safety director at TK Elevator Canada, and the program’s success there has proved him right: the TRC rate at that subsidiary has dropped by more than 50% over the last three years. Our colleagues in the U.S. have also already begun implementing safety stations at various branches, and we have plans to roll the program out to various other locations worldwide.



OVERVIEW OF OUR OSH TRAINING PROGRAM



GRI 403-5

Our Performance

✓ TK Elevator is proud to have improved its TRC frequency rate by nearly 50% over the last five years. This has mainly been achieved with strong safety leadership, in-depth analyses of structural root causes, and an improved level of safety awareness. In 2020/21 TK Elevator’s accident frequency rate was 1.6, even lower than the target of 1.7, representing a 16% reduction from the preceding two years. We recorded 156 incidents, most of which involved hand injuries, strains, or sprains. Our aim for the 2021/2022 fiscal year is to continue our good performance by keeping the incident rate below 1.6.

We were saddened by the deaths of two of our employees at constructions sites in Chile and Switzerland in 2020/21. These tragedies underscore the importance of our zero-accident approach, which is the overriding goal of our health and safety work. We have investigated both cases internally and are reviewing and improving our mitigation policies to prevent any more such accidents from occurring.

We also monitor our contractors’ performance. In 2020/21 their total hours worked were less than 20% of the figure for our own employees, yet they recorded 21 accidents. We have investigated these while taking the same approach as for our own employees and ensured appropriate steps to prevent any more such mishaps from occurring.

GRI 403-9 ✓

Promoting a Safe Elevator Industry

✓ We believe that our determination to create safe working environments is also having an impact beyond TK Elevator’s direct sphere of influence. A key milestone for our work was the founding of the Global Elevator Industry Safety Forum. Together with other leading elevator companies, we have created this worldwide platform to pursue a common goal, namely a safe industry without accidents. The forum’s chair rotates among the member companies at regular intervals. Elevator’s head of operational safety and health (OSH) currently holds this post.

GRI 403-6 ✓

Healthcare Protection and Promotion

✓ We have employee assistance programs in place in most parts of the world. These help employees who have health-related inquiries, also providing assistance when an employee’s circumstances could negatively impact their health or well-being. In addition to basic health services, TK Elevator conducts voluntary health promotion programs. They include vaccination campaigns for influenza and other infectious diseases and campaigns on specific issues such as suicide prevention and combatting cancer.

Depending on regional accords, TK Elevator’s healthcare plans also include preventive examinations, medical checkups, and help for finding specialists. Many of the provided services are available 24/7 and can be taken advantage of anonymously. To ensure our employees’ well-being, we also hold programs in which they are encouraged to adopt a healthy lifestyle. They can take part in fitness and sports programs and attend courses to learn how to manage stress or quit smoking.

GRI 403-6 ✓

LOVE YOUR HANDS

To prevent accidents, it's crucial to understand where and how they happen. In fiscal 2020/21, 66% of reported incidents in our Home Solutions business involved hands.

For this reason, the health and safety team joined forces with the management board to launch a dedicated campaign called "Love Your Hands" with the aims of increasing awareness, identifying hazards, and preventing and reducing hand injuries going forward.

The initiative included a photo contest to draw attention to the importance of hands – not only at work, but also in private life – backed by an effective informational campaign. In December 2021, a new health and safety training program was launched and reached over 70% of employees within just two months. Awareness is key for preventing future accidents, and dedicated initiatives like "Love Your Hands" are a major part of creating a culture of awareness within TK Elevator.



Posters from our Love your hands campaign



TK Elevator has launched a large number of campaigns addressing the possible consequences of poor health that all employees can take advantage of. For example, in April 2020 we rolled out a campaign to counsel all employees and contractors on mental health issues. Supervisors were asked to take the time to discuss the effects of stress with workers and contractors and help them understand what can be done to prevent and reduce it. We have also developed and implemented a "5 Traps Concept". This covers five negative effects that can afflict anyone. All contractors and employees are regularly instructed on this subject. The course describes how to recognize and deal with time pressures and fear, how to mitigate risks, and the dangers of failing to pay attention and focus on what you're doing.

GRI 403-4 | GRI 403-6 | GRI 403-7

Understanding Work-Related Health Issues

Based on our risk assessments, we have found that we aren't affected by any widespread major hazards in terms of work-related health problems. TK Elevator tracks relevant issues in some countries and business units, but not for the corporate group as a whole due to the low overall level of risk. If the related dangers increase for us at some future time, we will revisit this procedure. Nevertheless, we are continuing to monitor – and when required address – work-related health issues.

Our offering includes:

1. Employee surveys
2. Campaigns focused on mental health
3. Employee assistance programs

GRI 403-10

Managing the COVID-19 Crisis

Since the start of the Covid-19 pandemic, TK Elevator has focused on crisis management and infection monitoring to keep our employees and customers safe. A crisis management team (CMT) was formed with representatives from multiple functions to establish and communicate safety protocols to the entire workforce. Teams were quickly mobilized across all business units, operating units, and countries to enforce these safety protocols. While encouraging our administrative staff to work from home, we made sure that our field employees received personal protective equipment to minimize their risk of infection.

FUTURE STEPS

We sincerely believe that every accident is one too many and strive to achieve our long-term ambition of zero accidents. The steps ahead for us include:

- Achieving our mid-term target of a 10% year-on-year reduction in recorded injuries by 2022/23, with 2017/18 as the base year. This is a moving target, with the baseline being reset every five years. The baseline for the next five-year period will be 2022/23. We are on track to reach the current target.
- To further improve our safety performance we have launched a program called "S.H.I.E.L.D." (Safety & Health Initiative for Elevator Leading to Decisiveness). Supported by reputable external consultants, it is comprehensively reviewing our safety culture, leadership, systems, processes, and organization to identify and act on opportunities to make improvements.



EMPLOYEES

HOW DO WE LISTEN TO OUR EMPLOYEES AND ENABLE THEM TO MOVE BEYOND?



78%
of all TK Elevator employees
shared their feedback in our first global employee survey

WE GAINED VALUABLE INSIGHTS FROM OUR FIRST EMPLOYEE SURVEY

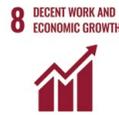


ANNA SCHLUNE,
EXPERT HR STRATEGY & PROJECTS

Our first global employee survey was definitely a highlight of 2021. It generated valuable insights that are now being translated into meaningful actions at all levels of the organization. I believe that listening to our employees is vital for meeting our commitment to fostering a diverse, open, and inclusive culture that makes them proud to work for TK Elevator and enables them to tap their full potential. Going forward, we will hold an employee survey every year to track our progress and ensure a lasting impact.

Employees

- Openness, equal opportunity, and mutual respect are core values of our culture at TK Elevator.
- In 2021 we set ourselves the target of increasing the share of women in senior leadership positions from 20% to 30% by 2025.
- In January 2022 we formalized our pledge to promote diversity, equity, and inclusion with a DEI commitment statement describing the importance of DEI at TK Elevator and how we perceive and promote it as a company.
- As a signatory of the global framework agreement (GFA), we're working with the group works council and the global IndustriAll trade union to safeguard human and employee rights worldwide.



Our Approach

✓ Our employees play an essential role in TK Elevator's success. We're committed to offering them excellent working conditions, good future prospects, acknowledgment, and recognition as valuable members of a culture that's characterized by diversity, openness, and equal opportunities. We're proud to be a globe-spanning international organization with over 30 nationalities represented at our global headquarters alone. We attach top priority to ensuring the safety and well-being of everyone who works for TK Elevator. It's therefore vital to foster a corporate culture that's characterized by stability, mutual appreciation, and loyalty – both among employees and between them and the company. ✓

Values and Culture

✓ When we ushered in a new era as an independent company in the summer of 2020, we began forging our own unique TK Elevator identity. We implemented a global project to collect insights from a large number of colleagues across the organization and around the globe, asking them to reflect on their moments of excellence and identify the factors that have unlocked their success. Their inspiring stories and fruitful discussions sparked by them provided the basis for jointly defining our TK Elevator Principles. These are clear, crisp, and powerful descriptions of behaviors, illustrated by examples, that serve all of us as a guide for our daily actions, help us constantly strive for excellence, and strengthen our identities as members of the TK Elevator family.

GRI 102-16 ✓

TK Elevator Principles



#1 KEEP OUR PEOPLE SAFE

We build an environment for achieving zero fatalities worldwide.



#2 BE AN ENTREPRENEUR

We deliver profitable growth and superior results by clarifying and pursuing a long-term vision, setting ambitious targets, and empowering ourselves and others to follow through.



#3 BE HONEST AND TRANSPARENT

We build trust by being truthful and having the courage to address real issues.



#4 CREATE AN ENVIRONMENT WHERE FUTURE GENERATIONS WANT TO WORK

We support and enable each other to be and show our authentic selves, grow, and reach our full potential.



#5 MAKE LIFE EASIER FOR OUR CUSTOMERS

We keep our customers at the heart of the business by being the easiest company to work with and providing exceptional service.



#6 THINK FOR THE WHOLE

We are one TK Elevator with aligned objectives across geographical and functional boundaries.

The global HR function reports to the global CHRO. Each business and operating unit, legal entity, and branch also has its own HR manager. Ultimate responsibility for decisions on HR-related topics rests with the global CHRO, in collaboration with the CHROs of the business units and the entire TK Elevator management board.

When thyssenkrupp Elevator was sold to the consortium led by Advent and Cinven, a special framework agreement called “Future Elevator” was signed. It defined key principles for reshaping the company’s organizational structure and safeguarding fundamental business and social principles.

In January 2021, TK Elevator then concluded a global framework agreement (GFA) with the group works council and the global IndustriAll trade union. It continues to play a major role in protecting human and employee rights globally. As a member of the UN Global Compact, we joined the Target Gender Equality program, which was developed in cooperation with UN Women to accelerate the achievement of gender equality in our male-dominated industry.

GRI 102-13

During our first year as an independent company, we developed and finetuned a wide range of human resources processes. New measures and tools specifically tailored to our business model and our workforce were also introduced to help drive and advance our global HR strategy. One example is our new global HR reporting system, which began operating at the start of the new fiscal year. The new system is enabling us to achieve greater transparency. More information on it will be included in our next sustainability report. ✓

Organization and Management

✓ At TK Elevator, human resources (HR) are managed by our global HR function and corresponding functions of the business and operational units. We have established various

centers of competence and expertise, covering all elements of the employee journey at TK Elevator such as employer branding, compensation and benefits, learning and development, etc. Each center of competence is backed by a global community comprising colleagues in different regions.

Listening to Our people

✓ In September 2021 we conducted our first global employee survey. It gave our employees a chance to voice their opinions and reflect on where and how we need to improve as a company. The questionnaire focused on employee dedication

and empowerment, in addition to covering a variety of other topics including innovation, safety, quality, and customer focus. The survey’s findings revealed many areas in which we were already performing quite well, but also identified some that have lagged behind; we will be working hard over the months ahead to improve these. We were very pleased to find that a relatively large share of our employees is highly committed and willing to go the extra mile. Where empowerment is concerned, we are level with the industry benchmark but nevertheless aim to foster an even more empowering work environment in the future. ✓

Our Employees

✓ As of September 30, 2021 we had more than 51,000 permanent employees at TK Elevator. ✓ There were only 1,065 external, temporary, and contract employees, most of which worked in sales, R&D, and services. Some of our installation and maintenance activities are also performed by subcontractors [see page 48](#).

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE AND GENDER¹

Full-time	50,295
Gender-diverse	2
Female	6,649
Male	43,644
Part-time	1,169
Female	658
Male	511
Total	51,464

1 | As of September 30, 2021

GRI 102-8

As part of TK Elevator’s global HR reporting activities, dedicated statistics on employee turnover are now compiled and discussed each month. Data aren’t available for 2020/21 as a consequence of transitioning to new reporting systems, but we will be able to provide this information in the future in our sustainability report. Although tenure varies depending on the region, and is also influenced by cultural and economic factors, overall TK Elevator employees work for the organization for an average of about nine years. We benefit from a large number of highly experienced colleagues.

GRI 401-1

TENURE OF EMPLOYEES IN YEARS BY REGION



1 | Including TK Elevator headquarters and the Access Solutions business unit

Fair Employment Practices

At TK Elevator we apply clear standards both to ourselves and to our partners and suppliers. We emphasize the importance of exceeding the minimum legal requirements with regard to fair employment and due respect. We naturally also make sure that all employees enjoy the basic rights they are entitled to under applicable national statutes. TK Elevator recognizes the International Bill of Human Rights and the

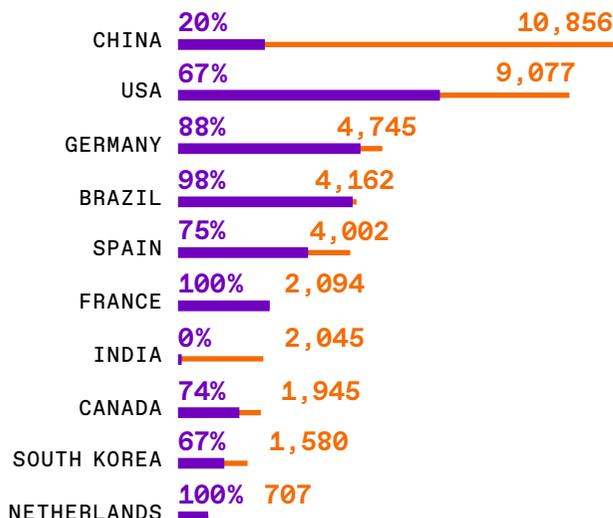
standards of the International Labor Organization (ILO). We also conform to all applicable laws and regulations across countries and sites. Our code of conduct, supplier code of conduct, and modern slavery statement are included in every invitation to bid that we extend to other companies, suppliers, and third parties. Our global framework agreement applies universally and is the basis for our fair employment practices.

Safeguarding Human Rights

We respect human rights universally and reject any and all forms of forced or child labor. We recognize the right of all employees to organize in trade unions and other bodies to democratically represent the interests of collaborating individuals while complying with applicable national laws. Our policy on wages and salaries is based on the principle of fair remuneration while considering market conditions and individual performance. As a minimum, all wages, salaries, and other benefits paid out by TK Elevator meet the requirements of the relevant national and local laws and the standards of the corresponding business or industry sectors while taking into account the conditions in the regions where our people are employed.

We are a multinational company, and collective bargaining agreements and employee representation take a wide variety of forms across our organization. In some countries, employee representatives monitor bargaining processes to ensure procedural fairness, i.e. fair decision-making. In China, for example, the new “China Group Labor Union” was introduced in fiscal 2020/21 for all industries that had previously lacked organized trade unions. As a consequence, the share of TK Elevator’s employees covered by collective bargaining agreements there is greatly increasing.

EMPLOYEE COVERAGE IN COLLECTIVE BARGAINING AGREEMENTS BY COUNTRY



Estimated for the 10 most significant countries according to headcount

Fair employment practices and respect for human and labor rights also extend to employees' right to organize within the frameworks established by collective bargaining agreements. Currently an estimated 58% of our employees are covered by such agreements. The graphic above shows our 10 main sites in terms of numbers of employees and coverage by collective bargaining agreements (in %). These 10 locations employ more than 41,000 people (about 80% of TK Elevator's global workforce).

GRI 102-41

We believe that an open and candid dialog is important, especially when it's about timely discussion of operational changes. This is why we take pains to ensure our compliance with rules that require us to inform employees and/or their representatives before making any changes that could affect them. This can include processes related to reorganization and restructuring. Where collective bargaining agreements are in place, they specify the applicable consultation periods. If employees feel the need to raise a grievance, they can call our TK Elevator ethics line [see page 24](#).

GRI 402-1 | GRI 407-1 | GRI 408-1 | GRI 409-1

Remuneration and Benefits

Fairness and transparency are especially important where compensation is concerned. General and individual compensation decisions follow procedural policies, guidelines, and rules that are clearly communicated to employees. Our TK Elevator remuneration approach is based on two basic principles: "pay for performance" and "market orientation". Compensation processes and policies are locally defined and managed in line with a clear, consistent global framework to ensure comparability and adherence to the group's principles.

For all our employees, total compensation is generally based on the relevant market situation and/or collective bargaining agreements across all major markets. We use external market information, based on consolidated data from market studies, to determine appropriate remuneration. Specialized external consultants provide support, independently of management, for developing major remuneration policies (long-term incentives, use of company cars, grading systems etc.).

Generally speaking, we determine what is appropriate compensation while distinguishing among tariff and nontariff employees and holders of executive positions. Executives' positions are evaluated based on global and regional grading systems. These systems are used to determine a position's level in order to ensure comparability and fair compensation based on a particular individual's position, without considering personal traits or characteristics such as gender, ethnicity, age, etc. In the case of top executives, graded positions are centrally evaluated. The business units are responsible for the grading systems for lower levels while complying with global guidelines. If the level of an employee's position is based on a tariff or grading system, this serves as the basis for determining market-appropriate remuneration.

Compensation is subject to an annual review process which is also guided by our global principles of "pay for performance" and "market orientation", across all countries. Our global HR function supplies economic and benchmark data to local units and provides guidance on which rates of increase may be applied in different countries. Based on its proposals, an orderly discussion then takes place at the national level to ensure transparency and fairness across the group. Merit increases reflect employees' performance in alignment with market conditions and/or are subject to tariff hikes that are negotiated in collective bargaining agreements. Annual salary increases for nontariff employees are based on clear guidelines and the available market-oriented budgets for each country. Generally, the same (or in cases even lower) pay increase budgets apply to executives as to regulated employees and those who are subject to tariffs.

GRI 102-36 | GRI 102-39

Benefits aren't restricted to full-time employees, but can vary depending on local legislation and standards. TK Elevator offers a range of benefits, all of which at least match local standards and in many cases are more generous. Examples include (but aren't limited to) insurance, pensions, health care, parental leave, disability and invalidity coverage, use of company cars etc.

GRI 401-2

TK Elevator doesn't normally award any sign-on bonuses or recruitment incentive payments, only doing so in exceptional cases. Severance payments are made in accordance with the applicable laws or contractual agreements.

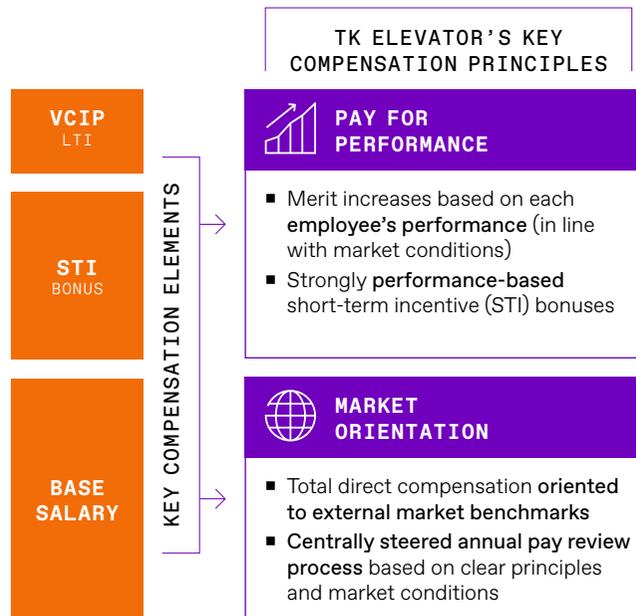
Employee and shareholder representatives belonging to our supervisory board are involved in making decisions on remuneration processes. For example, our new policy on bonuses for nontariff employees in Germany was approved by the responsible bodies of the company's codetermination system following discussions.

GRI 102-37

Despite having already met all the requirements of the German Transparent Remuneration Act (Entgelttransparenzgesetz), we are endeavoring to gain an even deeper understanding of compensation structures. Although we are harmonizing our HR systems and processes, data privacy rules prevent us from creating a centralized, comprehensive collection of compensation data on all employees. The TK Elevator headquarter companies will launch an in-depth analysis project with a special focus on equal pay in the next fiscal year. We are planning to use the findings to improve our processes and structures. We have also already implemented additional tariff-based compensation structures at many major locations to increase transparency and comply with fair pay principles based on negotiated salary levels.

GRI 102-38 | GRI 405-2

COMPENSATION ELEMENTS AND PRINCIPLES



Executive Pay

Since TK Elevator became a stand-alone company, a new compensation framework for TK Elevator executives was developed and implemented. It includes a new long-term incentive (LTI) system and a short-term incentive (STI) system, plus an assessment process and development program for our leaders. In addition to a competitive base salary, TK Elevator's top executives receive a short-term incentive in the form of a variable one-year bonus plus a long-term incentive referred to as the "value creation incentive plan" (VCIP). Disbursement of the short-term incentive

depends on the company's and individual's performance, while generously rewarding executives for outstanding achievements in meeting ambitious goals. Company performance is based on financial KPIs and individual performance in attaining individually agreed targets. For our long-term incentives (under the "value creation incentive plan"), payouts are also based on TK Elevator's sustainability index, which reflects environmental and social factors such as carbon footprint, accident rate, and employee engagement. Other environmental and social themes can be reflected in employees' individual STI targets, which are appropriately defined for each one's area of responsibility.

Top executives are offered financial stakes in the group via a management incentive plan (MIP). Members of TK Elevator's management board participate in various pension schemes that were agreed on before TK Elevator became an independent company. All future board members employed in Germany will join an open company pension scheme called the "flexplan". The contribution rates are based on their monthly salaries and the same rates (as a share of their monthly salary) apply to all participants. The "flexplan" is open to all employees above a certain salary threshold.

GRI 102-35

Diversity and Inclusion

✓ TK Elevator aims to ensure excellent working conditions, acknowledgement and recognition, and challenging tasks with good prospects – all as part of a culture characterized by diversity, equal opportunities, and openness. We want to empower all of our employees to tap their full potential regardless of their gender, nationality, ethnic and social origin, religious beliefs, worldviews, disabilities, age, and sexual orientation and identity.

We acknowledge that a diverse workforce and an inclusive company culture are key drivers of our company’s success, business acumen, growth, and innovation. The importance of diversity and inclusion was also highlighted in TK Elevator’s materiality assessment [see page 15](#). We actively search for and promote talented individuals independently of their background while focusing on job-related skills and characteristics, and do not tolerate any form of discrimination, harassment, prejudice, or unfair treatment whatsoever. We are also working to increase the share of minorities, who are still under-represented, in our workforce.

In January 2022, the management board of TK Elevator signed a statement stressing the importance of diversity, equality, and inclusion (DEI) and how we perceive and drive them as a company. To emphasize the significance of these aspects, our management board has ultimate responsibility for DEI at TK Elevator, with the CHRO serving as global sponsor. The fact that TK Elevator has signed the UN Global Compact and the global framework agreement (GFA) underscore this commitment.

AGENTS OF INCLUSION

How can we make sure that the theme of diversity, equality, and inclusion is not only driven by the HR function, but deeply engrained in our organization and actively lived by our people? Our Brazilian colleagues found an effective way to square the circle: with dedicated “agents of inclusion”.

Every TK Elevator employee in our Latin America business can sign up to become one. To capture the various facets of DEI, these agents can choose one of six pillars: ethnicity, culture and religion, age, gender, LGBTQ (lesbian, gay, bisexual, transgender, and questioning), and disabilities.

To prepare them for their role as ambassadors for the topics they want to promote at their workplaces, the program offers them training and the chance to talk online with external experts. All of them also attend regular meetings to discuss current issues and potential obstacles and share best practices.



Virtual “agents of inclusion” session

The program is sponsored by the CHRO, who also joins the agents’ meetings to ensure that the feedback they receive from all parts of the organization is passed on to management so it can be taken into account for making decisions. We’re proud of our more than 100 “agents of inclusion,” who are actively helping to nurture a working environment characterized by mutual trust and respect and equal opportunities.

More than

100
agents of inclusion make an active contribution

Our internal code of conduct states very clearly that no employee may be discriminated against on the basis of their gender, age, color, race, ethnical or social origin, nationality, sexual orientation, disabilities, religion, worldview, or political opinions. We expect our partners and suppliers to uphold the same standards [see page 67](#). To continue developing our DEI approach, we joined the Target Gender Equality program, which is designed for companies that are participating in the UN Global Compact initiative. By means of facilitated performance analysis, capacity building workshops, peer-to-peer learning, and multi-stakeholder dialogs at the country level, Target Gender Equality supports companies engaged with the UN Global Compact in setting and achieving ambitious corporate targets for women’s representation and leadership. Beyond that, TK Elevator promotes and drives diversity and inclusion via its global HR function across all countries and regions, actively engaging with them in connection with local and regional initiatives and programs. ✓

Organization and Management

✓ The global CHRO of TK Elevator is the spokesperson and sponsor for diversity and inclusion. They are supported by our global head of HR, a strong team, and a global DEI community. To give our regions latitude for accommodating their specific requirements and situations, responsibility for most initiatives, programs, and projects rests with the business or operating units, partly at the branch level. Within each business unit, responsibilities, budgets, and decision-making processes are appropriately allocated in alignment with global guidelines.

Stakeholders in all business units were involved in establishing the global DEI roadmap and approach. Sharing ideas, experiences, best practices, and failures is a core part of our global DEI community, which comprises representatives of all business units and several operating units. Global initiatives and campaigns are also launched to emphasize the importance of this for TK Elevator as a whole and steadily raise awareness of it. ✓

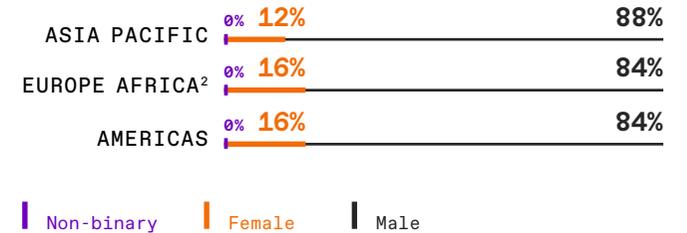
Promoting Diversity

✓ Since becoming an independent company, we have continued working to foster a diverse working culture within the organization. We are proud of our global heritage, which is mirrored at our international headquarters where more than 30 nationalities are represented. It very clearly enriches our corporate environment and culture. Even our management board is diverse, with each of its five members hailing from a different country.

Considering that our industry has traditionally been male-dominated, our focus on gender promotion is an important part of our program to strengthen diversity. This is also why we have joined the Target Gender Equality Program (an initiative of the UN Global Compact) and are supporting the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) to help achieve greater gender equality in our industry. We have set ourselves the target of raising the share of women in senior leadership positions to 30% by the end of 2025. This demonstrates our strong commitment to offering clear and sustainable career paths for women and additionally increasing diversity in our workforce. As of the end of fiscal 2020/21, women occupied 20% of our senior leadership positions.

GRI 102-13 ✓

TOTAL NUMBER OF EMPLOYEES BY GENDER AND REGION¹ ✓



¹ | As of September 30, 2021

² | Including TK Elevator headquarters and the Access Solutions business unit

TOTAL NUMBER OF EMPLOYEES BY JOB CATEGORY AND GENDER¹

Field	38,295
Non-binary	2
Female	3,210
Male	35,083
Manufacturing and R&D	6,875
Female	1,139
Male	5,736
Administrative Functions	6,294
Female	2,958
Male	3,336
Total	51,464

¹ | As of September 30, 2021

GRI 405-1

As a result of restructuring our HR systems and processes, we were unable to obtain data on our employees' age breakdown as of the end of the reporting year. We plan to include this information in the future. For data privacy reasons, we are not allowed to record data on vulnerable groups or minorities anywhere in the world.

Engaging Our People

We have carried out several internal studies on gender diversity at TK Elevator. They include interviews of diversity leaders in nine countries, which illustrate how differently this topic is perceived across the many regions and nations in which we operate. Our global diversity, equality and inclusion (DEI) approach and targets are supported by local programs and initiatives that the business units have developed while taking local conditions into account.

A global DEI community with representatives from all business units has been established, with regular update requests to encourage sharing of best practices and support the development of local initiatives. We provide guidance and global assets like the DEI Toolbox to the business units via this community. The DEI Toolbox is a collection of tools, ideas, and recommendations for increasing the visibility of DEI and encouraging communication on it to foster awareness of this topic.

Discrimination

During the fiscal year under review, we had 29 HR-related incidents. All of them were investigated and necessary actions were taken. Out of these, 10 charges were brought against TK Elevator employees in the U.S., related to discrimination and investigated by the Equal Employment Opportunity Commission. All of the allegations were investigated but none were substantiated.

GRI 406-1

Learning and Development

Dedicated, skilled, and well-trained employees are our greatest asset. Which is why we have invested in creating a unique in-house training campus for developing elevator industry professionals. At 15 locations worldwide, our global seed campus learning organization provides ongoing needs-based training to skilled employees and young professionals from across the company. Targeted programs enable our employees to develop their competencies under the guidance of mostly in-house expert trainers.

Organization and Management

Our Learning & Transformation department is responsible for all learning- and change-related activities within TK Elevator. It has dedicated teams at the global level and in individual business units. Our seed campus is run by a global seed campus director and four business unit seed campus directors.

Standardized, structured processes are in place to capture learning needs and select and develop training measures together with subject matter experts. The operative learning and development team conducts the actual training sessions. Completion rates are monitored and the effectiveness of training evaluated on an ongoing basis throughout the process. Feedback and regular evaluations are important for assessing the effectiveness of training and responding to employees' wishes and requirements.

Activities During the Year

During the Covid-19 pandemic, TK Elevator rolled out training modules on remote leadership, remote work, mental health, and appropriate behavior to avoid infections. Most of our face-to-face training portfolio has been converted to hybrid or fully digital formats. Despite the challenges of digital learning, our employees received an average of 3.7 days (29.7 hours) of training over the course of the year.

GRI 404-1

Performance Management

Employees at TK Elevator undergo at least one performance review a year, including a development talk with their manager. Our “TKEvolve” performance management system includes discussing goals and steps for each employee to continue their development. A wide array of tools and initiatives are available across the business units and throughout each employee’s career. They include but aren’t limited to trainee programs, apprenticeship programs, talent programs, potential development programs, succession planning, mentoring, job shadowing, development days, and more. With the exception of globally available modules, the individual business units are responsible for ongoing further training of their employees in compliance with regional requirements and specifications.

GRI 404-3

Outlook

We strive to continually evolve and improve our learning and development offering. The availability of a user-friendly learning management system is key for integrating learning and skills training into our employees’ working life. Each employee is required to complete mandatory training within six weeks after their initial assignment. Some alternative training methods (for example, those requiring face-to-face sessions) may take longer due to Covid-19 safety measures.

FUTURE STEPS

We believe that our employees play an essential role in TK Elevator’s success and will continue to offer them excellent working conditions, good future prospects, and acknowledgement and recognition. Our next steps are:

- To increase transparency with our new HR reporting system.
- To implement our global DEI roadmap and initiate programs and initiatives in order to contribute to our global target of raising the share of women in senior leadership positions to 30% by the end of 2025, from 20% at the end of 2020/21.
- To continue implementing follow-up measures from our global employee survey and prepare for our survey, which will be conducted on a yearly basis from now on.
- To continue evolving and improving our learning and development offering with new training programs for employees.

CORPORATE SOCIAL RESPONSIBILITY

Our employees are making a difference – worldwide.



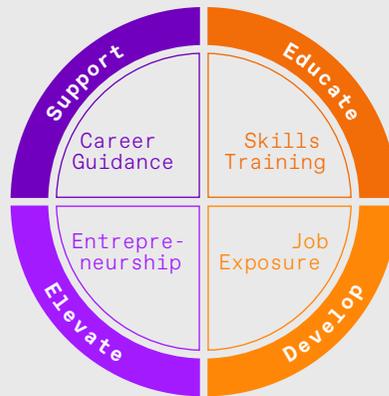
Global
Focus on education through collaboration with SOS Children's Villages



Worldwide, more than 68 million young people are looking for a job, 270 million are neither employed nor receiving any kind of education or training, and over 123 million are working but still living in poverty. Young people who lack adequate parental supervision are at an especially great disadvantage.

Within the scope of our global Corporate Social Responsibility program, TK Elevator is striving to improve both the quality of education and access to it. We have been

partnering with SOS Children's Village since 2017, and have also developed our own Education4Future program, which provides young people from challenging backgrounds with opportunities to learn skills, receive career guidance and support for launching their own businesses, and gain real-world work experience. Around 600 young individuals have already participated in it and received coaching from 200 TK Elevator experts who serve as instructors, mentors, and role models on a voluntary basis.



CORPORATE SOCIAL RESPONSIBILITY

Our employees are making a difference – at the local level.



Locally
Acting as good neighbors in our communities and promoting social collaboration



Fundraising campaign to fight cystic fibrosis



Enlarging our “TK Elevator Forest” by planting a tree for every customer that goes paperless



Community and disability caring event



Support for Habitat for Humanity’s annual International Women Build Week



Donating hospital beds during the Covid-19 pandemic



TK Elevator is supporting local communities with the aim of improving the quality of life in communities around the globe. We regard it as our responsibility as good corporate citizens to provide disaster relief by donating money or materials or providing in-person support.



Elevator safety courses for children



SUSTAINABLE VALUE CHAIN

HOW CAN WE MAKE SURE THAT OUR SUPPLIERS APPLY THE SAME SUSTAINABILITY PRINCIPLES AS WE DO AT TK ELEVATOR?



By following a structured follow-up process, the average supplier audit score rose by

>10%

in 2020/21

WE BELIEVE IN AN OPEN AND CONSTRUCTIVE DIALOG WITH OUR SUPPLIERS



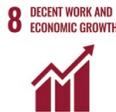
OSCAR LUIS REGO PRIETO,
CHIEF PROCUREMENT OFFICER

At TK Elevator, we cultivate durable business relationships with our partners and suppliers that are characterized by trust, transparency, mutual respect, and shared values and benefits.

Our structured processes and systems are the basis for vendor development and management. I'm convinced that an open, constructive dialog is crucial, with both sides sharing ideas for steadily improving our environmental, social, and governance-related performance.

Sustainable Value Chain

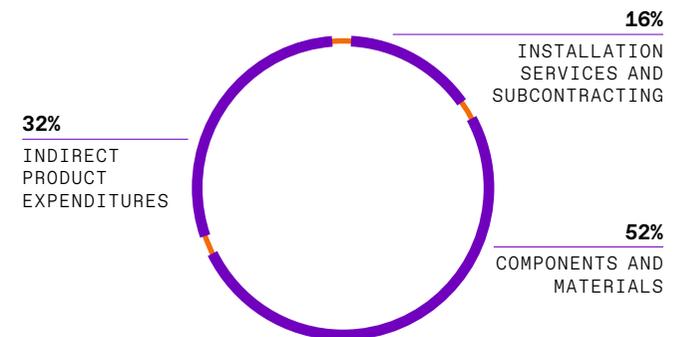
- Our approach to sustainable value chain management is rooted in TK Elevator's supplier code of conduct (SCoC).
- We leverage supplier sustainability audits to verify compliance with our SCoC and work with our partners to improve their sustainability performance.
- We've been recognized as a "CDP Supplier Engagement Leader 2021" for our actions to measure and diminish environmental risks in our supply chain.
- Around 90% of what we spend on manufacturing goes to local vendors.
- We take a structured approach to monitoring economic, social, and environmental risks in our supply chain and constantly endeavor to minimize them.



Our Approach

✓ Suppliers play a key role in TK Elevator's commitment to sustainability. We practice informed contract management and strive to understand their business needs. To promote sustainability across all facets of our business, we work with our vendors and contractors to jointly uphold high human rights standards and ensure the best possible environmental practices throughout our supply chain. We're convinced that both sides must have the same ethical principles and be committed to applying equally stringent yardsticks for sustainability. Our vision is to apply the same sustainability principles that we follow at TK Elevator to our supply chain. ✓

PROCUREMENT SPENDING BY TYPE



About Our Supply Chain

We have around 40,000 direct suppliers, most of which are based in our biggest markets in Europe, North America, and Asia. Because pre-engineered components comprise a large portion of the materials we use to build our elevators, our suppliers play a crucial role in ensuring uninterrupted production. Our tier 1 suppliers typically make components such as electric motors, electronic equipment, and elevator doors, while our second tier vendors include steel producers. Overall we spend about three billion euros a year on procurement.

Where our CO₂ footprint is concerned, our supply chain generates 23% of our scope 3 emissions. To reduce these, we’re endeavoring to produce as much as possible locally. We’re convinced that a local supply chain approach supports the communities in which we operate, saves time and costs, and slashes CO₂ emissions. For strategic components – such as ropes, traction machines, and elevator doors – we engage with global suppliers, who operate factories or deliver from local subsidiaries near our own plants. We’re also striving to source a larger share of smaller components locally. About 50% of our purchasing budget is for production inputs, with the vast majority (90%) of that going to suppliers that are geographically close to our plants.

GRI 102-9 | GRI 204-1

Organization and Management

✓ Our chief operating officer operations (COO operations) is ultimately responsible for everything related to the supply chain. He is backed by the global procurement and supply management (PSM) function. The head of PSM reports directly to the COO operations. Since TK Elevator became an independent company, we have reorganized our global procurement function to better meet our business needs. Our activities are organized in two groups: “strategic sourcing” and “centers of excellence”.

The “strategic sourcing” group is responsible for coordinating strategic sourcing activities with the business units and leading negotiations for global contracts with strategic suppliers. The “centers of excellence” group sets global sustainability procurement targets and oversees supplier qualification and auditing processes. To additionally increase transparency throughout our supply chain, we have implemented a dedicated sustainability organization within our PSM function, with a team that supports the business units in connection with sustainability topics.

Each business unit has a PSM manager who coordinates its activities with the corporate head of PSM. Each business unit’s PSM team carries out supply chain risk analyses for its vendors, chooses which ones to subject to sustainability audits, and follows up on all subsequent corrective action plans.

Our supplier code of conduct (SCoC) is the core of our approach to sustainable value chain management. We expect all of our suppliers to adhere to the principles laid out in the SCoC, which cover human rights, fair working conditions, health and safety, environmental protection, bribery and corruption, and anti-competitive behavior, among other things. It also requires them to avoid climate-related risks. The SCoC is included with all supplier contracts, and every supplier must sign it as a prerequisite for acceptance. In 2020/21 we reviewed our SCoC in the light of the German Supply Chain Due Diligence Act and concluded that it covers all relevant aspects. We also have a supplier manual containing information on the vendor selection process and relevant sustainability criteria.

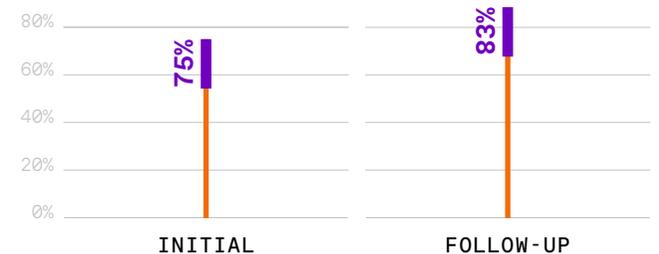
GRI 205-2 | GRI 308-1 | GRI 414-1 | GRI 412-3 ✓

Risks and Audits

To ensure that our supply chain has no negative impacts, we carry out social, economic, and environmental risk analyses once a year. The main risks examined are related to safety, business ethics, corporate governance, and labor rights. We evaluate criteria such as a supplier’s location, industry, and relevance to TK Elevator, which are applied to calculate its overall risk score and decide whether or not it should be subjected to a sustainability audit.

Audits are handled by an independent third party. We have historically performed most audits in regions that are known to be prone to greater social, ethical, and/or environmental risks. These audits are beneficial in two ways: they give us a better understanding of any potential risks, plus they provide a good opportunity to engage in a dialog with vendors and work with them to improve their performance. Our priority is to upgrade our supply chain by strengthening our suppliers’ performance instead of simply terminating our business relationships. A typical sustainability auditing process involves an initial risk assessment by TK Elevator, supplier registration, and conclusion of a contractual agreement with the auditor, followed by a sustainability audit within the same fiscal year. We subsequently engage with our vendors to

AVERAGE SUPPLIER SUSTAINABILITY AUDIT SCORE 2020/21



discuss any required improvement measures. This is then followed up by another audit to evaluate how the measures have been implemented and whether the identified issues have been rectified. Our structured approach and active engagement with suppliers help boost their sustainability performance, which is reflected in better scores after the follow-up audit. In 2020/21, the average supplier audit score climbed from 75% to 83%.

We believe that the best way to build long-lasting relationships is by taking a decentralized management approach. Strategic global vendors are usually overseen by our corporate PSM function, while the regional PSM business unit teams look after their own local suppliers.

✓ Within the scope of TK Elevator’s strategic supplier management, in 2020/21 we set ourselves the goal of conducting at least 20 on-site sustainability audits to verify compliance with our supplier principles. Despite the challenges posed by the Covid-19 pandemic, we successfully carried out 20 audits. In the cases in which significant social and/or environmental issues were identified, action plans for correcting them were drawn up.

GRI 308-1 | GRI 414-1 | GRI 412-3 | GRI 308-2 |
 GRI 414-2 | GRI 407-1 | GRI 408-1 | GRI 409-1 ✓

✓ In 2021/22 we resolved to intensify our efforts and raise the number of vendor audits to a total of 50. This will yield a better picture of sustainability issues affecting our supply chain. ✓

Managing sustainability risks is very relevant to us, and we are therefore going to introduce a new risk assessment tool that will help us evaluate sustainability risks even better. The analyses will be based on refined risk criteria to additionally diminish risks throughout the supply chain. Based on the findings, we will also introduce improvement plans, which will have the beneficial side effect of intensifying our interactions.

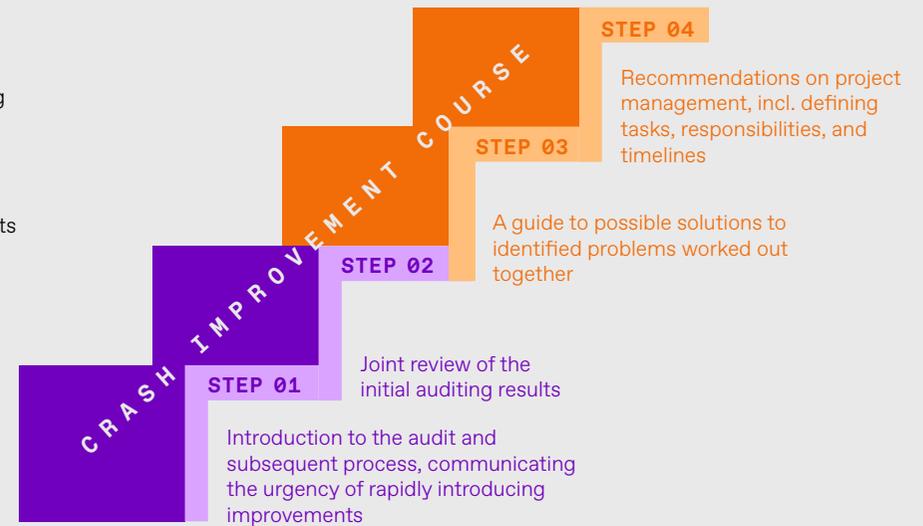
CLOSING THE LOOP IN SUPPLIER SUSTAINABILITY AUDITS IN ASIA PACIFIC

While our ultimate goal is for our suppliers to apply the same strict sustainability standards as we do at TK Elevator, we acknowledge that their organizations are much smaller and they may be overwhelmed by the actionable items that our thorough auditing process reveals.

The intermediate goals of every CIC are to agree on a corrective action plan and enable our partners to drive the necessary changes throughout their organizations. The ultimate objective is for suppliers to attain sustainable growth through a persistent effort.

Our colleagues in Asia Pacific have been successfully applying the CIC approach for several years. All vendors undergoing the CIC process have markedly improved their performance; in some cases, their scores rose by nearly 50% in the follow-up audit.

We have therefore developed a collaborative approach in which we support them in addressing the gaps identified by the audit and developing effective measures for closing them. A central role is played by a “crash improvement course” (CIC) that we hold for all vendors whose audit results fall short of our expectations.



2021/22 will also see the global introduction of new procurement processes. These include additional onboarding procedures for new suppliers, which will enable us to extend our risk appraisals along the supply chain. They also include specific questions for ascertaining further details of their sustainability performance in realms such as energy consumption and energy efficiency. We're convinced that this will create a win-win situation for TK Elevator and our vendors. Besides helping us understand our suppliers' sustainability efforts, it will help them amplify their sustainability efforts.

Engaging with Suppliers

To build long-lasting relationships, it's important to engage with suppliers and learn from one other. In addition to regular face-to-face meetings and other interactions to discuss audit findings, we have introduced "Supplier Days". These events, which are mostly virtual due to Covid-19, are opportunities to address important topics related to the supply chain, including sustainability facets. In Brazil, for example, we discussed packaging topics with our vendors, and in China we provided an update on our sustainability audits.

We aim to broaden our involvement with suppliers by stepping up our communication and interactions. Examples include holding training sessions on sustainability topics such as human rights and carbon footprint and organizing additional events, like our "Supplier Days", across all business units.

In 2021 we were recognized by CDP as a "Supplier Engagement Leader" for taking action to measure and reduce climate risks within our supply chain.

Resource Scarcity and Conflict Minerals

Production of the electronics and electric motors that TK Elevator uses in its products can be harmful to the environment. Manufacturing these components often calls for large quantities of natural resources and raw materials such as water and metals. Although we buy these instead of mining them ourselves, we require our vendors to use resources mindfully and refrain from using minerals that are implicated in conflicts in the regions where they are extracted or traded. These "conflict minerals" currently include coltan (for obtaining tantalum), gold ore, cassiterite (for tin), and wolframite (for tungsten) from the Democratic Republic of Congo and other conflict-prone countries in the same region.

We expect our suppliers to provide, when requested by us to do so, full and transparent information on their sources for conflict minerals. To make sure to avoid purchasing any components that have been produced using minerals from mines in zones where there is a high risk of inhumane treatment and/or involvement in civil wars, we use the conflict minerals reporting template (CMRT) of the [UN](#) "Responsible Minerals Initiative" to assess our suppliers' sourcing practices. We request this information from our electrical goods, electronics, and electric motor strategic suppliers, who together account for 90% of our global budget for these inputs. This gives us confidence that our vendors aren't obtaining them from high-risk mines. We will continue requesting these suppliers to complete and submit the templates while focusing on the most critical components.

[SASB RT-EE-440a.1.](#)

FUTURE STEPS

We are constantly striving to strengthen our procurement systems and processes and intensify the dialog with our suppliers to reduce sustainability risks in our supply chain. The next steps of this journey are:

- Increase our supplier audits from 20 in 2020/21 to 50 in 2021/22.
- Introduce a new risk assessment tool that will help us evaluate sustainability risks even better.
- Implement new global procurement processes, including additional onboarding procedures for new suppliers, to extend our risk appraisals along the supply chain and to ascertain additional details of our suppliers' sustainability performance.

About This Report

The aim of this report is to inform our stakeholders about how sustainability is managed at TK Elevator and how we steer our company on our path of responsible, long-term value creation. We have outlined all relevant targets as well as both steps we have already taken and future steps that will help us achieve those targets. We are committed to reporting transparently on our performance and on the progress we are making toward meeting targets.

This report is TK Elevator’s first sustainability report. It covers the fiscal year 2020/21 (from October 1, 2020 to September 2021) except when otherwise stated. The next sustainability report, covering 2021/22, will be published in the first half of 2023.

[GRI 102-50](#) | [GRI 102-51](#) | [GRI 102-52](#)

Our sustainability report focuses on the key topics that were identified in our first materiality assessment. We have grouped the most important topics into six focus areas, around which this report is structured. TK Elevator supports the UN Sustainable Development Goals (SDGs) and has identified those to which it makes the largest contributions. Each focus area has been mapped against these SDGs; additional details on our contributions are provided in the “Sustainability at TK Elevator” chapter of this report [see page 10](#).

External Assurance

The auditing company PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has provided limited assurance of selected information.

The assured parts of this report are marked with “✓”. The independent practitioners’ limited assurance statement/report can be viewed [on page 87](#). Results of the assurance report are shared with TK Elevator’s ESG committee.

[GRI 102-56](#)

GRI, SASB, TCFD, and UN Global Compact

This report has been prepared in accordance with the GRI core standards. It also serves as a report of TK Elevator’s progress in applying the 10 principles of the UN Global Compact. We have included an index based on the SASB Electrical & Electronic Equipment Sustainability Accounting Standard and TCFD.

Data, Scope of Reporting, Boundaries

Unless otherwise noted, the following applies to the performance data included in this report:

- The data apply to companies that are consolidated in our financial statements for the period from October 1, 2020 to September 30, 2021.
- It applies to all of our employees and sites, including manufacturing sites, branches, warehouses, and other facilities.
- All data included in the report are global data unless otherwise specified.

Our climate change disclosures conform with the Climate Disclosure Standards Board framework requirements. We also follow the standards of the Greenhouse Gas Protocol for establishing our GHG inventory, which is based on the data reported by all companies legally belonging to the TK Elevator group on a yearly basis. Consumption and reduction data are collected and tracked using standard industry software. Emissions are calculated based on energy consumption; process emissions have been calculated while applying generally accepted factors from IPCC 2006 Stationary Combustion, IPCC AR5, IEA 2016, DEFRA and Gabi Databases. Units have been converted using factors from [here](#).

See our response to the CDP Investor Information Request for full details on our climate change disclosures and performance.

In this report, financial data are given in euros unless otherwise stated, and product and environment data are provided in metric units.

[GRI 102-45](#) | [GRI 102-46](#)

Assured Content

✓ The content is covered by a voluntary audit with limited assurance from our auditor. ✓

More functions

			
Internal link		External link	
within this document		outside of this document	

GRI Index

✓ This report has been prepared in accordance with the Global Reporting Initiative (GRI) Core option. To achieve Core compliance with the GRI standards, we must report at least one disclosure for each material topic. Where insufficient information is available on a GRI disclosure, we have explained why. The GRI Content Index includes the corresponding UNGC principles and a reference to the relevant SDG. For more information, see: www.globalreporting.org
[GRI 102-54](#) | [GRI 102-55](#) ✓

GENERAL DISCLOSURES

UNGC PRINCIPLE	RELEVANT SDG	GRI STANDARD		PAGE NUMBER	OMISSIONS
GRI 101: Foundation 2016					
GRI 102: General Disclosures 2016					
		GRI 102-1	Name of the organization	88	
7		GRI 102-2	Activities, brands, products, and services	3, 4, 5	
		GRI 102-3	Location of headquarters	5	
		GRI 102-4	Location of operations	5	
		GRI 102-5	Ownership and legal form	19	
		GRI 102-6	Markets served	3, 4	
		GRI 102-7	Scale of the organization	3, 5	
6		GRI 102-8	Information on employees and other workers	57	Data on permanent / temporary contracts are not yet available. We plan to report this for 2021/22 using our newly implemented HR systems and processes.
		GRI 102-9	Supply chain	68	
		GRI 102-10	Significant changes to the organization and its supply chain	None	
		GRI 102-11	Precautionary Principle or approach	12, 32	
		GRI 102-12	External initiatives	16	
		GRI 102-13	Membership of associations	16, 56, 61	
		GRI 102-14	Statement from senior decision-maker	8	
		GRI 102-15	Key impacts, risks, and opportunities	12	

↓ General disclosures table continued on next page

1-6, 7, 10		GRI 102-16	Values, principles, standards, and norms of behavior	55	
1-6, 7, 10		GRI 102-17	Mechanisms for advice and concerns about ethics	22, 24	
		GRI 102-18	Governance structure	19	
		GRI 102-19	Delegating authority	11, 20	
		GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	11	
		GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	13, 14, 20	
		GRI 102-22	Composition of the highest governance body and its committees	19, 20	
		GRI 102-23	Chair of the highest governance body	20	
		GRI 102-24	Nominating and selecting the highest governance body	20	
		GRI 102-25	Conflicts of interest	20	
		GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	20	
		GRI 102-27	Collective knowledge of highest governance body	20	
		GRI 102-28	Evaluating the highest governance body's performance	Not reported	
		GRI 102-29	Identifying and managing economic, environmental, and social impacts	14	
		GRI 102-30	Effectiveness of risk management processes	20	
		GRI 102-31	Review of economic, environmental, and social topics	12	
		GRI 102-32	Highest governance body's role in sustainability reporting	12	
		GRI 102-33	Communicating critical concerns	20, 25	
		GRI 102-34	Nature and total number of critical concerns	20, 25	
		GRI 102-35	Remuneration policies	59	
		GRI 102-36	Process for determining remuneration	58	
	16	GRI 102-37	Stakeholders' involvement in remuneration	59	
		GRI 102-38	Annual total compensation ratio	59	Currently complete compensation data for all employees are not centrally available. We will review this in the future.
		GRI 102-39	Percentage increase in annual total compensation ratio	58	Our decentralized approach to pay and reward makes it impossible to obtain this figure in a meaningful form.
		GRI 102-40	List of stakeholder groups	13	
3	8	GRI 102-41	Collective bargaining agreements	58	
		GRI 102-42	Identifying and selecting stakeholders	13	
		GRI 102-43	Approach to stakeholder engagement	13, 16	

↓ General disclosures table continued on next page

		GRI 102-44	Key topics and concerns raised	14, 15, 16	
		GRI 102-45	Entities included in the consolidated financial statements	71	
		GRI 102-46	Defining report content and topic Boundaries	15, 71	
		GRI 102-47	List of material topics	14, 15, 16	
		GRI 102-48	Restatements of information		Not applicable, since this is TK Elevator's first sustainability report
		GRI 102-49	Changes in reporting		Not applicable, since this is TK Elevator's first sustainability report
		GRI 102-50	Reporting period	71	
		GRI 102-51	Date of most recent report	71	
		GRI 102-52	Reporting cycle	71	
		GRI 102-53	Contact point for questions regarding the report	88	
		GRI 102-54	Claims of reporting in accordance with the GRI Standards	72	
		GRI 102-55	GRI content index	72	
		GRI 102-56	External assurance	71	

TOPIC SPECIFIC STANDARDS

UNGC PRINCIPLE	RELEVANT SDG	GRI STANDARD		PAGE NUMBER	OMISSIONS
200: ECONOMIC					
GRI 201: Economic Performance 2016					
GRI 103: Management approach					
7, 8, 9		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 39, 71	
7, 8, 9		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 36-43, 45	
7, 8, 9		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 16, 22, 24, 25, 37, 38, 45	
7	13	GRI 201-2	Financial implications and other risks and opportunities due to climate change	39	
204: Procurement Practices 2016					
GRI 103: Management approach					
		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 25, 67-71	
		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 27, 69	
	8	GRI 204-1	Proportion of spending on local suppliers	68	
205: Anti-Corruption 2016					
GRI 103: Management approach					
10		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
10		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 22, 23, 24, 27	
10		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 27	

↓ Topic-specific standards table continued on next page

10	16	GRI 205-1	Operations assessed for risks related to corruption	22	
10	16	GRI 205-2	Communication and training about anti-corruption policies and procedures	21, 23, 24, 68	
10		GRI 205-3	Confirmed incidents of corruption and actions taken	25	

206: Anti-Competitive Behavior 2016

GRI 103: Management approach

		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 22, 23, 24, 27	
		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 27	
10	16	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	25	

300: ENVIRONMENTAL

301: Materials 2016

GRI 103: Management approach

7, 8		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
7, 8		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 22, 24, 32-35	
7, 8		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 35	
7, 8	8, 12	GRI 301-1	Materials used by weight or volume	35	
7, 8		GRI 301-2	Recycled input materials used	35	

302:Energy 2016

GRI 103: Management approach

7, 8, 9		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
7, 8, 9		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 37-41, 45	
7, 8, 9		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 37-41, 45	

↓ Topic-specific standards table continued on next page

7, 8	7, 8, 12, 13	GRI 302-1	Energy consumption within the organization	40, 46	
7, 8	7, 8, 12, 13	GRI 302-3	Energy intensity	41	
8, 9	7, 8, 12, 13	GRI 302-4	Reduction of energy consumption	41	

303: Water and effluents 2018

GRI 103: Management approach

7, 8	6, 12	GRI 303-1	Interactions with water as a shared resource	44	
	6	GRI 303-2	Management of water discharge-related impacts	44	Due to the low impact of our operations on water consumption, we are not reporting on water stress areas.
		GRI 303-4	Water discharge	45	Due to the low impact of our operations on water consumption, we are not reporting on water stress areas.
	6	GRI 303-5	Water consumption	45	Due to the low impact of our operations on water consumption, we are not reporting on water stress areas.

305: Emissions 2016

GRI 103: Management approach

7, 8, 9		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
7, 8, 9		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 37-43, 45	
7, 8, 9		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 37-43, 45	
7, 8	3, 12, 13, 14, 15	GRI 305-1	Direct (Scope 1) GHG emissions	42, 46	
7, 8	3, 12, 13, 14, 15	GRI 305-2	Energy indirect (Scope 2) GHG emissions	42, 46	
7, 8	3, 12, 13, 14, 15	GRI 305-3	Other indirect (Scope 3) GHG emissions	43	
8	13, 14, 15	GRI 305-4	GHG emissions intensity	42, 46	
8, 9	13, 14, 15	GRI 305-5	Reduction of GHG emissions	43	

306: Waste 2020

GRI 103: Management approach

8	3, 6, 11, 12	GRI 306-1	Waste generation and significant waste-related impacts	44	
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↓ Topic-specific standards table continued on next page

8	3, 6, 11, 12	GRI 306-2	Management of significant waste-related impacts	44	
8	3, 11, 12	GRI 306-3	Waste generated	44	Waste data are only reported for the factories and not for TK Elevator overall, we plan to change this in the future.
8	3, 11, 12	GRI 306-4	Waste diverted from disposal	44	Waste data are only reported for the factories and not for TK Elevator overall, we plan to change this in the future.
8	3, 11, 12	GRI 306-5	Waste directed to disposal	44	Waste data are only reported for the factories and not for TK Elevator overall, we plan to change this in the future.

307: Environmental compliance 2016

GRI 103: Management approach

8		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
8		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 37, 38, 45	
8		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 37, 38, 45	
8	16	GRI 307-1	Non-compliance with environmental laws and regulations	38	

308: Supplier environmental assessment 2016

GRI 103: Management approach

		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 38, 67-70	
		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 70	
8		GRI 308-1	New suppliers that were screened using environmental criteria	68, 69	
		GRI 308-2	Negative environmental impacts in the supply chain and actions taken	70	

400: SOCIAL

401: Employment 2016

GRI 103: Management approach

6		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
6		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 56-60, 63	

↓ Topic-specific standards table continued on next page

6		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 63	
6	5, 8, 10	GRI 401-1	New employee hires and employee turnover	57	Data are not yet available, but will be provided in the future.
6	3, 5, 8	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	59	
6	5, 8	GRI 401-3	Parental leave	59	Data are not yet available, but will be provided in the future.

402: Labor/management relations 2016

GRI 103: Management approach

3		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
3		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 56-60, 63	
3		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 63	
3	8	GRI 402-1	Minimum notice periods regarding operational changes	58	

403: Occupational health and safety 2018

GRI 103: Management approach

	8	GRI 403-1	Occupational health and safety management system	48, 49	
	8	GRI 403-2	Hazard identification, risk assessment, and incident investigation	49	
	8	GRI 403-3	Occupational health services	49	
	8, 16	GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	49, 52	
	8	GRI 403-5	Worker training on occupational health and safety	50, 51	
	3	GRI 403-6	Promotion of worker health	51, 52	
	8	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	52	
	8	GRI 403-8	Workers covered by an occupational health and safety management system	49	
	3, 8, 16	GRI 403-9	Work related injuries	51	
	3, 8, 16	GRI 403-10	Work related ill health	53	

↓ Topic-specific standards table continued on next page

404: Training and education 2016					
GRI 103: Management approach					
		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 56, 57, 62, 63	
		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 62, 63	
6	4, 5, 8, 10	GRI 404-1	Average hours of training per year per employee	63	Data per gender and employee category are not available yet, but additional data will be provided in the future.
6	5, 8, 10	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	63	
405: Diversity and equal opportunity 2016					
GRI 103: Management approach					
1, 6		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
1, 6		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 56, 57, 60-63	
1, 6		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 60-63	
6	5, 8	GRI 405-1	Diversity of governance bodies and employees	62	
1, 6	5, 8, 10	GRI 405-2	Ratio of basic salary and remuneration of women to men	59	This will be investigated in 2021/22 as part of our fair pay analysis.
406: Non discrimination 2016					
GRI 103: Management approach					
6		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
6		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 27, 57, 58, 60-63	
6		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 27, 63	
6	5, 8	GRI 406-1	Incidents of discrimination and corrective actions taken	62	

↓ Topic-specific standards table continued on next page

407: Freedom of association and collective bargaining 2016					
GRI 103: Management approach					
2, 3		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
2, 3		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 27, 58, 59, 60, 63	
2, 3		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 27, 63	
2, 3	8	GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	58, 69	
408: Child labor 2016					
GRI 103: Management approach					
2, 5		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
2, 5		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 27, 57-59, 63	
2, 5		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 27, 63	
2, 5	8, 16	GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	58, 69	
409: Forced or compulsory labor 2016					
GRI 103: Management approach					
2, 4		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
2, 4		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 27, 57-59, 63	
2, 4		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 27, 63	
2, 4	8	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	58, 69	
412: Human rights assessment 2016					
GRI 103: Management approach					
1, 2		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	

↓ Topic-specific standards table continued on next page

1, 2		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 27	
1, 2		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 27	
1, 2		GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	68, 69	
414: Supplier social assessment 2016					
GRI 103: Management approach					
1-6		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
1-6		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 68-70	
1-6		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 70	
1-6	5, 8, 16	GRI 414-1	New suppliers that were screened using social criteria	68, 69	
1-6	5, 8, 16	GRI 414-2	Negative social impacts in the supply chain and actions taken	69	
416: Customer health and safety 2016					
GRI 103: Management approach					
		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 29, 30, 31, 35	
		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 35	
		GRI 416-1	Assessment of the health and safety impacts of product and service categories	29	
	16	GRI 416-2	“Incidents of non-compliance concerning the health and safety impacts of products and services”	30	
417: Marketing and Labeling 2016					
GRI 103: Management approach					
7		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
7		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24, 29, 30, 31, 35	

↓ Topic-specific standards table continued on next page

7		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25, 34	
7	12	GRI 417-1	Requirements for product and service information and labeling	30	
7	16	GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	30	

418: Customer privacy 2016

GRI 103: Management approach

		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
		GRI 103-2	The management approach and its components	11, 12, 16, 19, 21, 24, 26	
		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 26	
	16	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	25	

419: Socioeconomic compliance 2016

GRI 103: Management approach

		GRI 103-1	Explanation of the material topic and its boundary	14, 15, 16, 71	
		GRI 103-2	The management approach and its components	11, 12, 16, 19, 20, 21, 24	
		GRI 103-3	Evaluation of the management approach	11, 12, 13, 14, 22, 24, 25	
	16	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	25	

SASB Index

AT TK Elevator we are committed to providing transparent and relevant information on our economic, environmental, and social performance. We have applied the Sustainability Accounting Standards Board (SASB) table to provide a consolidated overview of TK Elevator’s reporting as opposed to the SASB Electrical & Electronic Equipment standard

(version 2018-10). Metrics and disclosures included in this index cover our activities during the period from October 1, 2020 to September 30, 2021. The table below cross-references the SASB accounting metrics with which that information can be found in TK Elevator’s 2020/21 sustainability report.

SASB TOPIC AND ACCOUNTING METRIC	SASB-CODE	CATEGORY	UNIT OF MEASURE	REFERENCE POINT SUSTAINABILITY REPORT
Energy management				
(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	RT-EE-130a.1	Quantitative	Gigajoules (GJ), percentage (%)	P. 40, p. 46
Hazardous waste management				
Amount of hazardous waste generated, percentage recycled	RT-EE-150a.1	Quantitative	Metric tons (MT), percentage (%)	P. 44 Waste data are only reported for the factories and not for TK Elevator overall, we plan to change this in the future. 88% of our total waste in factories is recycled.
Number and aggregate quantity of reportable spills, quantity recovered	RT-EE-150a.2	Quantitative	Number, kilograms (kg)	None
Product safety				
Number of recalls issued, total units recalled	RT-EE-250a.1	Quantitative	Number	P. 30
Total amount of monetary losses as a result of legal proceedings associated with product safety	RT-EE-250a.2	Quantitative	Reporting currency	P. 30

↓ SASB Index table continued on next page

Product lifecycle management				
Percentage of products by revenue that contain IEC62474 declarable substances	RT-EE-410a.1	Quantitative	Percentage (%) by revenue	None
Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria	RT-EE-410a.2	Quantitative	Percentage (%) by revenue	TK Elevator does not provide any products in ENERGY STAR categories. Environmental impacts of our products, including their energy efficiency, are detailed in environmental product declarations. Additional details can be found on page 32 .
Revenue from renewable energy-related and energy efficiency-related products	RT-EE-410a.3	Quantitative	Reporting currency	Not reported
Materials sourcing				
Description of the management of risks associated with the use of critical materials	RT-EE-440a.1	Discussion and Analysis	n/a	P. 71
Business ethics				
Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	RT-EE-510a.1	Discussion and Analysis	n/a	P. 21
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	RT-EE-510a.2	Quantitative	Reporting currency	P. 25
Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	RT-EE-510a.3	Quantitative	Reporting currency	P. 25
ACTIVITY METRIC	CODE	CATEGORY	UNIT OF MEASURE	UNIT OF MEASURE
Number of units produced by product category	RT-EE-000.A	Quantitative	Number	For competitive reasons we do not provide detailed information on the quantity of units we produce.
Number of employees	RT-EE-000.B	Quantitative	Number	51,464

TCFD Index

TK Elevator pursues the objectives of the Task Force on Climate-Related Financial Disclosures (TCFD), which recommends a framework for disclosing climate-related risks and opportunities that goes beyond current practices. In this index table, we list our disclosures while referencing the pertinent TCFD recommendations and indicating where these issues are addressed in this sustainability report. The references are supplemented with additional information as required.

CLIMATE-RELATED INFORMATION BY CATEGORY	YOU CAN FIND MORE INFORMATION HERE
I - Governance	
a) Describe the board’s oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> ■ Sustainability report pages: 11, 12, 19, 20 ■ CDP 2021 Climate Change Response
b) Describe management’s role in assessing and managing climate-related risks and opportunities	
II - Strategy	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	<ul style="list-style-type: none"> ■ Sustainability report pages: 12, 22, 39 ■ CDP 2021 Climate Change Response
b) Describe the Impacts of Climate related risks and opportunities on the organization’s business, strategy and financial planning	
c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario	
III - Risk management	
a) Describe the organization’s processes for identifying and assessing climate-related risks	<ul style="list-style-type: none"> ■ Sustainability report pages: 12, 22 ■ CDP 2021 Climate Change Response
b) Describe the organization’s processes for managing climate-related risks Report of the Board of Directors	
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management	<ul style="list-style-type: none"> ■ Sustainability report pages: 11, 14, 15 ■ CDP 2021 Climate Change Response
IV - Metrics and targets	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> ■ Sustainability report pages: 39, 41, 42, 43 ■ CDP 2021 Climate Change Response
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	

Independent Assurance Statement

Independent Practitioner’s Report on a Limited Assurance Engagement on Sustainability Information

To TK Elevator GmbH, Düsseldorf

We have performed a limited assurance engagement on the disclosures denoted with “√” in the Sustainability Report of TK Elevator GmbH, Düsseldorf, (hereinafter “the Company”), for the period from 01 October 2020 to 30 September 2021 (hereinafter the “Report”). Our engagement in this context relates solely to the disclosures denoted with the symbol “√”.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the “GRI-Criteria”) and for the selection of the disclosures to be evaluated.

This responsibility of Company’s executive directors 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 executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer”: “BS WP/vBP”) as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner’s Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures denoted with “√” in the Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures denoted with “√” in the Company’s Report for the period from 01 October 2020 to 30 September 2021 have not

been prepared, in all material aspects, in accordance with the relevant GRI-Criteria. This does not mean that a separate conclusion is expressed on each disclosure so denoted.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner’s judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Analytical evaluation of selected disclosures in the Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the 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 denoted with “√” in the Company’s Report for the period from 01 October 2020 to 30 September 2021 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Essen, 10 May 2022

PricewaterhouseCoopers GmbH
 Wirtschaftsprüfungsgesellschaft

Aissata Touré
 Wirtschaftsprüferin
 (German Public Auditor)

ppa. Birgit Applis

Publishing Information

Publisher

TK Elevator GmbH
E-Plus-Strasse 1
40472 Düsseldorf
Germany
www.tkelevator.com

Contacts

Dr. Paula Casares Medrano
Head of ESG
paula.casares@tkelevator.com

Nicole Getta
Vice President Investor Relations
nicole.getta@tkelevator.com

Consultant

PB Consulting GmbH

Design and Implementation

MPM Corporate Communication Solutions
Media Process Management GmbH

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Disclaimer

This report contains forward-looking statements based on current expectations, assumptions, and forecasts of the TK Elevator executive board and information available to it. These statements do not constitute a guarantee that anticipated future events, developments, or earnings will actually occur. The company's future performance and development will depend on a variety of factors that are associated with numerous risks and unforeseeable circumstances, and any predictions of them made in this document are based on assumptions that may prove to be incorrect.

May 12, 2022

