

「ACTING TODAY TO BUILD A SUSTAINABLE FUTURE」

2021/22
SUSTAINABILITY REPORT

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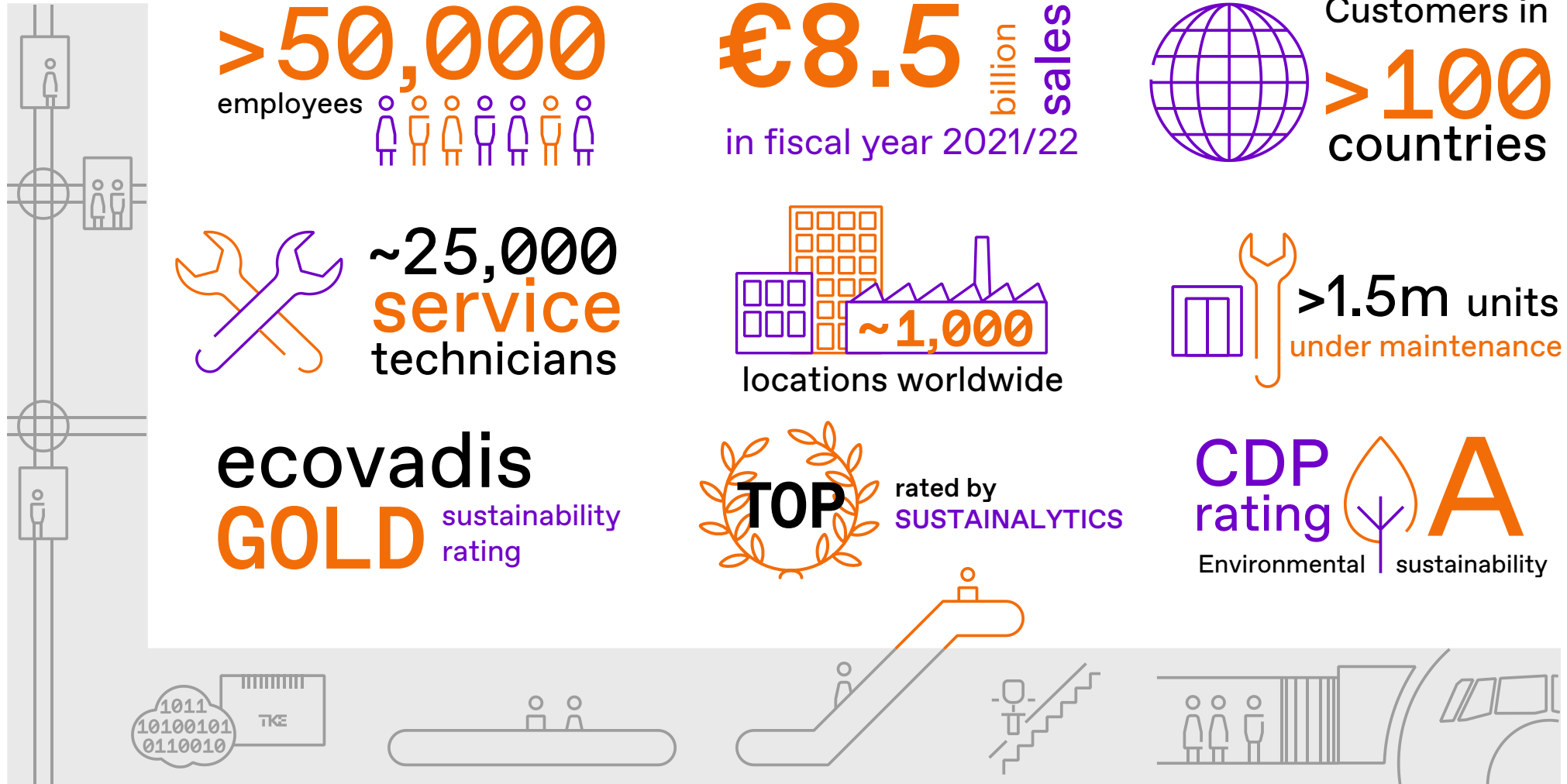
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TK Elevator at a Glance

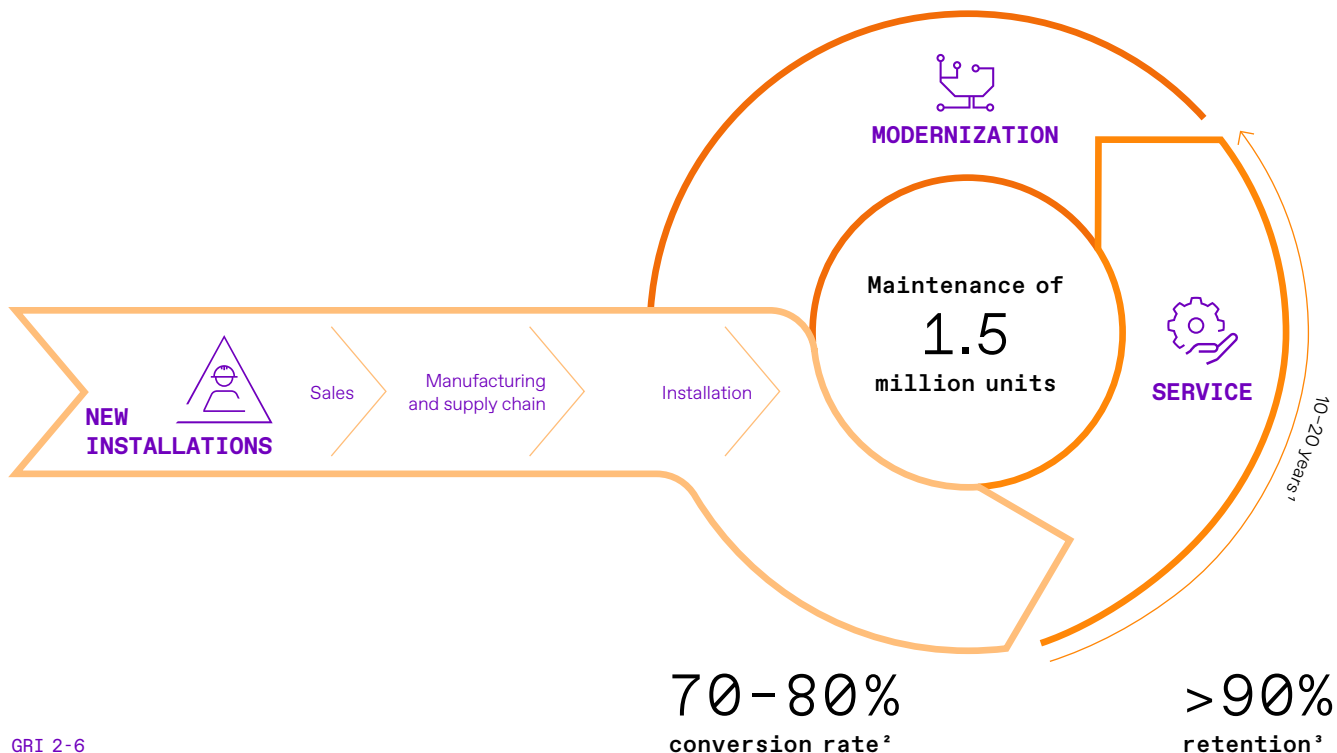


About Us

TK Elevator is one of the world's leading providers of elevator and escalator technology, occupying top market positions in the Americas, Europe, and Africa and possessing a strong platform for capturing additional 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 lifecycle from initial installation across servicing to modernization. Building on our German engineering heritage, we are an innovation leader in the digital age. We are leveraging Internet of Things (IoT) technologies to capture data and make recommendations for repairs in real time. The goal is to serve rapidly urbanizing societies better while delivering ever-better product safety and efficiency. With around 1,000 locations worldwide and customers in more than 100 countries, our business is characterized by a global sales and service network that ensures optimal proximity to clients. Our strengths and global reach are illustrated by infrastructure projects worldwide: new subway lines in Madrid, Zhengzhou, and São Paulo, iconic buildings like the BMW Tower and Google's German headquarters in Munich, and Miami Airport, among many others, feature our elevators, passenger boarding bridges and escalators.

The foundation of our lifecycle business model is our new installation business, which is the point of entry to our servicing activities. On average, we convert 70% to 80% of new elevator and escalator installations into ongoing service contracts. This provides a dependable source of recurring sales; in each of our last two fiscal years we have succeeded in retaining more than 90% of our service customers. We also win service and modernization contracts for installations that had originally been carried out by us or other manufacturers. Our service and modernization businesses, which together

Our Value Chain



GRI 2-6

accounted for 57% of sales and the bulk of our gross profit in fiscal 2021/22, generate recurring sales and high profit margins for the group, in addition to creating good prospects for future earnings. We have high conversion and retention rates and succeed in cultivating longstanding customer relationships. Yet due to our global reach and high diversification, our 10 largest customers together typically account for less than 3% of our annual revenues.

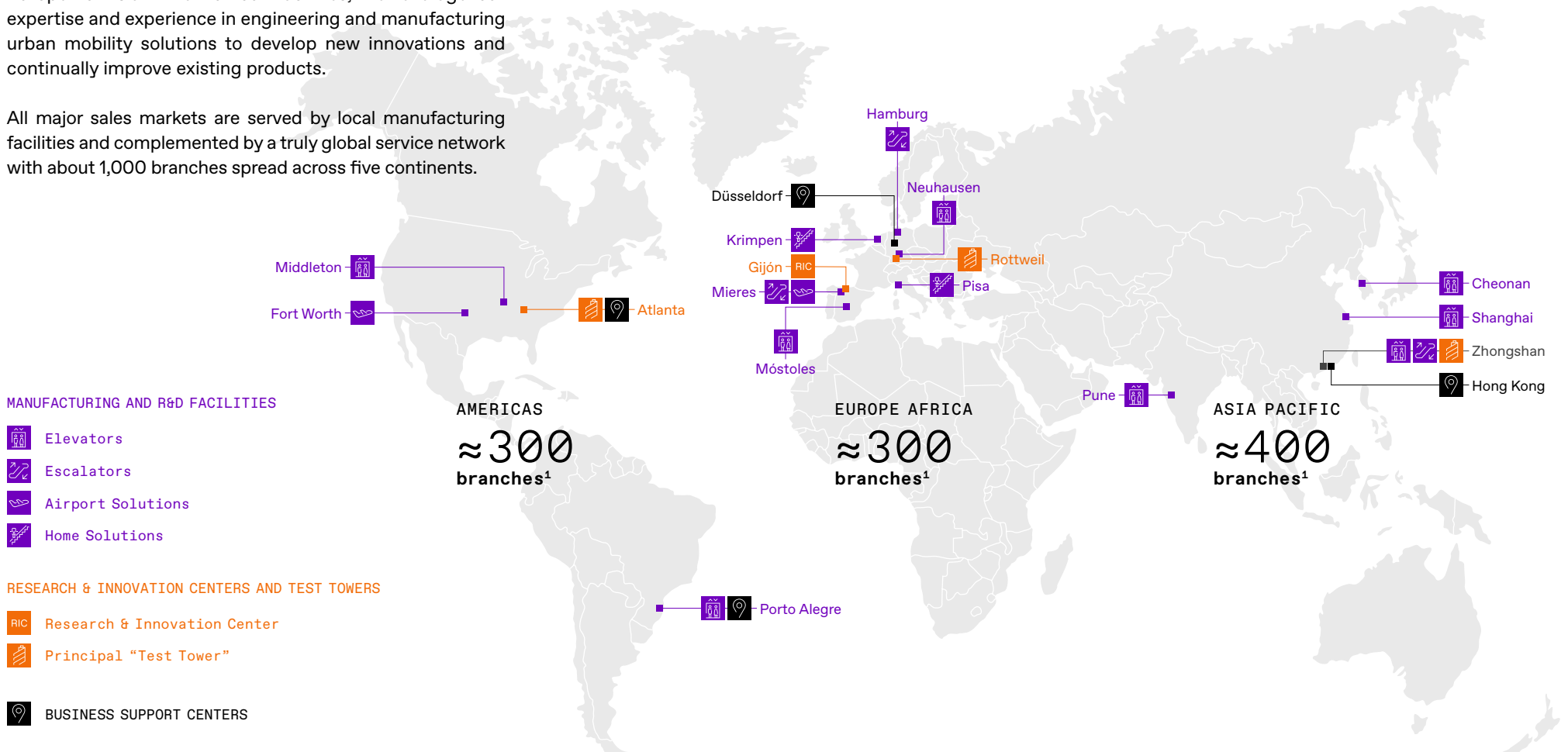
GRI 2-1

- 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, which is reflected in our manufacturing footprint 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 served by local manufacturing facilities and complemented by a truly global service network with about 1,000 branches spread across five continents.



Megatrends in our Industry



URBANISATION

By 2050, more than two thirds of the world's population will live in cities. As cities continue growing and infrastructure becomes more complex, TK Elevator is helping to meet the challenges and seize the opportunities of rapid urbanization by providing safe, seamless and sustainable urban mobility solutions.



DIGITALIZATION

Technology and data solutions let us move faster and more intelligently. Elevators, escalators, and moving walkways are morphing into smart mobility solutions that improve the user experience by maximizing safety, efficiency, and performance.



AGING POPULATIONS

The number of people aged 65 and older is expected to double over the next three decades, reaching 1.6 billion by 2050. So they can continue to lead active lives, urban infrastructure needs to be appropriately modified. With our product offering and capabilities, we're optimally positioned to meet different mobility and accessibility needs and create inclusive spaces for everyone.



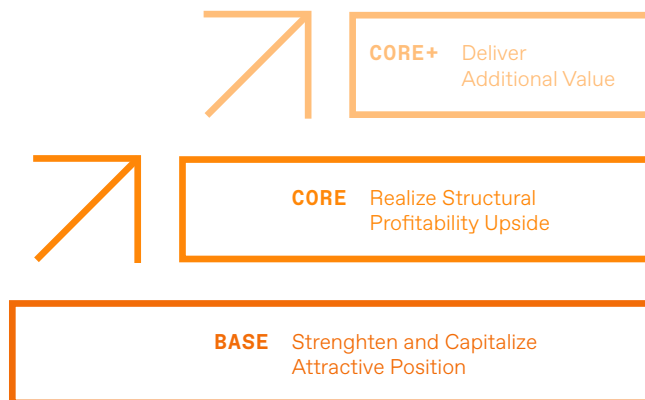
SUSTAINABILITY

We're convinced that economic success and sustainability are inextricably linked. In order for us to move toward a sustainable future, it's essential to consider the social, economic, and environmental dimensions of everything we do.

Stable and Profitable Growth

Sustainability is an integral part of our strategy, helping us create value and achieve long-term growth. It provides opportunities for us to responsibly meet and exceed relevant requirements while setting an example for others. And 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 rests on three pillars:



BASE: Strengthen and Capitalize on Our Attractive Position

Our world is poised to become more mobile than ever before. While benefitting from this structural change, we're committed to steadily strengthening our position. This means striving to achieve more with less by constantly improving 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 we do business with. Sustainability is an integral part of our strategy and deeply rooted in our culture.

CORE: Implement the Upside of Structural Profitability

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 of our business lines. Sustainability is an integral part of these initiatives. It will not only bring down our costs but also help us attain our sustainability targets. For example, we are going to reduce waste by improving product quality, 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 is aimed at generating more long-term value by enhancing our current digital solutions such as our cloud-based "MAX" IoT platform and launching disruptive innovations like MULTI, the world's first cableless elevator for high-rise buildings. They are designed to optimize flows of people and use available resources as efficiently as possible. In conjunction with the measures of our "Core" strategy, it will help us expand our business steadily, profitably, and sustainably.

Performance in 2021/22

In 2021/22, TK Elevator continued strengthening its leading market position and achieved key milestones on its transformation journey. While navigating a volatile market, we landed major projects and improved our financial performance: Order intake rose by 1.1 billion euros to 9.1 billion EUR, an increase of 7% after adjusting for currency effects reflecting double digit growth in Americas and in the modernization business line as well as continuing strong service growth across all regions. Sales expanded by 0.6 billion EUR to 8.5 billion EUR, a slight increase of 1% after adjusting for currency effects. A dip in sales of new installations that was related to Covid-19, supply chain constraints and tight monetary conditions in China was compensated by vigorous growth in our service business across all regions and modernization growth, especially in North America.

Adjusted EBITDA was slightly higher than in the previous year, since the aforementioned headwinds in the new installation business and material inflation were offset by higher service volumes, overhead efficiencies, and favorable exchange rate effects.

Overview of Material Topics

We updated our materiality assessment in 2021/22, taking into account the latest changes in sustainability reporting. The majority of the topics identified as material in 2020/21 remained unchanged in 2021/22. "health and safety", "sustainable solutions" and "recruitment and retention" were identified as most material by our internal and external stakeholders – which fits very well with our overall strategy and sustainability approach.

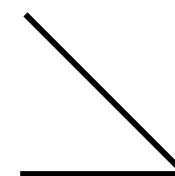
GRI 3-2



Statement by Our CEO

“
At TK Elevator we are
part of the solution to
enable sustainable
urban mobility.”

UDAY YADAV
CHIEF EXECUTIVE OFFICER



Dear Reader,

The science is unequivocal: climate change poses one of the greatest threats that humanity has ever faced. The latest IPCC¹ report is a powerful reminder that emissions urgently need to be reduced. The next few years are crucial for taking action to slash emissions and build resilience. Future generations are depending on us.

We at TK Elevator are part of the solution to enable sustainable urban mobility: moving more people with less emissions. Our products are at the very heart of urban mobility, improving accessibility and quality of life for a growing and aging population across cities and infrastructure worldwide. TK Elevator has always been at the forefront of technological innovation and we embrace digitalization as a key enabler to drive efficiency, using resources in a more conscious and responsible manner.

EOX, our new eco-efficient and natively digital elevator platform which we launched a few months ago, reflects our approach to sustainability. At TK Elevator, sustainability is built into the company's fabric and geared to creating value for all of our stakeholders while positively impacting the environment and the communities in which we operate. EOX reflects our company's outstanding capabilities and relentless commitment: it was developed in record time by leveraging crossfunctional teams around the world. It enables us to enter the standardized low and mid-rise residential market, which comprises the majority of urban buildings, with a unique, truly differentiated offering that addresses both megatrends: sustainability and digitalization.

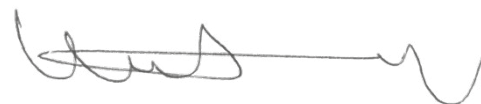
Whilst increasing eco efficiency within our products, we are likewise taking further action to reduce emissions within our operations. As of today, we have lowered our scope 1 and 2 emissions by 21% compared to our base year (2019) and we are further executing on our decarbonisation roadmap to deliver on our net zero commitment by 2050 at the latest.

In May 2022 I was fortunate to assume responsibility for leading this truly global company, with its rich history and enormous potential. The months since then have been intense and energizing as our company's strengths and opportunities have become even more evident to me. The customers, suppliers, investors, and amazing colleagues I have met across different continents and on the frontlines in our branches and plants have been truly inspiring. Despite the unprecedented volatility and numerous challenges in our environment, I'm confident and optimistic about our ability to realize our company's full potential.

We firmly believe that it's vital for us to continue along this path which includes an honest and transparent dialogue with our stakeholders across all key dimensions of our sustainability journey. It is enabling us to step up our rate of learning as a company and advance our strategy of creating sustainable value. It is based on a commitment to keeping our people safe, acting with integrity, encouraging diverse perspectives, and forging sustainable solutions.

To quote Abraham Lincoln, "You cannot escape the responsibility of tomorrow by evading it today." At TK Elevator, we embrace our responsibility to the planet and future generations. We are taking action today and are making a difference in people's everyday lives by safely, sustainably, and efficiently moving them in buildings worldwide and are actively shaping the future of sustainable urban mobility.

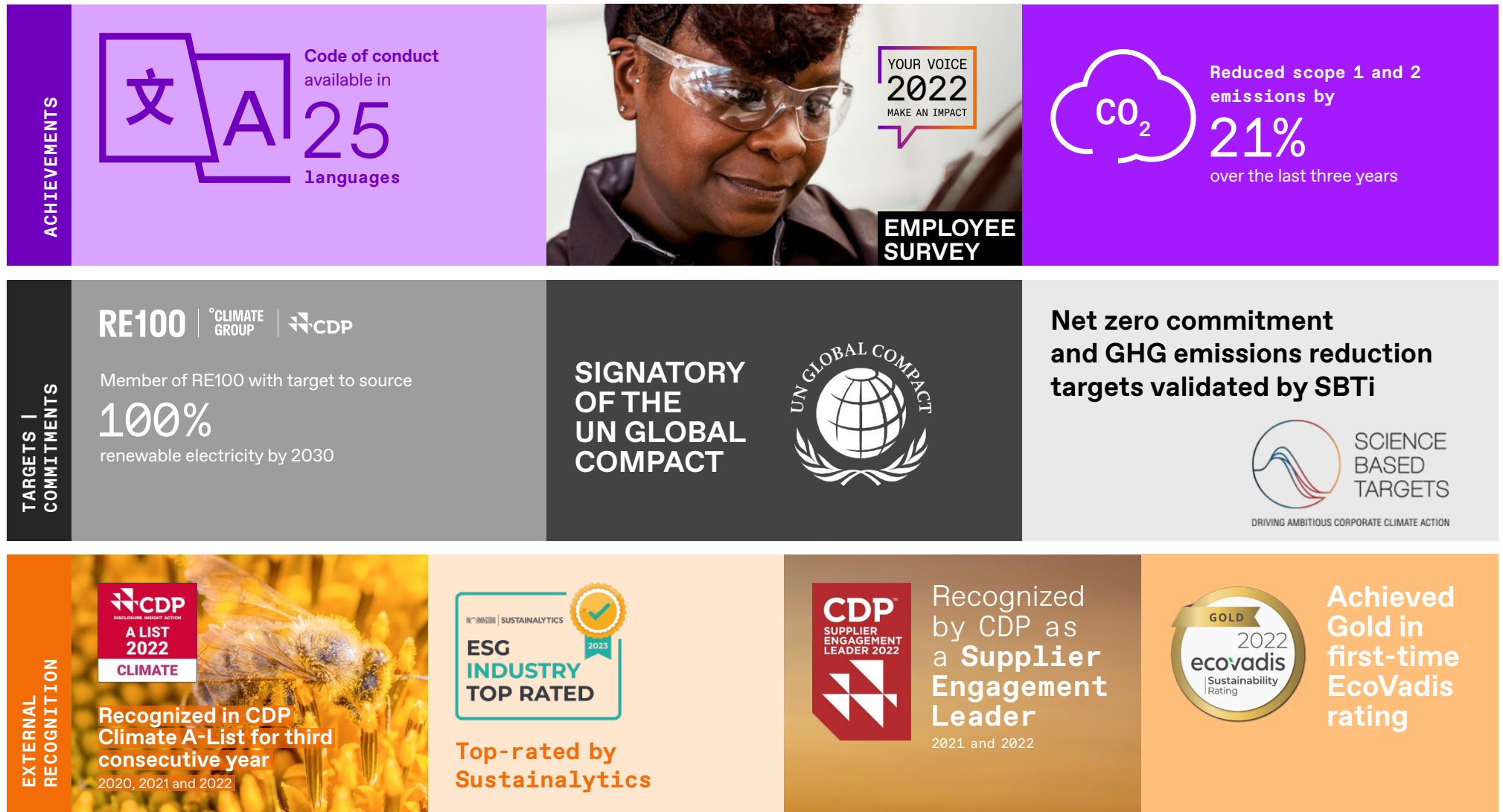
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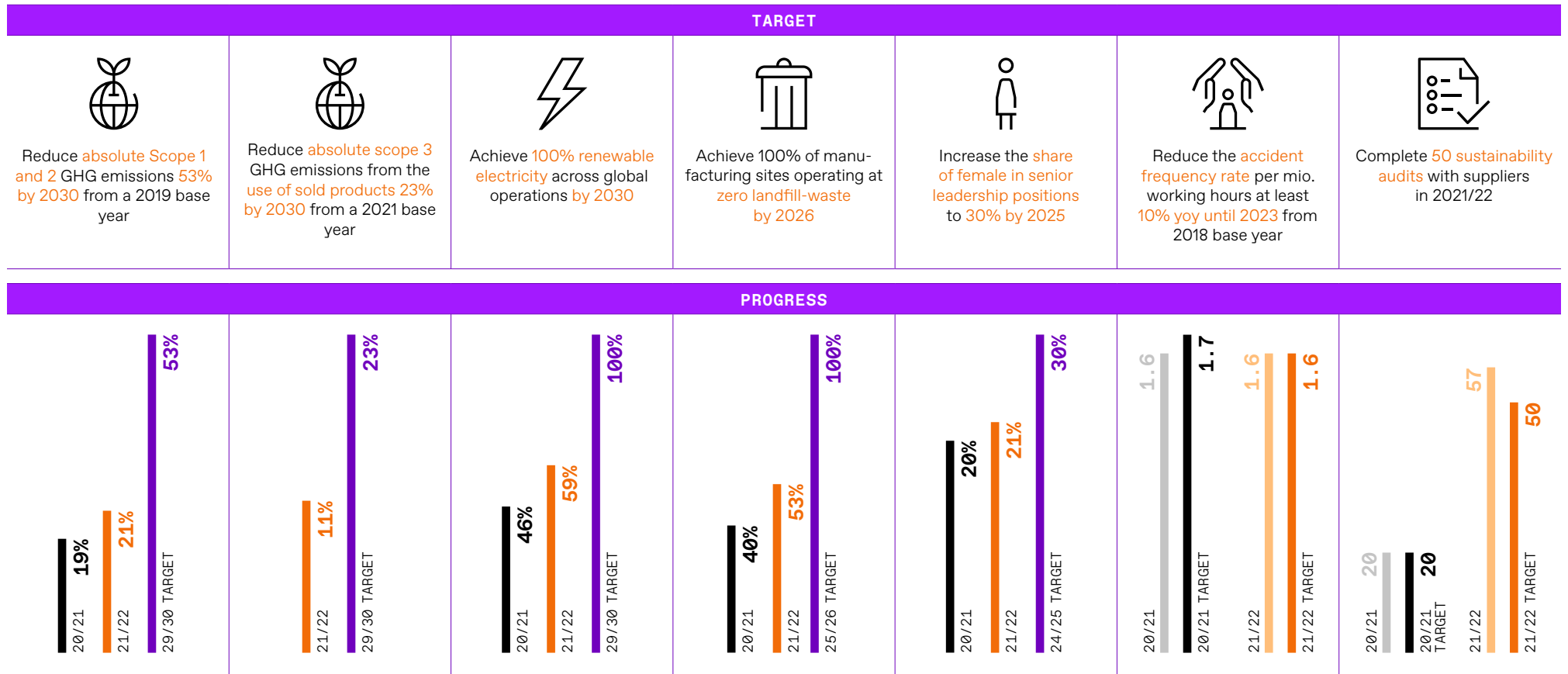
UDAY YADAV
CHIEF EXECUTIVE OFFICER

1 | Intergovernmental Panel on Climate Change

Our Sustainability Highlights



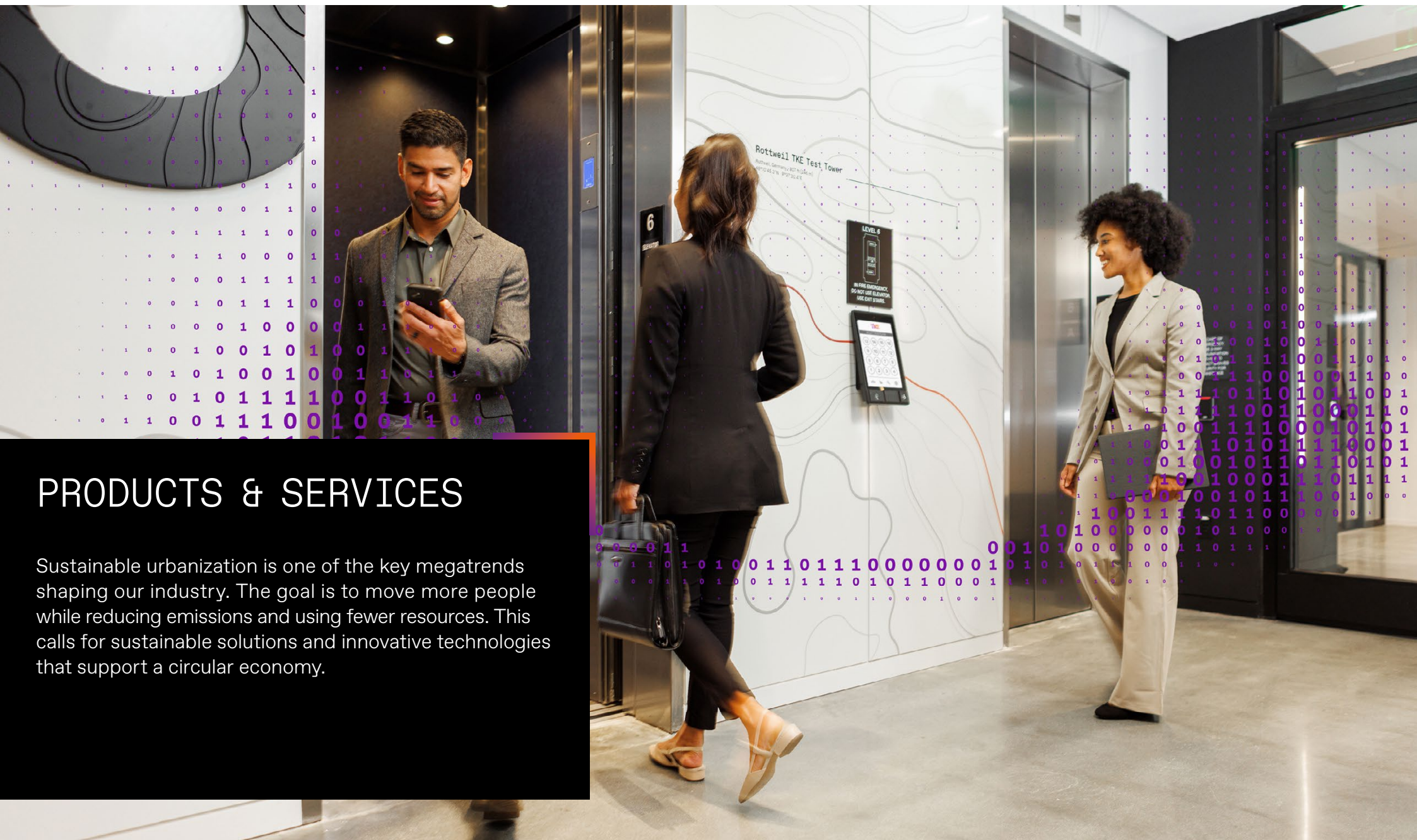
Progress Towards Our Targets



20/21: not available

New target: Reduce our total recordable cases (TRCs) per 200,000 hours worked by 50% by 2027 from a 2022 base year.

New target: Complete a 360° sustainability assessment of all risk-critical suppliers by 2026



PRODUCTS & SERVICES

Sustainable urbanization is one of the key megatrends shaping our industry. The goal is to move more people while reducing emissions and using fewer resources. This calls for sustainable solutions and innovative technologies that support a circular economy.

Products and Services

- We ensure high safety in connection with the use of 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.



Our Approach

The environment in which we operate is being reshaped by global megatrends that, like sustainable urbanization, stress the importance of using resources as efficiently as possible. TK Elevator is tackling the associated challenges with a clear commitment to zero accidents, zero defects, and zero emissions. Elevators are already one of the safest and most reliable modes of transportation, and we're committed to steadily raising our already high standards by making our products even more energy-efficient to help our customers shrink their environmental footprints.

Sustainable Solutions

✓ Our product offering is at the heart of sustainable urban development. Although modern elevators don't usually make the biggest contribution to a building's environmental footprint (typically they only account for between about two and five percent of energy consumption), our products are essential for meeting the needs of growing and steadily aging urban populations. We therefore work incessantly to minimize their environmental impacts as part of our commitment to achieving zero emissions, improve our service offering with digitalization, and continually update our products to extend their useful lives. It fits that our materiality assessment has identified "sustainable solutions" as one of the most relevant topics [see page 78](#).

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

At TK Elevator, we offer energy saving solutions for reducing all of our products' consumption during operation. We provide information in product brochures and other company communications, and when bidding for contracts also make sure that our customers are aware of the options. Quite a bit of other information on our products' energy and environmental performance is also available, including energy efficiency certificates, life cycle assessments (LCAs), environmental product declarations (EPDs), and health product declarations (HPDs) [see page 14](#).

Our experts prepare dedicated assessments of specific projects and buildings for customers and help them optimize their existing installations and buildings to make them more efficient and environmentally friendly. They also evaluate ways for our products to help get buildings certified as green, like in the LEED and BREEAM rating systems. We're proud to have trained more than 200 accredited LEED Green Associates and BREEAM Associates at TK Elevator. We also hold courses to help customers make the best possible choices for their buildings. They cover topics related to elevators' energy consumption and efficiency and highlight the importance of EPDs for selecting appropriate materials to reduce buildings' carbon content.

Modernization is another key factor for making buildings more sustainable. More than 30% of all installed elevators worldwide are now more than 20 years old. Modernizing these units and prolonging their useful lives can help reduce their energy and resource consumption. This also contributes to a circular economy [see page 17](#). ✓

Modern elevators usually account for

2 - 5%

of energy consumption in buildings.

Developing Sustainable Solutions

✓ Our research and development activities focus on fundamental technological challenges that we must master to better serve today's growing, aging, and increasingly urbanized societies. We do this by designing products that help reduce the carbon footprint of buildings and cities and minimize consumption of energy and other natural resources.

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

We also publish ISO 14025-compliant environment product declarations (EPDs) containing reliable, transparent, and comparable information on our products' environmental impacts. As of the end of the last reporting year, we had published 11 EPDs on our elevators in North and South America, Europe, China, and Australia. More are planned for the next year.

Our EPDs are acknowledged by most major building rating schemes, including LEED and BREEAM, and improve the relevant scores of buildings in which our products are installed. The main elevator and escalator products we offer in Europe are approved by and incorporated in Byggarbets-ömsningen (BVB), a Swedish database tool for assessing the environmental aspects of construction products. They are also listed in the portal for building products that can be used in Nordic Swan Ecolabelled buildings. ✓

PIONEERING PRODUCTS WITH REDUCED CARBON FOOTPRINT

We are focusing on reducing the carbon footprint of our core products with energy saving features and digital enhancements. At the same time, we are constantly on the lookout for forward looking, disruptive technologies.



MULTI

MULTI is expected to require up to 50% less floor space for hoistway shafts than conventional elevators, thus markedly reducing the carbon contained in a building's core area.



TWIN

Our breakthrough TWIN® elevator system has two cars, that operate independently in a single hoistway. Therefore, TWIN requires less space and construction work and overall results in less embodied carbon.



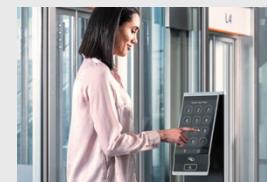
EOX

Our newly launched EOX elevator brings the latest features in eco-efficiency and digitalisation to the standardized mid-and low-rise market.



MAX

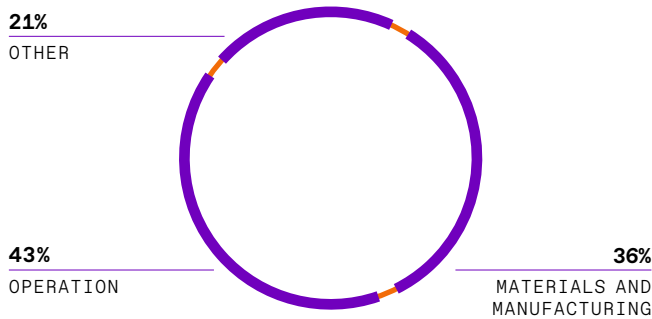
Our innovative cloud-based maintenance platform helps us optimize our maintenance logistics and reduce travel by our service technicians, yielding a significant reduction in GHG emissions.



AGILE

This technology transforms elevator systems into a seamless, more intelligent and efficient mobility ecosystem. As one major feature, AGILE gages the demand for traffic and groups passengers by identifying similar destinations. This results in more efficient use of available elevator capacity and helps optimise energy consumption.

LIFE-CYCLE CARBON FOOTPRINT OF ONE OF OUR TYPICAL ELEVATORS



The figures in this chart are based on the published EPD for the most representative configuration of our low-rise elevator that is installed in Europe. Most of this elevator's GHG emissions over the course of its life cycle are related to producing the materials for building the elevator and operation of it. Their relative contributions depend to a large extent on 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 the materials used to manufacture our products and consumption of electricity for operating them. Our R&D approach ensures that all products are designed to minimize energy use and made of materials that have 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 2-25

Protecting Human Health

✓ Safeguarding people's health is one of our priorities. While developing new products, we therefore make a point of selecting sustainable and healthy materials and avoiding everything that might pose hazards. This includes, for example, requesting information from suppliers on any potentially harmful substances that could be present in components. Among other things, this means continually monitoring all such materials and appropriately informing our customers to ensure that our products are safely used and disposed of.

To achieve greater transparency of information on materials-related health issues in buildings, we also publish Health Product Declarations® (HPDs), which reliably and consistently disclose any potential chemicals of concern contained in our products as well as relevant health information. As of the end of the last reporting year, we had published four such HPDs for our mid-rise elevators in North America. More are planned for our products in Europe. ✓

Collaboration with Stakeholders

We collaborate with external scientific and academic institutes to raise the standards for product safety, accessibility, and energy efficiency. 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, 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, and others like ISO, CEN, ANSI, and SAC. This participation enables us to actively contribute 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 cooperation 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 the many customers who may at some time suddenly and urgently need to install a stairlift.

Circular Economy

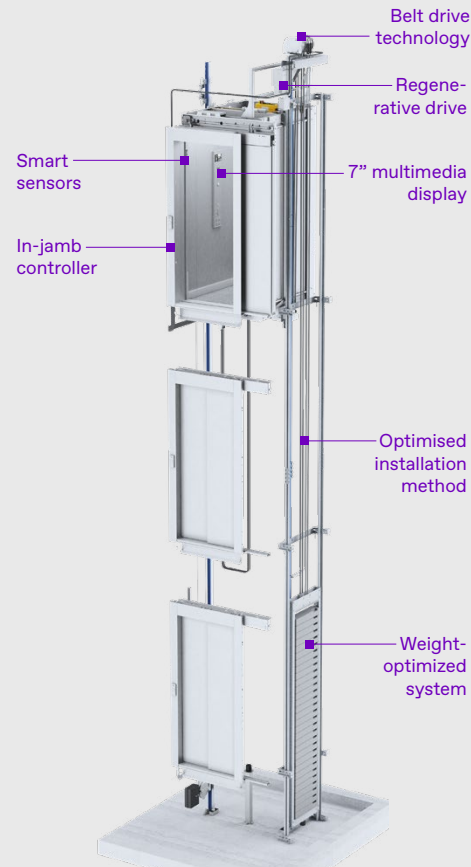
✓ There is growing concern globally about the use and disposal of materials, placing mounting pressure on businesses to address the issue of post-consumption waste. The adoption of circular economic principles will lead to better products for our customers, increase the efficiency of our operations, and reduce our overall environmental footprint.

Our products contribute to a circular economy, and our internal R&D standards establish minimum requirements and other recommendations for increasing the recyclability of materials used in products and packaging and facilitating the reuse of materials and components. The ultimate goal is to keep products, components, and materials circulating across multiple lifecycles. This approach bolsters resource efficiency while reducing waste. ✓

EOX – OUR NEW ECO-EFFICIENT AND NATIVELY DIGITAL ELEVATOR

In October 2022 we launched EOX, our new eco-efficient and natively digital elevator platform. While both sustainability and cutting-edge digital features have been a standard for the premium and high-rise market segments, with EOX we are now taking these benefits to the standardized mid- and low-rise market.

EOX features low-consumption belt traction technology and a regenerative drive that recovers energy every time an elevator brakes, feeding it back into the building's power grid so it can be used by other elevators or consumers. Besides standard sleep and stand-by modes, EOX features a unique eco-mode that "learns" and adapts to a building's traffic patterns. During periods of reduced traffic, the elevator's speed and acceleration are reduced to 80% of nominal values and can be fine-tuned to suit preferences. The low-energy design of EOX elevators means that they consume up to 28% less energy while travelling in the shaft and qualifies them for the highest energy efficiency rating, namely Class A as defined by ISO 25745-2. Its lighter



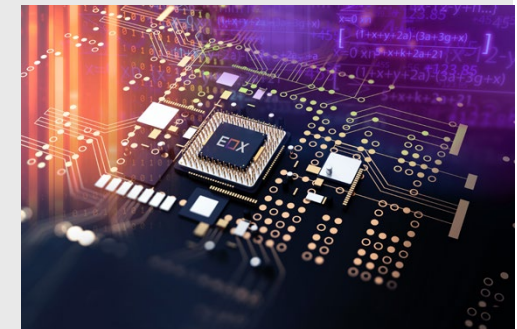
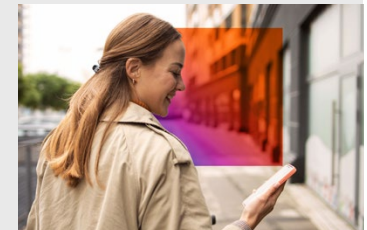
weight helps reduce the material resources required to produce the elevator, resulting in a decrease of more than 15% in the elevator's embodied carbon.

For greater transparency of this product's environmental impacts, an environmental product declaration (EPD) has been created for it.

To make sure that EOX's digital basis achieves the highest possible standards, we teamed up with Microsoft to create the cloud infrastructure and with NVIDIA to design the processor core. The hardware of EOX is conceived to support future enhancements, including sophisticated capabilities such as artificial intelligence and machine learning. Smart sensors collect and transmit data in real time for advanced monitoring. This makes it possible to identify and nip any potential problems in the bud before they can happen – thus minimizing unscheduled repairs and associated emissions. In addition, EOX features an in-cabin camera that serves as an optical sensor and can potentially play an important role in improving passenger safety in emergency situations.

EOX

EOX was launched in France, Italy, Poland, the United Kingdom, and Ireland in October 2022, and we are continuing to roll it out in other European countries. Additional regions and countries will follow.



Modernization Solutions to Support a Circular Economy

TK Elevator's products are characterized by long lifespans that can be additionally extended by appropriate maintenance and modernization. Consequently, both TK Elevator's new products and our modernization solutions support the transition to a circular economy and help improve the environmental performance of existing infrastructure, thus opening up new business opportunities for the elevator industry.

More than 30% of all elevators installed globally are over 20 years old. In mature markets like Europe and North America elevators older than 20 year even account for more than 50% of the installed base. Modernizing them can prolong their useful lives, lower their energy consumption, and reduce the amounts of materials consumed to replace 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.

When upgrading elevators, escalators, and passenger boarding bridges, only part of the components are replaced. This reduces the use of materials and therefore also the carbon that's embodied in buildings. In addition, we integrate the latest new technologies for improving energy efficiency, which additionally slashes energy consumption and buildings' overall carbon footprint. This way we can improve our customers' environmental performance and help them attain their sustainability targets.

MODERNIZATION SOLUTIONS

For elevators, we offer flexible, customizable modernization kits that range in scope from upgrading individual components such as operating panels to replacing complete systems (for example, door systems, controllers, or drives) or an entire elevator.

Whether we replace small components or complete systems, we always make a point of upgrading them to new technologies that reduce their energy consumption. To cite an example, when a typical low-rise geared elevator installed around 1990 is upgraded to the latest, energy-efficient technology this slashes the energy consumed during operation by around 80%. Complete replacements commonly involve reusing some components with longer lifespans, such as guidrails and counterweights, which significantly reduces the need for new materials. When outdated geared

machines are replaced with state-of-the-art gearless machines and controllers, this can substantially reduce energy consumption while optimizing maintenance and improving user comfort, since the new systems perform better in terms of both wear and noise. To put this in perspective, replacing a typical low-rise elevator in Europe with a modernization solution that retains the guidrails and counterweight avoids emissions that would otherwise result from producing those components, and consequently the upgraded system has more than 35% less embodied carbon than a completely new one.


For escalators, we offer modernization packages that permit the reuse of existing trusses, thus helping to limit the use of material resources. For example, after modernizing a typical traffic escalator its embodied carbon would be 15% less compared to a completely new system.



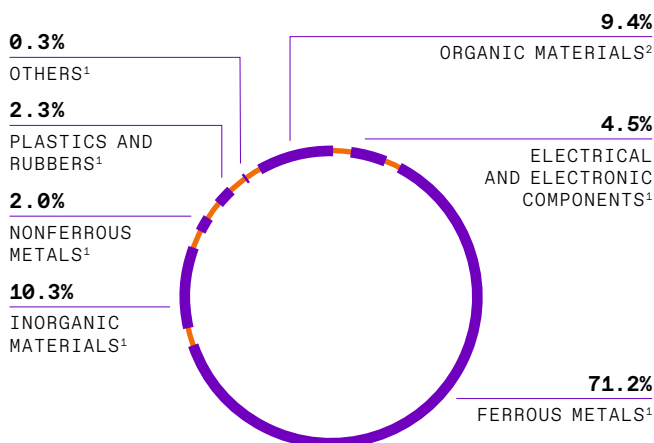
In 2021/22, we modernized 11 elevators in Bordeaux's highest building, improving their energy consumption by 30%

What's more, upgrading to connected units taps the additional benefits of our data-driven predictive maintenance technology, which increases uptime and an extended overall product lifetime.

More than
30%
of all elevators installed globally are over 20 years old.



MATERIALS USED IN TK ELEVATOR PRODUCTS IN 2021/22



1 | Nonrenewable materials
 2 | Renewable materials

GRI 301-1

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

Carbon steel and cast iron (ferrous metals) account for over 70% of the materials used in our products. They are highly recyclable and can be kept in the supply chain indefinitely, thus diverting waste from landfill and reducing the consumption of primary resources. Roughly 12% of the materials used in our products are recycled.

GRI 301-2

Quality and Product Safety

✓ TK Elevator's customers and the passengers who use 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. Our internal R&D standards exceed the requirements of relevant official codes and regulations as a result of defining stricter criteria and recommendations on the safety-related and environmental impacts of new products. ✓

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 one of the most relevant topics [see page 78](#).

Product Quality

✓ At TK Elevator, product quality is an integral part of our zero-defect philosophy. We believe that every employee's initiative and dedication are vital for inculcating a zero-defect culture across all our operations. It also has a very clear impact on our sustainability priorities. Consuming more resources to correct issues amplifies our negative impacts on the environment; conversely, increasing our products' quality extends their lifespans. A preventive approach thus not only makes business sense but also helps us achieve our sustainability targets and reinforces our circular economy approach.

TK Elevator has a basic tenet: namely, to never 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 systems, 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 are achieving 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. ✓



Our "zero defects" culture supports our circular economy approach.

✓ During the global pandemic, we introduced online training courses and remotely supported our 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 8,000 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 product corrective instructions (PCIs) was developed and is now fully established. ✓

Organization

✓ Within the senior leadership team, our COO is ultimately responsible for quality and product safety. Our head of manufacturing and quality directly reports to the COO. The quality managers of our global business units also indirectly report to the central quality function. 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 as well as 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 business units, operating units, and branches.

Within each business unit 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 relevant members of our senior leadership team. To ensure efficient decision-making and alignment with local conditions, each business unit is empowered to make operational 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 carrying out in-depth analyses 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.

As a result, over the last two years the costs incurred by poor quality in factories have been reduced by 46%, missing and incorrect parts per 1000 systems by 38%, and the total number of problems per unit by 30%. ✓

Working with Suppliers

✓ TK Elevator works closely with its suppliers to manage quality. All suppliers must 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, an advanced product quality planning process begins preparing the supplier to begin delivery. To ensure high delivery standards, individual parts are cleared by a production part approval process. Quality and product safety requirements are also addressed at regularly held local “supplier days”. ✓

Product Safety

✓ Trust in our products is the foundation of our business. They move a billion people a day, and safety is paramount for earning and keeping our customers’ trust. We therefore take a proactive approach to premarket safety design and quality testing and are committed to ensuring zero accidents. Our relevant 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 European Union standard on elevators. We also define our own internal standards such as our 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 for ascertaining them. 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 2021/22 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 under review, we closed 24 PCIs and reworked 10,505 units with remedial costs of EUR 3.4 million in the manufacturing process, significantly less than the corresponding figure for 2020/21 (EUR 5.1 million). This shows that our mission to implement a zero-defect culture is making excellent progress. ✓

SASB RT-EE-250a.1

TWIN ELEVATORS SUPPORTING SUSTAINABLE URBAN DEVELOPMENT IN MILAN

TK Elevator will equip the Gioia 20 project, also known as i Portali, in Milan, Italy with our state-of-the-art TWIN elevators, increasing the walkable area by 40%, reducing waiting times by 30% and contributing to the buildings’ LEED Platinum certification with the latest energy efficiency technology that recovers 30% of the energy generated during braking.



Gioia 20 project in Milan, Italy

✓ Before most products (exceptions: 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 a unit doesn't, it immediately has to be corrected and retested. Products that don't require approval for each individual unit but have to comply with both the relevant standards and relevant safety rules of the party installing them are required to pass mandated type tests (for example, to qualify for a "CE label").

GRI 416-1 | GRI 416-2

All relevant labels providing detailed information on 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 prior to initial operation. ✓

GRI 417-1 | GRI 417-2

ACTIONS IN 2021/22

#1

✓ We continued making excellent progress in our mission to implement a **zero-defect culture**, having significantly slashed costs caused by quality problems in 2021/22 (for a 46% reduction in the last two years).

#2

We **launched EOX** in Europe, our new energy-saving and natively digital elevator platform. With EOX, we are bringing the highest eco efficiency features as a standard to the low-and mid-rise market.

#3

We additionally expanded our digital portfolio for the **Chinese market by launching MAX** there.

#4

We published new **environmental product declarations (EPDs)** and continued our efforts to obtain energy efficiency certificates for our products. ✓

BUILDING A SUSTAINABLE FUTURE

#1

Continue our journey by ingraining a **zero-defect culture** and minimizing PCIs and associated costs.

#2

Steadily enhance our offering with **products and features that minimize consumption of energy and natural resources** and help our customers reduce their environmental impacts.

#3

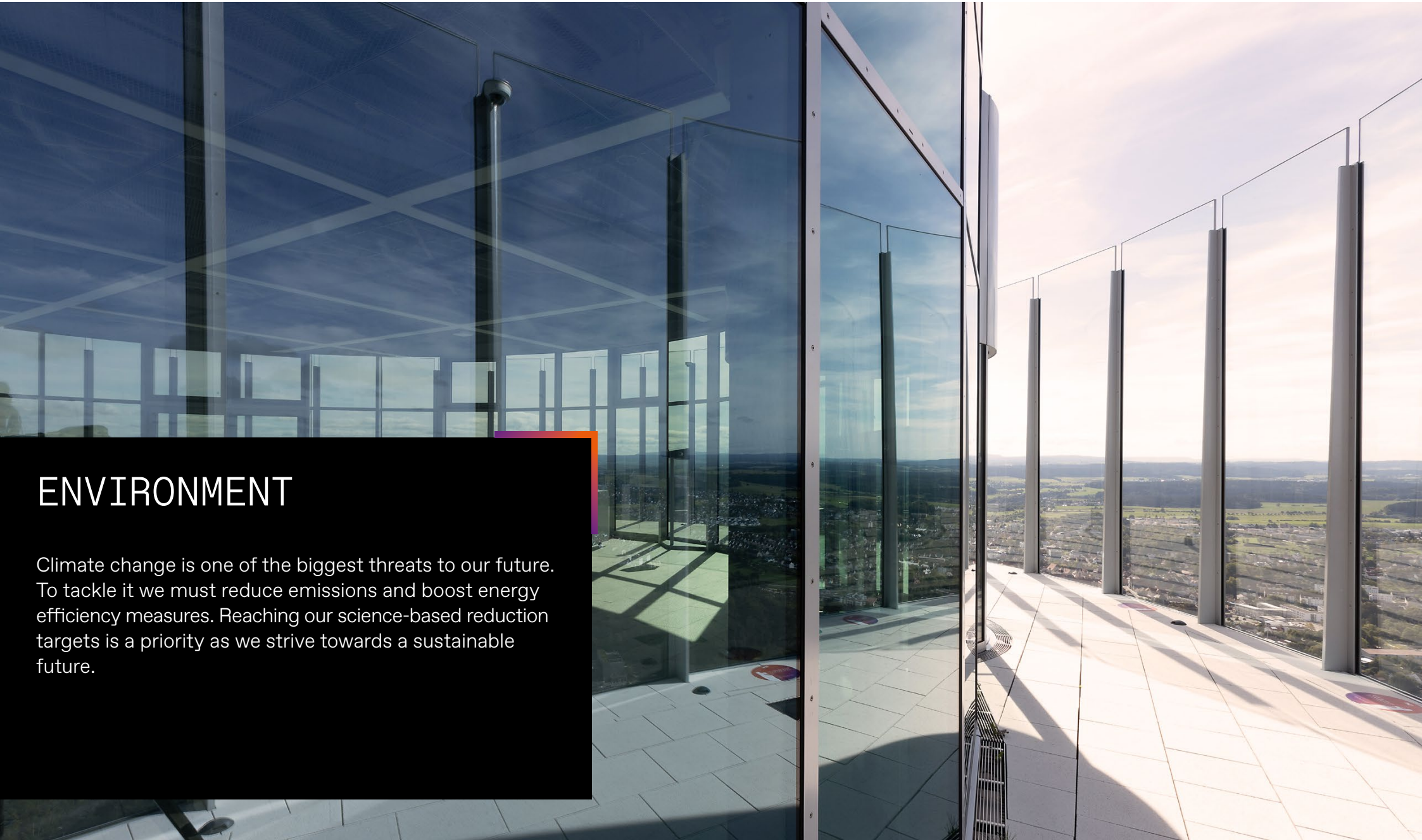
Drive **modernization** to minimize the environmental footprints of existing buildings and expand our offering with customized upgrading kits.

#4

Continue rolling out **digital solutions and products** (such as MAX) to boost efficiency and help reduce emissions for both us and our customers.

ENVIRONMENT

Climate change is one of the biggest threats to our future. To tackle it we must reduce emissions and boost energy efficiency measures. Reaching our science-based reduction targets is a priority as we strive towards a sustainable future.



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.
- In 2022, TK Elevator joined RE100, a global initiative led by the Climate Group in partnership with CDP that brings together the world's most influential businesses committed to 100% renewable electricity.
- TK Elevator is focusing on improving its waste management to cut down on the use of resources.



Our Approach

✓ We are striving for long-term, sustainable growth, and we are therefore committed to minimizing the environmental footprint of our own operations, our products and services and our supply chain and we are taking the required steps for achieving 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 policy on environment and energy and 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 CHRO. Given that environmental topics have a broad impact across our operations, all major decisions are discussed and aligned with the relevant senior leadership team members, who ultimately take responsibility for implementing the required actions within their areas of responsibility.

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. We also promote extensive sharing of best practices among our experts in the business units. ✓

Environmental Management System

✓ TK Elevator's policy on environment and energy defines the minimum requirements for our environmental and energy management systems and criteria for determining the relevance of environmental and energy topics at TK Elevator. Those of our entities that significantly impact the environment or have high energy consumption are required to implement an appropriate ISO 14001-compliant environmental management system and a dedicated ISO 50001-compliant energy management system. The content and scope of the group's policy can be appropriately adjusted to take each entity's particular facilities, activities, and services into consideration. As of 2021/22, 80% of our manufacturing centers were ISO 14001-certified and our ISO 50001-certified factories account for 82% of their energy consumption, and we are continuing to improve the management systems in our factories and plan new certificates for the years ahead.

Our management systems include regular checks of compliance with environmental laws and regulations. No significant cases of noncompliance were reported in 2021/22.

GRI 2-27

Each year all TK Elevator entities report their annual environmental data, including data on energy and water consumption and waste, using a standard industry software solution that makes it easy to centrally check the progress made against the group's targets. Our larger energy consumers and all of our manufacturing centers, which together account for over 80% of our total Scope 1 and 2 market-based emissions, report their data on a quarterly basis. We use this input to monitor our environmental performance and progress in achieving the relevant targets, which are regularly reported to our senior leadership team. ✓

Minimizing Our Impacts Throughout the Value Chain

✓ Apart from our own operations, 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 [see pages 14 and 69](#). ✓

Setting Standards for Environmentally Friendly Products

✓ Minimizing our products' environmental impacts is a major goal of TK Elevator and an integral part of our R&D work. Buildings have a substantial environmental footprint. According to a study carried out by the European Commission, in Europe they account for about 40% of total 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. We develop products that are energy efficient and use materials with low environmental impacts, to reduce the carbon footprint of the buildings [see page 14](#).

Modernization is another key factor for 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 [see page 17](#). ✓

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 implement and maintain an appropriate environmental management system (compliant with ISO 14001 or a national equivalent) to minimize environmental impacts and hazards and improve environmental protection in their everyday operations. To ensure that our suppliers comply, we perform assessments while reserving the right to request them to perform additional on-site audits. In 2021/22, we additionally strengthened our approach by introducing a new risk management tool and refining our global procurement processes [see page 70](#). We also approach our suppliers to obtain information on their Scope 1 and 2 emissions, which are taken into account for calculating our own Scope 3 emissions and our products' Life Cycle Assessments (LCAs), and regularly engage with our suppliers on environmental issues. This is important for reducing environmental impacts throughout our supply chain [see page 71](#). ✓

Environmental and Climate-Related Risks

✓ Following a multidisciplinary company-wide risk management process managed by our interdisciplinary risk and internal control committee (RICC) [see page 63](#), we evaluate and report risks and opportunities related to environmental issues and climate change.



External Recognition and Engagement

✓ In 2022 TK Elevator was awarded with the top grade 'A' in the annual climate ranking of CDP for a third consecutive year. CDP praised our activities to cut emissions, mitigate climate risks, and contribute to achieving a low carbon economy.

We have joined RE100, a global initiative that brings together the world's most influential businesses committed to 100% renewable electricity.

Our emissions reduction targets have been validated by the Science Based Target initiative as consistent with the levels required to meet the goals of the Paris Agreement. ✓

With support from an external consultant, in 2020/21 we analyzed climate-related risks and opportunities based on the TCFD recommendations in order to ascertain which if any of these could apply to TK Elevator. The analysis revealed potential long-term risks associated with extreme temperatures and the transition to a low-carbon economy and provided valuable insights about potential climate-related risks that might be relevant at TK Elevator. In 2021/22, we then carried out a deep analysis of these risks posed by our factories. We are planning to extend this approach to other sites. ✓

GRI 201-2

Climate Change

✓ TK Elevator is committed to protecting the Earth’s climate by efficiently managing energy and reducing emissions throughout the value chain. Our materiality assessment has identified both energy management and efficiency and climate change as material reporting topics [see page 78](#). We’ve also set ourselves ambitious targets for energy sourcing and reducing our carbon footprint, and are working toward a zero-carbon future. In addition, we track relevant data for regularly calculating our Scope 1 and 2 and Scope 3 emissions and monitoring our progress toward our ambitious targets. ✓

Energy Efficiency and Renewables

✓ TK Elevator has set itself the goal of sourcing 100% renewable electricity across all of its global operations by 2030 and has joined RE100, a global initiative led by the Climate Group in partnership with CDP.

In 2021/22 more than 59% of the electricity we consumed worldwide was from renewable sources, up from more than 45% in 2020/21 and just 1% in 2019/20. This substantial increase was mainly achieved by purchasing “energy attribute certificates” (EACs) and opting for green electricity from local utilities. We are continuing to look for more alternatives for buying and generating renewable electricity. For example, a project to install new solar panels in our factory in Zhongshan, China was completed in 2022; they will deliver roughly half of the electrical power it requires.

As of the end of fiscal 2021/22, over 88% of the electricity consumed in our factories worldwide came from renewable sources. Following the good progress in our factories, we are extending our efforts to other facilities and buildings. By the end of 2021/22, more than 20% of the total electricity consumed outside our factories was also from renewable sources.

Parallel to this, we are continuing to invest in measures to boost energy efficiency, slash consumption in our factories, and reduce the amount of fuel used by our fleet of vehicles. The most relevant measures in our factories have involved introducing more efficient, automated product equipment and technologies, insulating building envelopes better, and generally improving systems. Where our vehicle fleet is concerned, we are focusing on optimizing routes, migrating to more efficient vehicles, and digitalizing our service business.

TK Elevator’s greater use of renewable energy and measures to increase energy efficiency were the principal levers for shrinking Scope 1 and 2 emissions through fiscal 2021/22. ✓

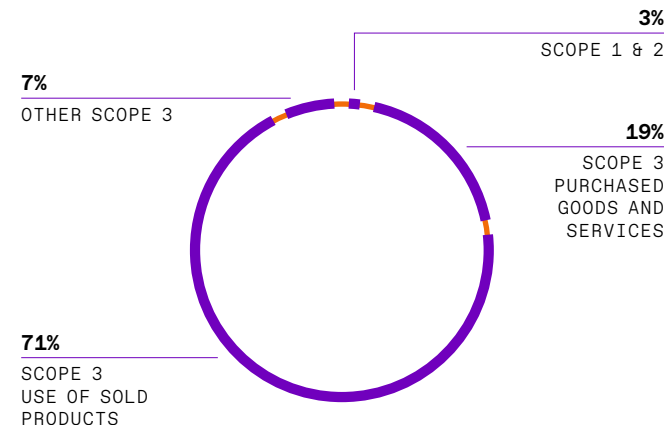
Reducing Our GHG Emissions

✓ 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 are aiming for a 23% reduction in Scope 3 emissions associated with the use of our products by 2030, referenced to 2021 as the base year. ✓

TK ELEVATOR CARBON FOOTPRINT 2021/22

t CO₂e



GRI 305-4

HIGH-PERFORMANCE MANUFACTURING FACILITIES

✓ Our manufacturing units make and assemble parts, although most components are sourced from third-party suppliers. We measure the environmental footprint of our facilities and monitor their environmental performance while steadily striving to improve quality.

- By 2021/22, 80% of our manufacturing centers were ISO 14001-certified and 82% of their energy consumption had also been certified under ISO 50001. Several more ISO 14001 and ISO 50001 certifications are planned. All of our manufacturing facilities have implemented robust, ISO 9001-certified quality management systems.
- In 2021/22, over 88% of the electricity consumed in our manufacturing facilities worldwide came from renewable sources, up from 78% in 2020/21. As a result, in 2021/22 our manufacturing operations accounted for only 12% of our total market-based Scope 1 and 2 emissions.

- During 2021/22 we reduced the total amount of waste generated in our factories by 14% and increased the share of waste diverted to recycling and incineration. Thanks to our waste management initiatives, we reduced the share of waste from our manufacturing facilities that wound up in landfills to 7% in 2021/22 while increasing the share of sites operating with zero landfill waste to 53%.

Strong progress and recognition at TK Elevator India

TK Elevator's team in India took second place in the manufacturing category at the 2022 National Awards for Excellence in Energy Management (NECA) hosted by the Indian Ministry of New and Renewable Energy. This accomplishment was enabled by our commitment and outstanding performance in the areas of energy conservation and management.

We won this accolade in India primarily with energy conservation initiatives that included installing a rooftop solar plant and achieving 100% use of I-REC-compliant renewable

electricity, and energy saving initiatives that included optimizing the powder coating units, air conditioning systems, and transformers, and installing motion sensors, LED luminaires, and energy-efficient punching and bending machines as well as compressors with variable-frequency drives. We also introduced completely battery-powered forklift trucks and scissor lifts.

To conserve resources, our Indian factory recycles 100% of the water it consumes so it can be reused for gardening. Drip irrigation and sprinkler systems as well as water-saving faucets also contribute to conserving water.

On the production front, use of materials is reduced and zero waste is sent to landfill.

Our Indian team has also won the 2022 National Energy Conservation Award from Confederation of Indian Industry (CII), a gold medal for adopting green manufacturing practices, and first place in the state of Maharashtra's Excellence in Energy Conservation and Management competition, backed by an ISO 50001 certificate that confirms TK Elevator's commitment and outstanding performance in this area. ✓



DECARBONIZING OUR FLEET

✓ **We have a fleet of more than 16,000 vehicles, most of which are service vehicles used by technicians, cars driven by sales representatives, and other company cars available for use by employees. Since they were responsible for more than 76% of our Scope 1 and 2 emissions in 2021/22, we have a focused effort to reduce their carbon footprint.**

While the transition of our fleet to electric cars is a multi-year effort that depends, among other things, on having charging infrastructure available in the countries in which we operate, we are concurrently

promoting initiatives to reduce our fuel consumption; they include using of alternative means of transportation, avoiding unnecessary trips, and driving more efficiently. Examples include:

Local awareness and outreach initiatives including two campaigns in France in 2021/22:

- The first was called “Cycling to Work” and involved a six-week competition which was a huge success, preventing more than a metric ton of emissions.
- The second campaign raised awareness on the benefits of “soft driving” and also involved a competition in which teams were ranked according to the liters of fuel they saved.

Promoting **green transportation modes** like bicycles and public transportation. For example, some of our colleagues in the Nordic countries are using electric cargo bikes. Our technicians are now also using public transportation in many urban areas.

Digitalization has the greatest potential for avoiding unnecessary travel. We are using route optimization software to find the most efficient paths for our technicians to take. Remote monitoring also helps us check the state of installed elevators to prevent shut-downs. South Korea is a shining example; there, we are already able to detect an elevator failure in real time and resolve it with a remote reset in a third of cases without the customer noticing anything. Our spare parts business excellence initiative is also outstanding; it involves making sure that our technicians already have the required spare parts in their vehicles when they arrive at a customer’s site, thus avoiding an extra trip back to their base or to a warehouse to fetch them.

We are regularly **upgrading our vehicles** to newer and more efficient models every time that leases expire. In 2021/22 we introduced new electric vehicles in our fleet in the USA and Europe and contributed to build a charging infrastructure for our staff. We’re convinced that electrifying the fleet and charging vehicles with electricity from renewable sources is the best way to contribute to decarbonization. In 2020, TK Elevator joined the Corporate Electric Vehicle Alliance (CEVA) led by Ceres, a collaborative group of companies focused on accelerating the transition to electric vehicles in the USA. ✓



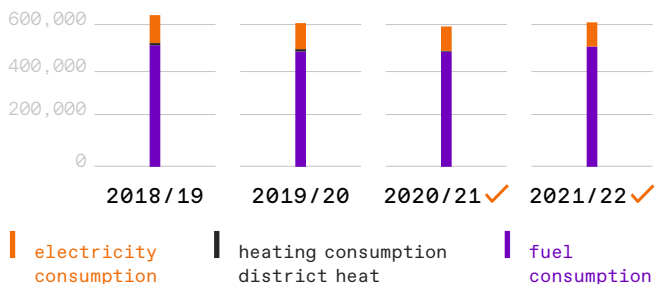
One of our cargo bikes in Norway



One of our pilots to test electric vehicles in the USA

ENERGY CONSUMPTION

MWh

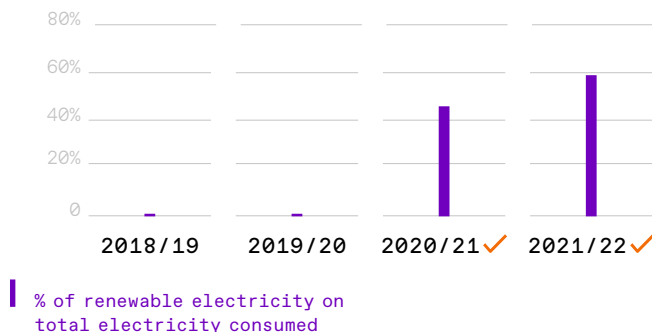


GRI 302-1

✓ In recent years we have regularly carried out initiatives to reduce our energy consumption, initially focusing on our factories and office buildings and subsequently extending them to our vehicle fleet. The slowdown in our activities caused by the Covid-19 pandemic and our increasing use of renewable energy has also helped reduce our Scope 1 and 2 emissions in recent years. Although our overall energy consumption rose by nearly 4% between 2020/21 and 2021/22, we have managed to continue reducing our Scope 1 and 2 emissions. By the end of 2021/22, these had diminished by 1.5% from the preceding year and were down by a total of 20.5% compared to 2018/19.

RENEWABLE ELECTRICITY CONSUMPTION

%



SASB RT-EE-130a.1

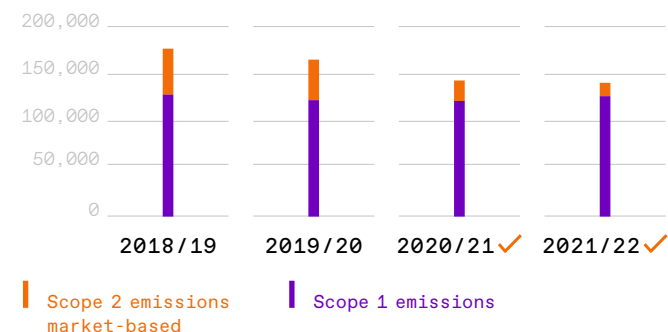
For the years ahead, we have mapped out a clear path for bringing emissions down further. Where our Scope 1 and 2 emissions are concerned, the main levers for doing so are reducing energy consumption in our operations, stepping up the use of renewable energy and decarbonizing our fleet.



Solar panels in our elevator factory in Zhongshan (China)

SCOPE 1 AND 2 MARKET BASED

t CO₂e

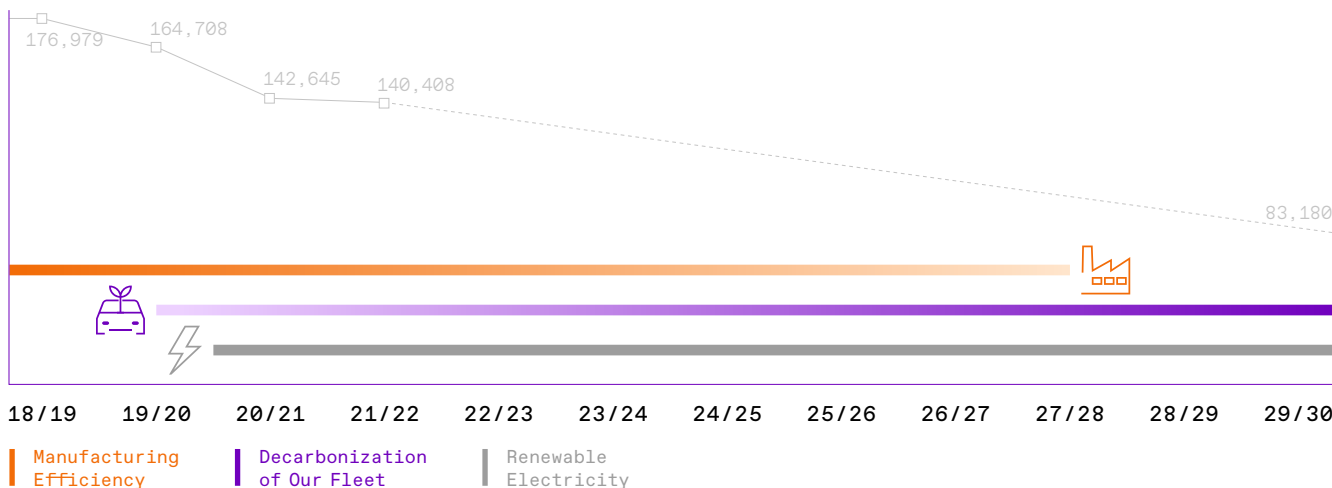


GRI 305-1 | GRI 305-2

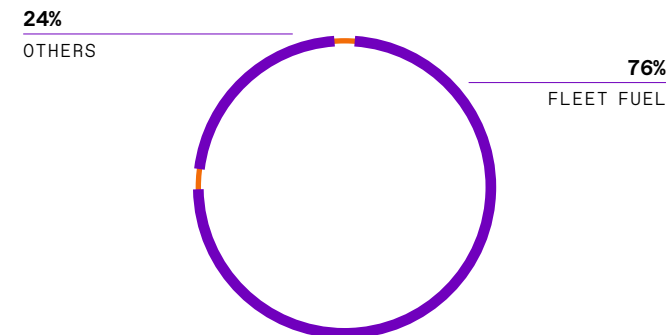
In 2021/22, our Scope 3 emissions fell by 11% compared to the year 2020/21. This was mainly due to fewer new installations across all regions as a result of supply chain shortages, tighter monetary conditions in China and the conflict between Ukraine and Russia. In 2021/22 we launched EOX, our new eco-efficient and natively digital elevator platform. It slashes energy consumption by up to 28% while elevators are traveling in the shaft and therefore will contribute to reduce our Scope 3 emissions throughout Europe and further regions, as we continue its roll-out. In the years ahead, we will continue lowering the overall energy consumption of our products by developing and promoting sales of new, more energy-efficient solutions. ✓

OUR DECARBONIZATION ROADMAP FROM 2019 TO 2030

t CO₂e



SCOPE 1 AND 2 EMISSIONS 2021/22 ✓



✓ The more than 16,000 vehicles in our fleet contributed more than 76% of our Scope 1 and 2 emissions in 2020/21. We are therefore making a focused effort to diminish their carbon footprint. ✓



DECARBONIZATION OF OUR FLEET

We will continue carrying out initiatives to lower the fuel consumption of our vehicle fleet while communicating with our employees and taking advantage of digitalization and connected units.

We will also continue upgrading our vehicles to newer, more efficient models, and plan to increase the share of electric vehicles as they and the corresponding charging infrastructure become more readily available.



MANUFACTURING EFFICIENCY

We will implement more initiatives to slash energy consumption in our manufacturing processes, also by taking advantage of more efficient and automated production equipment and technologies in addition to improving building envelopes and systems in factory and other buildings.



RENEWABLE ELECTRICITY

We will continue our efforts to step up the use of electricity from renewable sources. By the end of 2021/22, most of our factories were already operating exclusively on renewable electricity, and we are now busily extending it to other facilities.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

In 2021, TK Elevator joined the Business Ambition for 1.5°C campaign of the Science Based Targets initiative (SBTi) and pledged to achieve net-zero global emissions by 2050 at the latest.

Our mid-term emission targets have been validated by the SBTi and we plan to set long-term science-based targets in line with our long-term net-zero ambition.

Waste

✓ We aim to cut down on the use of resources by preventing and reducing waste. When waste can't be avoided, we are focusing on improving our waste management by promoting segregation, reduction, recycling, and reuse initiatives. Our aim is for 100% of our factories to operate with zero landfill waste by 2026. Overall, we continue reducing waste generation by shifting to optimized and more efficient manufacturing processes, engaging with our suppliers to reduce the amount of packaging materials while increasing the reused portion, and separating and recycling waste whenever possible.

Additional waste is generated by employees' activities (such as paper and cafeteria waste), which we continue working to reduce by introducing reusable dishes and tableware and encouraging paperless office work. At customer sites, waste generated while installing or servicing our products mainly consists of uninstalled components and packaging materials. Although over 70% of the materials used in our products are recyclable, we continue working to cut down on the use of packaging materials for them.

GRI 306-1

All TK Elevator entities disclose their waste data within the scope of their regular environmental data reports. It covers hazardous and nonhazardous waste, recycled waste, and waste that goes into landfills. All significant deviations are analyzed to ensure good-quality reports, especially on our manufacturing sites, for which these indicators are vital for monitoring the progress made toward our target. ✓

GRI 306-2

REDUCING LANDFILL WASTE IN OUR FACTORY IN GUAIBA (BRAZIL)



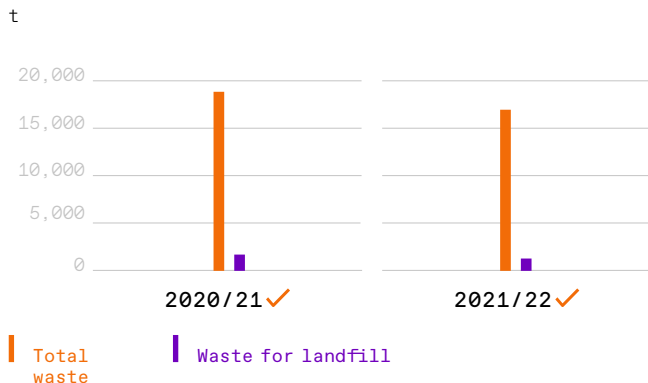
In line with our global target of achieving zero landfill waste at our manufacturing sites by the year 2026, our factory in Guaiba, Brazil, slashed its landfill waste volume by over 75% in 2021/22 compared to the previous year and sent around 98% of the generated waste for recycling or reuse.

Several measures contributed to this success: reduction of food waste (leftovers on plates) in the plant's cafeteria; reuse of wooden pallets to make new packaging for shipping (the crates consist to an estimated 70% of reused wood); reusable packaging (sent back to suppliers), and use of packaging made of recyclable materials.

Engagement with suppliers is crucial. We took advantage of our "Supplier Day" to talk to suppliers about our sustainability targets and, more specifically, discuss packaging-related topics with our vendors. We also sent them a letter communicating our new waste and CO₂ reduction targets.

Employee engagement in this process is essential. For the 2022 World Environment Day, the UN's main day for raising awareness and promoting environmental action worldwide, we developed a one-week campaign in which we approached our employees in the factory, explained the kinds of waste generated there, and organized visits to the waste management area. These activities have continued on a monthly basis ever since. In addition, all employees can call up and read a booklet on the company's intranet that explains selective collection, types of waste and how to separate them, the correct destination for each type, and the company's performance in managing waste that is generated at the factory and branches.

WASTE AT MANUFACTURING SITES



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

WASTE AT MANUFACTURING SITES

t	2020/21 ✓	2021/22 ✓
Total waste	19,828	17,057
Total waste for recycling	17,460	15,086
Waste for recycling – hazardous	176	143
Waste for recycling – nonhazardous	17,284	14,943
Total waste for disposal	2,367	1,971
Waste for disposal – hazardous	160	152
Waste for disposal – nonhazardous	2,207	1,819

✓ In 2020/21 we improved our waste data reporting by tracking landfill waste. The data that our factories provided on this was taken as the baseline for defining new targets, with the ultimate goal of reducing this parameter to zero by 2026. By the end of 2020/21, less than 9% of the waste generated at our manufacturing sites wound up in landfills and 40% of our manufacturing sites were already generating zero landfill waste. In 2021/22 we reduced the total amount of waste generated in our factories by 14% and increased the share of waste that was diverted to recycling and incineration. Our waste management initiatives enabled us to reduce the volume generated at our manufacturing sites that found its way into landfills to 7% in 2021/22 and increased the share of sites operating at zero landfill waste to 53%. We are expecting to make additional progress in the 2022/23 and 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 quite low. This was confirmed by our materiality assessment, which doesn't identify water as a material topic. We nevertheless consider it important to monitor and reduce water consumption and wastewater volumes as far as possible.

WATER DISCHARGE AND CONSUMPTION

ML	2019/20	2020/21	2021/22
Water discharge	407,854	487,142	513,941
Water consumption	587,606	519,034	543,531

GRI 303-4 | GRI 303-5

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

In the year 2021/22 our reported water consumption and water discharge increased by around 5%, mainly due to better data capture by our field organization in the USA.

GRI 303-1 | GRI 303-2

ACTIONS IN 2021/22

#1

✓ In 2022, TK Elevator was featured in the acclaimed **A list of the annual climate ranking of CDP** for a third consecutive year.

#2

By the end of 2021/22, our **Scope 1 and 2 (market-based) emissions had diminished by 1.5%** from the preceding year and were down by a total of **20.5%** compared to 2018/19.

#3

In 2021/22 more than **59% of the electricity** we consumed worldwide and over 88% of the electric power used in our factories came from **renewable sources**.

#4

In 2021/22 we **reduced the total amount of waste generated in our factories by 14%**, the share of waste that wound up in landfills to 7% and increased the share of sites operating at zero landfill waste to 53%. ✓

BUILDING A SUSTAINABLE FUTURE

#1

Reduce our Scope 1 and 2 GHG emissions by 53% between 2019 as the base year and 2030 by focusing on initiatives to reduce energy consumption in our operations, such as optimizing routes, gradually switching to hybrid and all-electric vehicles, and increasing the use of green energy.

#2

Achieve **exclusive use of renewable electricity** across our global operations by 2030 by promoting power from renewable sources.

#3

Reduce Scope 3 GHG emissions by products we sell by 23% by 2030 compared to 2021 as the base year by additionally improving our products while integrating energy-saving features such as regenerative drives and low-energy operating modes.

#4

Increase the share of our factories operating with **zero waste to landfill** to 100% by 2026.

Additional Environmental Data

ENERGY CONSUMPTION

	2018/19		2019/20		2020/21 ✓		2021/22 ✓	
	MWh	GJ	MWh	GJ	MWh	GJ	MWh	GJ
Heating oil	8,984	32,342	8,149	29,336	9,986	35,950	8,504	30,615
Natural gas	89,511	322,238	85,969	309,487	86,403	311,051	80,760	290,737
Liquid petroleum gas (LPG)	4,147	14,930	3,763	13,548	3,649	13,136	3,339	12,021
Gasoline	280,980	1,011,529	268,952	968,226	259,810	935,316	281,283	1,012,620
Diesel	139,545	502,362	129,339	465,621	131,311	472,720	137,151	493,742
Acetylene	139	500	77	277	10	36	11	41
Ethanol ¹	0	0	0	0	0	0	2,064	7,430
Electricity	114,812	413,322	102,984	370,741	100,649	362,336	103,087	371,113
District heating	902	3,247	981	3,532	340	1,224	0	0
Cooling	0	0	0	0	0	0	0	0
Steam	0	0	0	0	0	0	0	0
Total fuel	523,306	1,883,902	496,249	1,786,496	491,169	1,768,208	513,113	1,847,207
Total energy w/o fuel	115,756	416,721	104,007	374,424	101,025	363,690	103,087	371,113
Total energy	639,062	2,300,623	600,256	2,160,920	592,194	2,131,898	616,200	2,218,319
Total renewable energy	1,395	5,022	1,303	4,691	45,860	165,096	61,004	219,614

1 | not reported before 2021/22 GRI 302-1 | RT-EE-130a.1

ENERGY INTENSITY

	2018/19		2019/20		2020/21 ✓		2021/22 ✓	
	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	MWh per mn EUR sales	GJ per mn EUR sales
Total fuel	66	237	62	224	62	222	60	217
Total energy (w/o fuel)	15	52	13	47	13	46	12	44
Total energy	80	289	75	271	74	268	72	260

GRI 302-3

✓ assured content

RENEWABLE ENERGY CONSUMPTION

	2018/19		2019/20		2020/21 ✓		2021/22 ✓	
	MWh	GJ	MWh	GJ	MWh	GJ	MWh	GJ
Total renewable electricity consumption	1,395	5,022	1,303	4,691	45,860	165,096	61,004	219,614
% of renewable electricity out of total electricity consumed	1%	1%	1%	1%	46%	46%	59%	59%
Total renewable energy consumption	1,395	5,022	1,303	4,691	45,860	165,096	61,004	219,614
% of renewable energy out of total energy consumed	0.2%	0.2%	0.2%	0.2%	7.7%	7.7%	9.9%	9.9%

SASB RT-EE-130a.1

ENERGY EFFICIENCY GAINS VERSUS TOTAL ENERGY CONSUMPTION

	2018/19		2019/20		2020/21 ✓		2021/22 ✓	
	MWh	GJ	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	6,118	22,025
Energy efficiency gains versus total energy consumption	1.4%		1.4%		1.9%		1.0%	

GRI 302-4

SCOPE 1 AND 2 REDUCTION

t CO ₂ e	2018/19	2019/20	2020/21 ✓	2021/22 ✓
From energy efficiency gains	2,759	2,863	3,118	1,704
From renewable energy	629	617	21,087	22,926

GRI 305-5

SCOPE 1 AND 2 ABSOLUTE

t CO ₂ e	2018/19	2019/20	2020/21 ✓	2021/22 ✓
Scope 1	128,886	122,113	121,148	126,487
Scope 2 location-based	48,585	43,110	42,585	36,903
Scope 2 market-based	47,956	42,493	21,498	13,977

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 ✓	2021/22 ✓
Scope 1	16.2	15.4	15.2	14.8
Scope 2 location-based	6.1	5.4	5.4	4.3
Scope 2 market-based	6.0	5.4	2.7	1.6

GRI 305-4

SCOPE 3

	2020/21 ¹		2021/22	
	t CO ₂ e	t CO ₂ e per mn EUR sales	t CO ₂ e	t CO ₂ e per mn EUR sales
Total Scope 3	5,154,571	647.64	4,601,199	539.35
Purchased goods and services	1,057,512	132.87	930,188	109.04
Upstream transportation and distribution	166,575	20.93	145,740	17.08
Business travel ²	13,084	1.64	13,084	1.53
Employee commuting ²	50,094	6.29	50,094	5.87
Fuel- and energy-related activities ✓	34,847	4.38	37,002	4.34
Use of sold products ✓	3,749,579	471.11	3,353,471	393.09
End-of-life treatment of sold products	2,224	0.28	1,966	0.23
Waste generated by operations	5,302	0.67	5,396	0.63
Processing of sold products	37,496	4.71	33,535	3.93
Others	37,857	4.76	30,723	3.60

1 | The differing Scope 3 emissions in 2020/21 compared to the previous report are the result of adjusting the shares of elevators sold in each market segment in China and other Asian countries, incorporating full replacement units, and updating CO₂ emission factors, as a result of our continuous improvement of data quality and Scope 3 calculations.

2 | Same values estimated for 2020/21 and 2021/22

GRI 305-3 | GRI 305-4

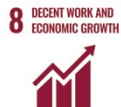


HEALTH AND SAFETY

Keeping people safe is a core value for us that may never be compromised. Basically, it is our license to operate and do business. Any accident can be devastating – not only to the injured persons, but also to their families, friends, and colleagues. It is therefore imperative for us to consistently and uncompromisingly ensure the health and safety of our employees and contractors.

Health and Safety

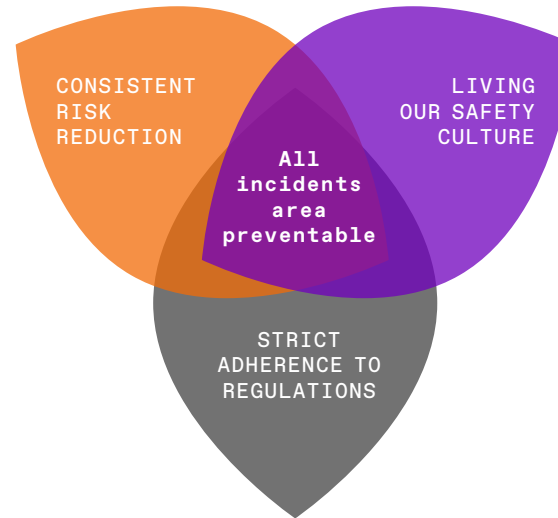
- Safety standards are an integral part of our company's culture and day-to-day processes.
- It's ultimately up to us to make sure that all employees and contractors return home safely and in good shape after each day of work.
- As a founding member of the Global Elevator Industry Safety Forum, we steadfastly pursue a common goal, namely a safe industry without any accidents.



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.

THE THREE PILLARS OF OUR SAFETY STRATEGY



Safety performance is on the agenda of every leadership meeting. We regularly assess it with key performance indicators (KPIs), which help us measure the progress made in reducing risks, complying with the rules of our management system, and fostering a culture of safety. ✓

GRI 403-1

Occupational Health and Safety Management

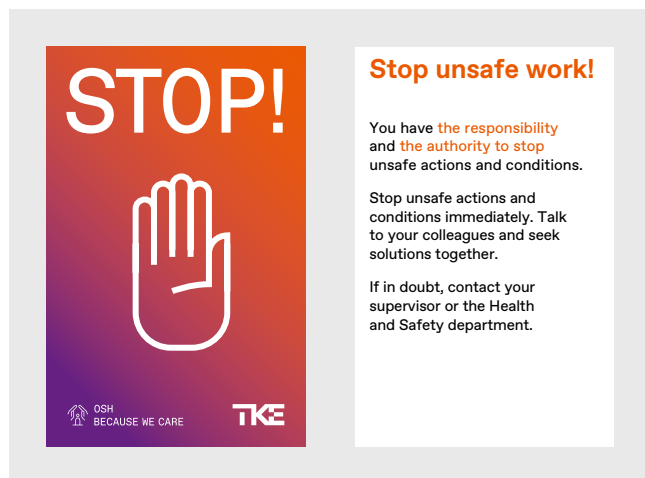
✓ TK Elevator's Head of Occupational Safety & Health (OSH) leads our global occupational health and safety organization. While reporting directly to the global CEO, he is supported by designated OSH leaders in all of our business units who together constitute the global OSH leadership team. Each business unit, legal entity, and branch also has its own OSH organization. These OSH organizations have the task of ensuring a safe working environment for all our workers while complying with legal and organizational requirements. They regularly meet with employees and external bodies that represent contractors.

TK Elevator's OSH organization ensures that contractors and TK Elevator employees personally take responsibility for their own safety. We sincerely believe that safety is everyone's responsibility and that all accidents are preventable. We therefore empower the first line of defense – supervisors – to ensure first and foremost that every workplace is safe by eliminating, neutralizing, and rigorously managing risks. As an integral part of this effort, we have developed and hold safety courses worldwide to ensure that workers – both TK Elevator employees and subcontractors – have the right skills for effectively identifying and mitigating risks.

The TK Elevator occupational safety and health (OSH) policy has one overarching goal: to make sure that all employees and contractors return home safely and in good shape after each day of work. 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. As of the end of the 2021/22 fiscal year, sites representing nearly 60% of our overall workforce had been certified as complying with ISO 45001 and/or OSHAS 18001.

Our OSH management system requires local legal OSH requirements to be met. It defines specific risks and corresponding countermeasures that employees and subcontractors of TK Elevator must take to mitigate them. We investigate and categorize all incidents. After measures have been taken to prevent them from reoccurring, we introduce a hierarchy of checks. We apply the incident cause analysis method (ICAM) in investigations. It is used to identify and analyze organizational, task-related, and environmental factors, actions by individuals and teams, and any absent or ineffective safeguards and defenses. If any changes need to be made to the OSH management system, they are appropriately implemented.



TK Elevator urges all employees and subcontractors to stop working immediately if they think that what they are doing isn't safe. This is encouraged in the training they receive and by a STOP card supported by the senior leadership team to stop work if any employee or subcontractor feels that the work cannot be done safely. All employees have access to a special app for reporting hazardous situations.



TK Elevator's activities include installing, repairing, modernizing, and servicing elevators. The greatest hazards are associated with working at heights and with electricity. The severity of these dangers is identified by assessing and reviewing historical data. Employees can consult an OSH management manual containing all relevant rules and guidelines that we also place at our subcontractors' disposal. ✓

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

To additionally strengthen our approach and take TK Elevator to the next level in terms of safety, a cross-functional global initiative was launched in late 2021.

Dubbed SHIELD, it was implemented under the umbrella of senior management to ensure appropriate support and all resources required to achieve steady year-on-year progress in improving safety. The first phase, which was completed at the end of 2022, involved visits to job sites and operations in various countries to comprehensively assess and diagnose

the global safety situation, an online survey of more than 40,000 workers and workshops with the top management to increase their awareness on safety topics. Based on the results, we defined four building blocks for the second phase of our safety transformation:

- 1. Reducing SIFs (serious injuries and fatalities):** 100% of our SIFs are associated with four major risks that we are striving to eliminate throughout our value chain:
 - Falls from heights
 - Electrocution
 - Falling objects
 - Crushing
- 2. Improving safety leadership routines** and competencies on the ground by training leaders in key routines such as anticipating risks, enforcing rules etc.
- 3. Improving the contractor management process** by streamlining our standards for subcontractor management and tailoring them to the different risks they are exposed to.
- 4. Introducing a safety communication strategy** involving **affective communication** around safety, reinforced by personal messages such as videos in which technicians' families send them messages urging them to return home safe and sound.

Participation and Consultation

✓ Our employees worldwide 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 Works Council (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 senior leadership team. ✓

GRI 403-4

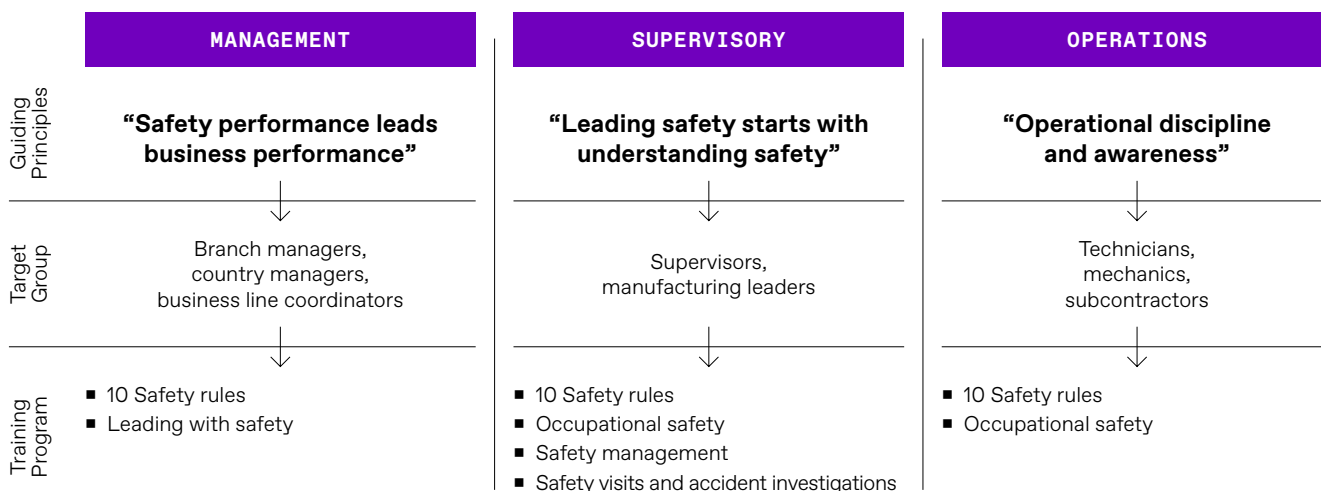
Rules, Audits, and Training

We have developed a set of “10 Safety Rules” that are key for preventing accidents and apply to employees and sub-contractors worldwide. They are crucial for curbing major risks such as those associated with working at heights and on electrical installations. During job site visits and audits, we check compliance with these rules. If a failure to observe them is identified, we analyze the situation and take appropriate steps.

We carry out a safety system audit for each branch using a 27-point checklist. Among many other things, it reviews the training approach, follow-up actions after incidents, and a number of other measures for helping to reduce risks.

The 10 Safety Rules are covered by our OSH training courses at TK Elevator. The scope and content of these courses vary depending 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 learn about risks and measures for mitigating them, and are also informed about recent accidents and relevant findings.

OVERVIEW OF OUR HEALTH & SAFETY TRAINING PROGRAM



GRI 403-5

We have defined and developed compulsory global OSH training requirements for specific target groups including managers, supervisors, and technicians. There are courses on our 10 Safety Rules, risk management, behavior-based safety and incident investigations, and other relevant workplace-related topics. The content of each one is tailored to the specific target group and the safety and health risks that its members are typically exposed to. We monitor adherence to our training matrix once a 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

Our Performance

✓ In 2017/18 we committed ourselves to reduce the number of accidents per million working hours by at least 10% year-on-year by 2022/23. Based on this definition, the target for 2021/22 was 1.6, which we achieved. However, 178¹ incidents causing loss of working time were still reported, most of which involved hand injuries, bruises, strains, or sprains. We have also monitored our contractors' performance. In 2021/22 they recorded 25¹ accidents. We have investigated these while taking the same approach as for our own employees and introduced appropriate procedures to help prevent any more from occurring.

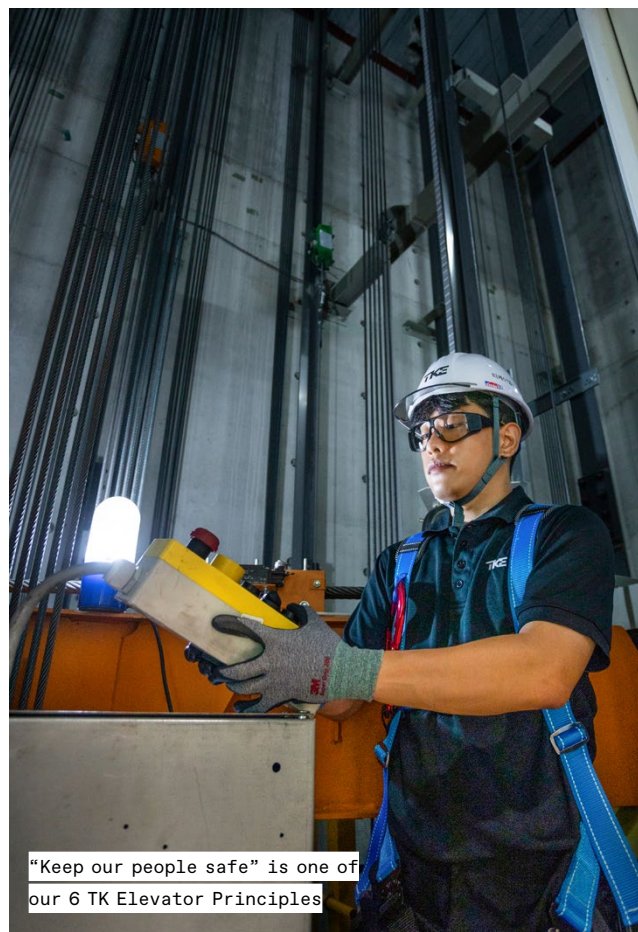
GRI 403-9

In 2021/22 we were saddened by the death of one TK Elevator employee and four subcontractor employees. These tragedies underscore the importance of our zero accident approach, which is the overriding goal of our health and safety activities. We have thoroughly investigated all of the cases and are currently reviewing and strengthening our mitigation policies to prevent any more serious accidents from occurring.

FREQUENCY RATE OF ACCIDENTS DEFINITION

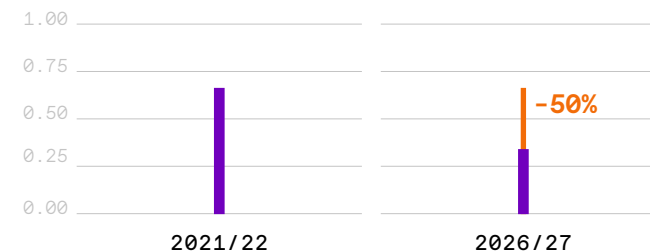
UNTIL 2021/22	STARTING 2022/23
Number of lost time incidents x 1,000,000 / total working hours	(Number of lost time incidents + restricted work cases + medical treatments + other recordables) x 200,000 / total working hours

To strengthen our proactive safety approach, we broadened the scope of our lead KPI and revised our safety target. Beginning in 2021/22, we will calculate the frequency of accidents while taking into account lost time incidents, restricted work cases, medical treatments, and other recordables. Based on this definition of total recordable cases (TRC), our TRC at the end of 2021/22 was 0.66.



FREQUENCY RATE OF ACCIDENTS TARGET

Total recordable cases



In this context, we continue to be ambitious in our mid-term journey for reducing TRC by 50% by the year 2026/27 from a 2021/22 base year. ✓

Promoting a Safe Elevator Industry

✓ We want our determination to create safe working environments to also have 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 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. ✓

GRI 403-6

1 | Based on the most recent information for 2021/22. Incidents and accidents may be reclassified after further investigation.

Healthcare Protection and Promotion

✓ We have employee assistance programs in place in most parts of the world. These help employees who make health-related inquiries, also providing assistance when their circumstances could negatively impact their health or wellbeing. In addition to basic health services, TK Elevator conducts voluntary health promotion programs. They include vaccination campaigns for influenza and other infectious diseases as well as dedicated campaigns to prevent suicides and combat cancer. Depending on regional accords, TK Elevator's healthcare plans can 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' wellbeing, we also hold programs in which they are encouraged to adopt a healthy lifestyle. They can join fitness and sports activities and attend courses to learn how to manage stress or quit smoking. ✓

GRI 403-6

TK Elevator has launched a large number of campaigns and initiatives dealing with the possible consequences of poor health, and all employees can take advantage of them. The examples mentioned above are just a sampling of a long list of local and regional activities in different countries. The topics and activities include affective communication, electrical hazards, gemba walks, and mental health. Our 10 Safety Rules and behavioral traps are also regularly addressed, and all contractors and employees are regularly instructed on these subjects. Participants learn sensible rules for living and working, 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

ELECTRICAL SAFETY CAMPAIGN

We launched the “Flash Danger” campaign to increase awareness of electrical safety in the workplace in all European countries and encourage employees to adopt a proper mindset and recognize that there is no room for complacency when working with electricity.

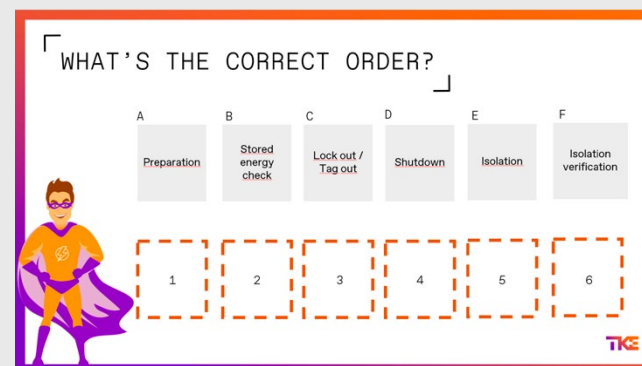
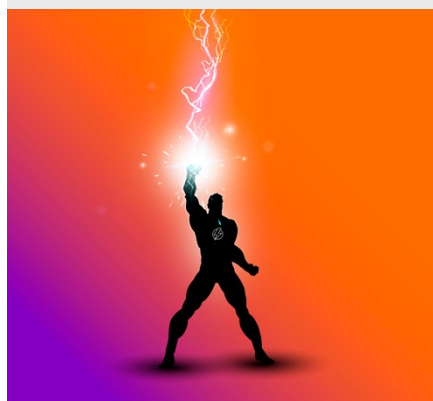
A cross-functional team put together this initiative, which not only targeted our own TK Elevator's technicians (about 90% of which participated) but also the subcontractors we work with. The campaign lasted a total of three months,

beginning with a formal kickoff in the business unit Europe Africa and continuing with additional ones in individual countries where they were led by the local CEOs.

Each of the three months focused on one of the three electrical rules identified at TK Elevator: lock out/tag out, live electric and troubleshooting, and jumpers. Various materials, toolboxes, presentations, newsletters, and videos were created, presented, and shared in local languages. Special courses, led by managers and supervisors, were also

held to explain hazards and unsafe situations, share best practices, and encourage open discussion among technicians.

To additionally encourage participation, games, contests, and awards have been organized. After the campaign, 33 proposals and ideas for making improvements in this area were submitted, with the top three themes being tools, products, and procedures. All of them are now being analyzed and implemented where feasible.



Understanding Work-Related Health Issues

Our risk assessments have revealed 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 relevant risks increase for us at some future time, we will revisit this procedure. We are continuing to monitor – and when required, actively address – work-related health issues.

Our offering includes:

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

GRI 403-10

ACTIONS IN 2021/22

#1

✓ We reduced incidents that cause loss of time to 1.6 per one million hours worked, **in line with our target for 2021/22.**

#2

We carried out the **first phase of our program "SHIELD"** (Safety & Health Initiative for Elevators Leading to Decisiveness) that involved a comprehensive review of our safety culture, leadership, systems, processes, and organization to identify and act on opportunities to make improvements.

#3

We broadened the scope of our accident frequency rate calculation and defined a **new midterm target** of a 50% reduction by 2026/27 with 2021/22 as the base year. ✓

BUILDING A SUSTAINABLE FUTURE

#1

Continue doing our utmost to **ensure the safety of all employees and subcontractors.**

#2

Advance our **safety transformation** and implement the measures defined for the **second phase of our SHIELD initiative.**

#3

Reduce our total recordable cases (TRCs), including lost time incidents and cases involving restricted work, medical treatments, and other recordables per 200,000 hours worked **by 50% between 2021/22 as the base year and 2026/27.**

EMPLOYEES

Our employees' commitment and expertise are the foundation of our success as a market and innovation leader in the elevator and escalator industry. A diverse, talented, and enabled workforce is essential for us to fulfill our mission of actively shaping the future of sustainable urban mobility.



Employees

- Openness, equal opportunity, and mutual respect are core values of our culture at TK Elevator.
- Gender equality is one of our goals in strengthening our diverse and inclusive workforce, and we therefore aim to increase the share of women in senior leadership positions at our enterprise to 30% by 2025.
- We offer a wide range of dedicated trainee and apprentice programs to develop future talent, especially to bolster our force of about 25,000 highly skilled field technicians who serve our customers every day.
- Providing development opportunities is key when it comes to retaining talent. Our extensive learning and development programs help our employees grow both professionally and personally.
- Within the scope of a global framework agreement (GFA), we actively work with our group works council and the global IndustriAll trade union to support human and employee rights worldwide.

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



Our Approach

✓ Our employees play a key role in TK Elevator's success. We're committed to giving them excellent working conditions, good future prospects, and acknowledgment and recognition as valuable members of a culture characterized by diversity, openness, and equal opportunities. We're proud to be a globe-spanning international organization with over 60 nationalities represented in our workforce and more than 20 among our high-ranking executives. Ensuring the safety and well-being of everyone who works for TK Elevator is our number one priority. This makes it vital to cultivate a corporate culture characterized by stability, mutual appreciation, and loyalty – both among employees and between them and the company.

As of September 30, 2022 the global workforce of TK Elevator comprised 52,246 people, of which 51,000 – the vast majority – were on permanent contracts. There were only 1,367 service agents, temporary employees, and independent contractors, most of which worked in sales, R&D, and services. Some of our installation and maintenance tasks are also performed by subcontractors [see page 37](#). ✓

GRI 2-8

EMPLOYEES BY GENDER AND REGION IN 2021/22 ✓

ASIA PACIFIC	0% 11%	89%
EUROPE AFRICA ¹	0% 17%	83%
AMERICAS	0% 16%	84%

Non-binary Female Male

¹ | Including TK Elevator global business support center and the Access Solutions business unit

GRI 2-7

Organization and Management

✓ TK Elevator's human resources are managed by our global HR function and corresponding functions of the business and operating units. We have established highly skilled centers of competence and expertise covering all aspects of the employee journey at TK Elevator, including employer branding, compensation and benefits, and learning and development. Each center of competence is backed by a global community of colleagues across regions, integrating regional specifics and differing perspectives, as well as diverse skills and capabilities.

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 consultation with the CHROs of the business units and the entire TK Elevator senior leadership team. ✓

TK ELEVATOR VALUES AND CULTURE

✓ TK Elevator is relatively young as a standalone company, and we are continuing to forge our own unique culture. In our first year as an independent company, we developed our TK Elevator Principles, based on inspiring stories from a large number of colleagues from all kind of backgrounds worldwide. These are clear, crisp, and powerful descriptions of behaviors, illustrated by examples, that guide our actions day after day, help us constantly strive for excellence, and strengthen our identities as members of the TK Elevator family. ✓

GRI 2-23

In 2021/22, we took these well-established principles a step further and derived a global competency model from them. It combines 12 cross-functional competencies that we consider to be important for anchoring our TK Elevator Principles and culture. This model is consistently applied in multiple HR processes, including interviewing guidelines for recruiting and serves as the basis for carrying out appraisals in the context of managing performance and talent.

TK ELEVATOR COMPETENCY MODEL



TK ELEVATOR PRINCIPLES



#1 KEEP OUR PEOPLE SAFE

We build an environment for achieving zero fatalities worldwide.



#4 CREATE AN ENVIRON- MENT 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.



#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.



#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.



#3 BE HONEST AND TRANSPARENT

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



#6 THINK FOR THE WHOLE

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

Recruitment and Retention

✓ A solid talent pipeline is the foundation for our future success – which was also confirmed by our materiality assessment that highlighted recruitment and retention as one of our focus topics.

Recruitment covers everything from employer branding and active sourcing across the actual recruiting process and entry into the company, including the arrival and onboarding of new joiners. Our dedicated global and regional recruiting and employer branding communities focus on sharing best practices around these topics and work together to master recruiting challenges.

Our center of excellence constantly strives to assess current trends and developments and integrate them into the TK Elevator’s culture with a measured approach. These can be new recruitment channels and platforms or larger trends such as “gamification” and new technologies. As a general rule, activities are appropriately designed for each target group while taking into account positions that need to be filled as well as regional conditions. They include working with local universities to attract talented young candidates and graduates for entry-level positions, attending job fairs to seek out and talk with potential new joiners, and collaborating with dedicated recruiting initiatives and companies to address specific groups. For example, in the USA, TK Elevator partners with agencies specialized in re-integrating veterans into civil careers, and in France, TK Elevator jointly with experts designed and implemented an intense 14-month program to educate and onboard refugees and enable them to a kick-start in their careers.

Retention encompasses all of our measures and processes for enabling our employees to develop, achieve their personal goals, and fulfill their potential. All programs are tailored to the specific target group and global concepts are adjusted to local

and regional specifics. For our blue-collar workers, our service technicians and manufacturing employees, we offer an extensive learning portfolio with our TK Elevator’s own learning provider seed campus, enabling our employees to learn and encompass new skills, freshen them up and dive deep into specific fields of interests, new technologies and product features. Above that, all training and learning activities within the scope of our global Learning Management System, are available to all of TK Elevator’s workforce. Regular appraisals and performance reviews like those of our internal “TKEvolve” system, are also part of our retention efforts, giving our employees the possibility to jointly with their manager reflect on accomplishments and future development steps. As part of our well-established global talent program, we systematically develop talented individuals in three cohorts (emerging, management, and senior management) and help them advance in their careers with tailor-made year-around activities.

TK ELEVATOR EMPLOYEE EXPERIENCE

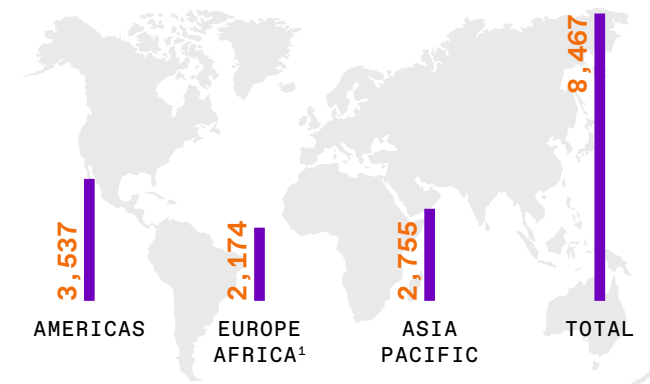


We work hard to positively shape our employees’ experience. This starts by appropriately presenting our brand in the employment market, extends across the recruiting and onboarding phases, and continues by appropriately promoting their development – also by providing feedback and reviewing their progress – in accordance with their career paths and personal goals. And if employees should choose to leave TK Elevator for any reason, we guide them through an offboarding process and treat them respectfully as alumni with valuable knowledge and skills who may choose to rejoin TK Elevator at some later time. ✓

Attracting Talent

✓ An important part of our HR strategy is attracting a wide range of talents. We, therefore, stress inclusive strategies to ensure a diverse recruiting pipeline. In particular, this means compiling gender-equal shortlists for filling vacant positions. We also insist on the same approach being taken by the

NEW HIRES PER REGION IN 2021/22 ✓



1 Including TK Elevator global business support center and the Access Solutions business unit

external service providers we use for finding talented candidates, such as executive search and recruitment professionals and agencies. Diverse and gender-equal candidate pipelines are important to us. Initiatives must also meet local requirements, like those in the United Kingdom for anonymous applications that don't contain any photographs or references to gender in order to minimize biases by excluding all information that isn't directly related to the job concerned and the relevant skills and qualifications.

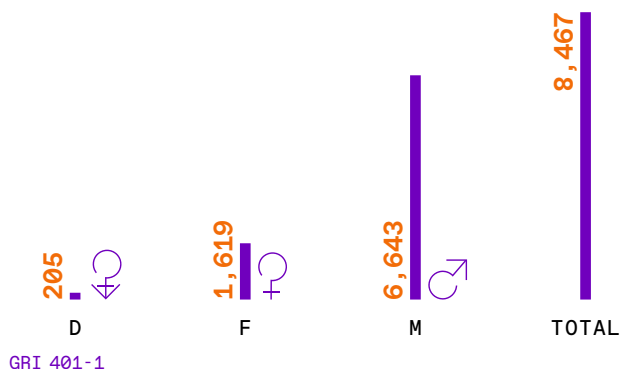
Around 25,000 TK Elevator field technicians provide reliable, world-class service to our customers worldwide. We have developed extensive technical training and apprenticeship programs to train and develop them. In Germany, for example, our future service technicians receive an intensive three-year apprenticeship program, during which they learn and grow in their jobs. TK Elevator supports them with holistic onboarding, dedicated training, hands-on learning opportunities, and practical experience gained while rotating among different positions. Similar apprentice programs are available for more than 30 different job categories in that country. To attract suitable candidates, tailored recruiting and employer

branding campaigns via different channels including social media have been developed and are regularly updated. At TK Elevator, we are well aware of the scarcity of well-trained technicians worldwide – that is why we even engage more in our own learning and development programs and we are committed to meeting the challenges through innovation, determination, and well-designed life-long learning opportunities.

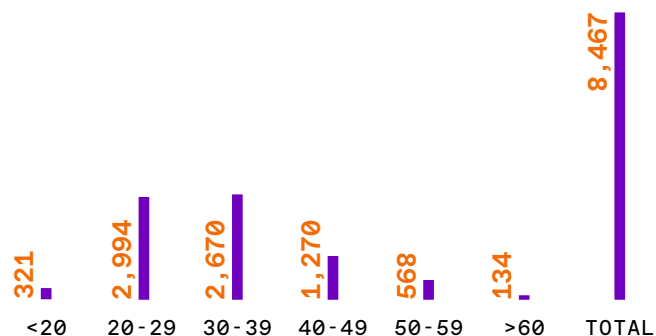
For data privacy reasons, we are not allowed to record data on vulnerable groups or minorities anywhere in the world. ✓

focus plus four new questions on diversity, equity, and inclusion. The participation rate remained high at 75%. Our second annual survey confirmed our workforce's strong commitment while revealing progress in key metrics. Safety, recognition, respect, quality, and customer focus were ranked the highest, reflecting our employees' overall satisfaction. These findings are quite consistent across all regions. We are now implementing follow-up measures and initiatives both globally and regionally to address areas for improvement, and dedicated teams will carry out additional strategic measures and activities both across and within our organizational units to improve the situation and achieve greater accountability. ✓

NEW HIRES PER GENDER IN 2021/22 ✓



NEW HIRES PER AGE GROUP IN 2021/22 ✓



Age data not available for 509 new hires

GRI 401-1

Listening to Our People

✓ We carried out our first global employee survey in September 2021. It gave our employees a chance to voice their opinions and reflect on where and how we need to improve as a company. In 2022 we repeated the survey, which contained the same questions as before on employee dedication and empowerment, innovation, safety, quality, and customer

Talent Retention

✓ As any company, we observe and steer a certain fluctuation within the workforce. Among other indicators, we closely monitor our voluntary turnover rates since they shed light on our ability to retain talent. In fiscal 2021/22 we had an overall voluntary turnover rate of 8.7% across all regions and entities. ✓

VOLUNTARY TURNOVER IN 2021/22 ✓



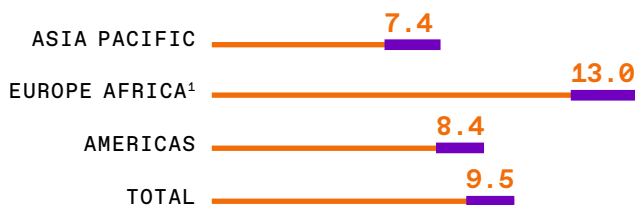
1 | Including TK Elevator global business support center and the Access Solutions business unit

Closely related to our turnover is our workforce tenure, which varies from region to region and is also influenced by cultural and economic factors. Overall, TK Elevator employees spend

an average of about nine and a half years working for our organization. This means that we benefit from a large share of colleagues with considerable experience.

GRI 401-1

TENURE OF EMPLOYEES BY REGION IN 2021/22



1 | Including TK Elevator global business support center and the Access Solutions business unit

Learning and Development

✓ Dedicated, skilled, and well-trained employees are our greatest asset, a topic that was highlighted in TK Elevator's most recent materiality assessment [see page 78](#). We continuously invest in our unique in-house training organization that spans 15 seed campus worldwide for developing elevator industry professionals. It 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 both dedicated global teams and teams in individual business units. Standardized, structured processes are in place for capturing learning needs and working with subject matter experts to choose and develop training measures. A learning and development team holds the actual training sessions. Completion rates are monitored, and the effectiveness of training is continually evaluated. Feedback and regular evaluations are important for assessing the effectiveness of training and responding to employees' wishes and requirements. ✓

Activities During the Year

✓ We are currently in the process of rolling out our brand-new learning management system (LMS).

The LMS is replacing our previous training system, including all associated secondary systems. Going forward all of TK Elevator's training and learning activities worldwide will take place within it. While delivering a state-of-the-art user experience, it will let employees browse, access, save, register, and download training courses and content anywhere at any time. A mobile app provides flexibility and on-demand accessibility of all online training. Global and local content can be provided via different channels. Our aim is to embed our promise of lifelong learning even more deeply in the organization. Global learning offerings, including mandatory training and onboarding courses, are quickly and conveniently delivered to individuals in line with their training plans. The transition to the new system is being systematically supported by activities to implement the changes and provide relevant information. It is being finalized in 2022/23. In 2021/22, our employees received an average of two days of training during the course of a year. Due to limitations and the migration to our new LMS, it's very likely that quite a bit of training also took place outside the system during that year. We can therefore safely assume that the average number of training days

per employee was in fact substantially higher. It's important to point out in this context that our service technicians receive significantly more training than the average, which is crucial for our customer-centric, service-oriented company. ✓

GRI 404-1

Performance Management

✓ Every TK Elevator employee undergoes at least one performance review each year, including a "development talk" with their supervisor. Our TKEvolve performance management system involves discussing goals and next steps, among other things, with each employee to advance 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. In 2022 we also rolled out our new Perform & Grow program to take performance and talent management to the next level. By merging previously separate processes – like setting and achieving bonus targets, increasing and appraising merit, and nominating talented individuals – Perform & Grow now provides a single, unified, holistic approach. It entails performance evaluation based on goals and TK Elevator's principles, ensures succession planning for key positions, and simplifies the nomination of talented individuals by drawing from only five different talent pools. It also makes it easy to correlate potential with annually agreed individual and development goals. The approach is currently applicable to all global executives and will be made available to additional parts of the workforce in the near future. ✓

GRI 404-3

Outlook

✓ We strive to continually improve our learning and development offering. It includes a tailored portfolio for each target group to ensure that its needs are met. We supplement the existing training formats (face-to-face, online, recorded sessions, etc.) with shorter “learning nuggets” that are easy to implement in the context of everyday work routines and provide specific knowledge to our employees on an as-needed basis. ✓

Fair Employment Practices

At TK Elevator we apply clear standards to both ourselves and our partners and suppliers. We emphasize the importance of meeting and 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. This is a relevant topic for TK Elevator and was highlighted in our materiality assessment [see page 78](#).

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. TK Elevator 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 powered by UN Woman to advance our efforts to achieve gender equality. We have also signed the Women’s Empowerment Principles (WEPs) of the UN in support of our aim of supporting women’s (individual) career paths and self-definitions to a greater extent. We joined the German Charta of Diversity to benefit from the largest German network focused on advancing diversity and inclusion at companies of all sizes.

[GRI 2-28](#)

DEDICATED GLOBAL LEARNING MODULE ON DIVERSITY, EQUITY, AND INCLUSION FOR ALL TALENTS

Our talents are our future leaders. We therefore devote tailored training and other resources to them within the scope of our TK Elevator-wide talent management program.

At the local level, we teamed up to design and implement a learning module on the topics of diversity, equity, and inclusion (DEI); an appropriate version was prepared for each target group (emerging, management, and senior management talents). Each of the three modules lasted two hours

and was packed with insights and information about DEI, our approach at TK Elevator, research and insights from external experts and keynote speakers, and highly tangible action points that participants could take away from the session. More than 300 of our global talents participated and interacted in a very interesting exchange. Since our talents are important multipliers, we hope to continue driving this topic and underscoring the importance of embedding it in our everyday mindset while shaping the future at TK Elevator.



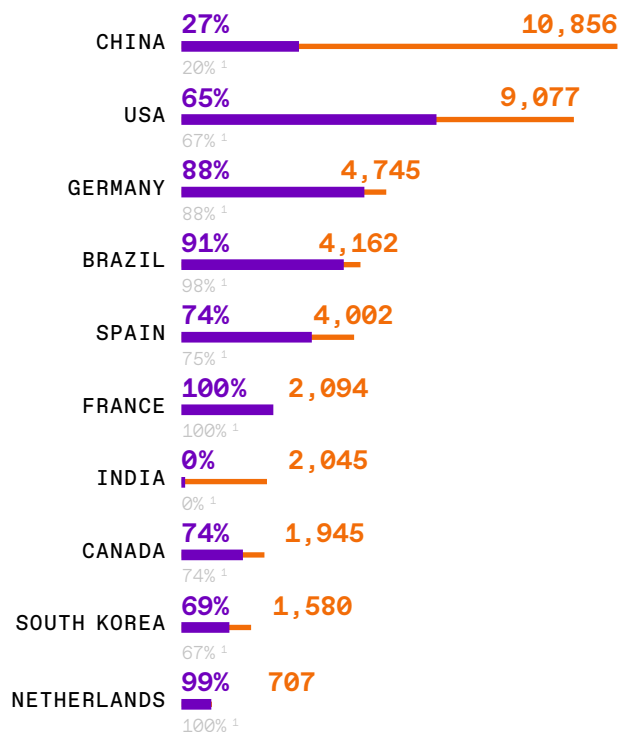
Safeguarding Human Rights

We universally respect human rights and reject any and all forms of forced or child labor. We recognize the right of all employees to organize themselves 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 taking market conditions and individual performance into account. 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 considering 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. To ensure that we live up to our standards globally, TK Elevator has recently formulated and released a global Human Rights and Modern Slavery Statement outlining our understanding and standard of human rights, our expectations of suppliers, and corresponding reporting opportunities.

Fair employment practices and respect for human and labor rights also include employees' right to organize within the frameworks established by collective bargaining agreements. Currently, an estimated 56% of our employees are covered by such agreements. The graphic on this page shows our 10 main sites in terms of the numbers of employees and coverage by collective bargaining agreements (in %). These 10 locations together employ more than 41,000 people (about 80% of TK Elevator's global workforce). We also have

EMPLOYEE COVERAGE IN COLLECTIVE BARGAINING AGREEMENTS BY COUNTRY IN 2021/22



Estimated for the 10 most significant countries according to headcount
¹ | Figures in grey relate to 2020/21

formal works councils in many countries including Germany (Konzernbetriebsrat), as well as cross-country approaches such as the European Works Council (EWC) for entire regions.

[GRI 2-30](#)

We believe that an open and candid dialog is important, especially when it's a 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. These can extend to 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 64](#).

[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.

The total compensation that our employees receive is largely 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.). In addition, executives' positions are evaluated using a global grading system, while determining a position's level to ensure comparability and fair and appropriate compensation for a particular individual's position without taking

personal traits or characteristics such as gender, ethnicity, age, etc. into account.

Compensation is subject to an annual review process that is also guided by our global principles of “pay for performance” and “market orientation” across all countries. Our global HR function provides economic and benchmark data to local units and provides guidance on which rates of increase to apply to different countries. Based on its proposals, an orderly discussion then takes place at the national level to ensure group-wide transparency and fairness. Merit increases reflect employees’ performance in alignment with market conditions and/or are subject to tariff hikes negotiated in collective bargaining agreements. A similar (or lower) adjustment is made for executives.

Employee and shareholder representatives belonging to our supervisory board are involved in making decisions on remuneration processes.

GRI 2-20 | GRI 2-21

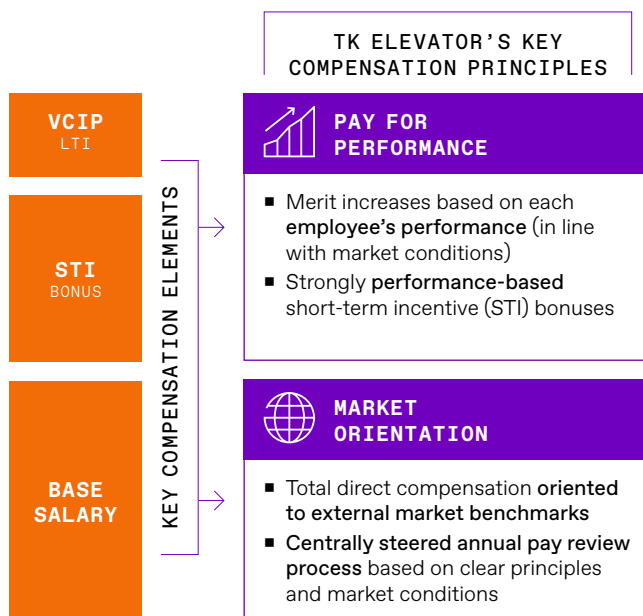
Benefits aren’t restricted to full-time employees, and they can vary depending on local legislation and standards. TK Elevator offers a range of benefits, all of which at least match local standards and in many cases are more generous. Examples include (but aren’t limited to) insurance, pensions, health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

GRI 401-2

TK Elevator already meets all the requirements of the German Transparent Remuneration Act (Entgelttransparenzgesetz) and we have 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 2-21 | GRI 405-2

COMPENSATION ELEMENTS AND PRINCIPLES



Executive Pay

After becoming a standalone company, TK Elevator developed and implemented a new compensation framework for TK Elevator executives. It includes a long-term incentive (LTI) system and a short-term incentive (STI) system, as well as an

assessment process and a development program. 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. 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 can acquire financial stakes in the group via a management incentive plan (MIP). The original members of TK Elevator's management board participate in various pension schemes that were agreed on before TK Elevator became an independent company. All board members subsequently employed in Germany join an open company pension scheme called the “Flexplan”. Their contributions are based on their monthly salaries, and the same rates (as a share of their monthly salary) apply to all participants. The Flexplan is also available to all other employees above a defined salary threshold.

GRI 2-19

Inclusion and Diversity

✓ TK Elevator aims to ensure excellent working conditions, acknowledgment and recognition, and challenging tasks with good future 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 inclusion and diversity was also highlighted in TK Elevator's materiality assessment [see page 78](#). 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 underrepresented in our workforce. Considering the locally differing definitions and in line with legal restrictions and data protection it is, however, not possible for us to assess the share of minorities in all countries and gain the full transparency, we would desire.

The commitment statement signed by the board in January 2022 stresses the importance of diversity, equity and inclusion (DEI) as integral parts of our culture. TK Elevator continues to communicate and discuss best practices that are relevant to this topic and learn from the achievements of others via external networks. Examples include our participation in UN Global Compact initiatives, our signing of the Women's Empowerment Principles (WEPs) by UN Women, and our membership in the diversity charters of some EU countries including Spain and Germany.

In addition to the DEI global statement, we have launched local initiatives. One example is the works council agreement on inclusion in Germany, with which we have established the shared understanding that TK Elevator and employee representatives collaborate in a spirit of partnership and trust to actively support and ensure the inclusion of people with disabilities. Inclusion in our society and working environment, equal opportunities, self-determined participation of people with disabilities in every area of life, and respectful cooperation are special obligations for us. Employees are a central part of our company's success in every respect, making it a self-evident requirement to tailor the workplace to employees' needs, whether or not they are disabled. The agreement on inclusion thus expresses the special appreciation and support of all current and future colleagues with disabilities at TK Elevator and constitutes yet another important step by our company in strengthening our corporate culture characterized by diversity, equity, and inclusion.

Our internal code of conduct states very clearly that no employee may be discriminated against on the basis of their gender, age, color, race, ethnic 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 69](#). Beyond that, TK Elevator promotes and drives diversity and inclusion via its global HR function across all countries and regions, actively engaging with them within the scope of local and regional initiatives and programs. Such initiatives span the entire employee lifecycle, including inclusive recruiting practices, diverse employer branding campaigns, a more focused learning portfolio on how to continue increasing inclusion (e.g. for managers), and an exclusively skills-based performance management system. ✓

GROUP WORKS COUNCIL AGREEMENT ON INCLUSION IN GERMANY

The works council's agreement on inclusion establishes a shared understanding that TK Elevator and employee representatives collaborate in a spirit of partnership and trust to actively support and ensure the inclusion of people with disabilities.

Employees are a key part of our company's success in every respect, making it a matter of course for us to modify their workplaces to meet their particular needs, whether or not they are disabled.

The agreement on inclusion therefore expresses our special appreciation of and support for all current and future colleagues with disabilities at TK Elevator. It is yet another important step in strengthening our corporate culture characterized by diversity, equity, and inclusion.



Organization and Management

✓ The global CHRO of TK Elevator is the spokesperson for and sponsor of inclusion and diversity. In order to underline the importance and continuous efforts, he addressed all global TKE employees in a video message. Our diversity, equality, and inclusion (DEI) principles 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 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 are involved in the global DEI roadmap and approach. Sharing ideas, experiences, best practices, and responsibility for 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 increase awareness of it. ✓

Promoting Diversity

✓ Since becoming an independent company, we have worked steadily to foster a diverse working culture within the organization. We're proud to be a globe-spanning international organization with over 60 different nationalities represented in our workforce and more than 20 among our top executives alone. We're also proud of our global heritage, which is mirrored at our global business support center, where more than 30 nationalities are represented and our top executives come from more than 20 different countries. It very clearly enriches our corporate environment and culture.

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 are committed to the Women's Empowerment Principles (WEPs) powered by UN Women and are a signatory of the German and Spanish diversity charters launched under the EU Commission's umbrella: one of the largest networks to join forces for promoting diversity and inclusion in every respect.

We have set ourselves the target of increasing 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. At the end of fiscal 2021/22, around 21% of our senior leadership positions were occupied by females. ✓

Discrimination

During the fiscal year under review, we had 64 HR-related incidents, the vast majority of which (over 50) took place in the USA. All of them were investigated and necessary actions were taken. Several charges related to discrimination were also brought against TK Elevator employees in the USA and investigated by the Equal Employment Opportunity Commission. All of the allegations were investigated but none were substantiated.

GRI 406-1

TK ELEVATOR JOINS FORCES WITH ATL ACTION FOR RACIAL EQUITY

The "ATL Action for Racial Equity" (AARE) initiative was launched by the Metro Atlanta Chamber to accelerate racial equity by leveraging the size and scale of the local business community, and the power of collective impact.

TK Elevator has been supporting the program since 2021, when we completed our inaugural assessment, the goal of which was to establish baseline reference points. As we understand that the initiative is a multi-year, multi-step action plan designed to help address the ongoing effects of systemic racism in the region, TK Elevator will continue to participate in the AARE annual assessment, share best practices, and be an active voice for the business community.



Engaging Our People

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. To respect such local specifics, we let regions choose their focal topic from several options.

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, such as the DEI toolbox, to the business units via this community. The DEI Toolbox is a collection of tools, ideas, and recommendations for fostering awareness of this topic by increasing the visibility of DEI and encouraging communication on it. In addition, we have kicked off employee resource groups (ERGs), also while focusing on local needs and starting small, by enabling our employees to connect through a topic that is close to their heart. The starter kit and setup of the ERGs are globally aligned.

To help us tailor our DEI initiatives and efforts even better to our employees' needs, we have included four dedicated DEI questions in the annual employee engagement survey. The insights derived from the results enable us to compare ourselves each year with external and industry benchmarks, support programs and offerings related to diversity, equity, and inclusion, and take different maturity levels and regional specifics into account.

ACTIONS IN 2021/22

#1

✓ We implemented a **new HR reporting system** that increases the transparency of our HR performance.

#2

We completed a **new employee survey** with a continued high participation rate of 75%.

#3

We carried out **initiatives and follow-up measures** to address areas needing improvement based on the results of the employee survey developed last year.

#4

We started rolling out our **new learning platform**, which will let employees browse, access, save, and download content and sign up for training courses.

#5

We increased the share of our **senior leadership positions occupied by females to 21%**. ✓

BUILDING A SUSTAINABLE FUTURE

#1

Continue increasing transparency with new **HR reporting systems**.

#2

Continue implementing **initiatives and follow-up measures** to address areas requiring improvement based on our global employee survey.

#3

Implement our global DEI roadmap and launch programs and initiatives to help achieve our global target of **raising the share of women in senior leadership positions to 30%** by the end of 2025, up from 20% at the end of 2020/21.

#4

Continue evolving and improving our learning and development offering and learning platform with **new training programs** for employees.

Additional Employee Data

EMPLOYEES BY EMPLOYMENT TYPE AND GENDER

	2020/21 ✓	2021/22 ✓
Full-time	50,295	51,100
Non-binary	2	1
Female	6,649	6,898
Male	43,644	44,201
Part-time	1,169	1,146
Female	658	685
Male	511	461
Total	51,464	52,246

EMPLOYEES BY GENDER AND REGION²

	2021/22 ✓
Americas	16,517
Non-binary	1
Female	2,651
Male	13,865
Asia Pacific	19,184
Female	2,169
Male	17,015
Europe Africa¹	16,545
Female	2,763
Male	13,782
Total	52,246

1 | Including TK Elevator global business support center and the Access Solutions business unit

2 | Figures for 2020/21 are not available

GRI 2-28 | GRI 2-8 | GRI 2-7 | GRI 405-1

EMPLOYEES BY JOB CATEGORY AND GENDER²

by gender	2021/22 ✓
Field	40,490
Non-binary	1
Female	3,850
Male	36,639
Manufacturing and R&D	6,709
Female	1,181
Male	5,528
Administrative Functions	5,047
Female	2,552
Male	2,495
by region	
Field	40,490
Asia Pacific	15,673
Europe Africa	12,004
Americas	12,813
Manufacturing and R&D	6,709
Asia Pacific	2,189
Europe Africa	2,588
Americas	1,932
Administrative Functions	5,047
Asia Pacific	1,322
Europe Africa	1,953
Americas	1,772

EMPLOYEES BY JOB CATEGORY AND AGE GROUP²

by age	2021/22 ✓
Field	40,490
<20	89
20-29	6,995
30-39	13,739
40-49	10,104
50-59	6,758
60+	1,753
n/a	1,052
Manufacturing and R&D	6,709
<20	28
20-29	763
30-39	1,886
40-49	2,006
50-59	1,511
60+	388
n/a	127
Administrative Functions	5,047
<20	186
20-29	702
30-39	1,440
40-49	1,355
50-59	947
60+	245
n/a	172

CORPORATE SOCIAL RESPONSIBILITY

Our employees are making a difference – worldwide.



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

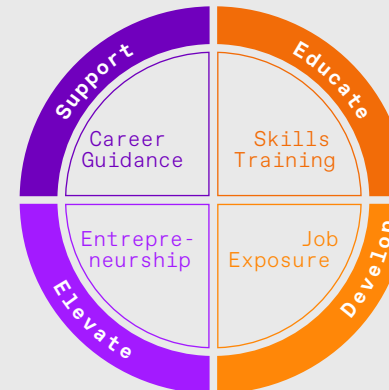


Worldwide, more than 68 million young people are looking for a job, 270 million are neither employed nor receiving any kind of education or training, and over 123 million are working but still living in poverty. Young people who lack adequate parental care are at an especially great disadvantage.

With our partner, SOS Children's Villages, we have developed and rolled-out the program "Education4Future" already in 5 countries: Colombia, Brazil, Uruguay, Thailand and India. Now we're enhancing this cooperation and starting the program in Romania.

Over the past five years, around 240 TK Elevator employees have served as instructors, mentors, and role models on a voluntary basis and shared their time, skills, expertise, and own career stories with more than 780 young people. Through one-to-one and group trainings and mentorship, employees and young people connect either in-person or virtual.

To give even more colleagues the opportunity to be part of this project, we have launched a pilot for digital cross-border engagement. This allows us to reach even more young people and prepare them for their future careers.



CORPORATE SOCIAL RESPONSIBILITY

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



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

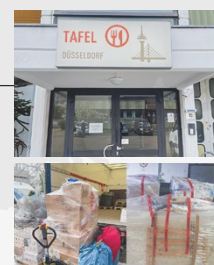


TK Elevator is a national sponsor for the ACE Mentor Program of America, a free, award-winning program designed to attract high school students into pursuing careers in Architecture, Engineering and Construction (A/E/C).

We also partner with local schools to support their STEM (Science, Technology, Engineering and Math) programs.



Our business unit Home colleagues planted 850 trees in an effort to revitalize a local forest that had suffered from storm damage, droughts and bark beetle infestations.



We provided financial aid to our long-standing partner SOS Children's Villages to support their emergency program in Ukraine. Furthermore, our European colleagues organized many individual support initiatives collecting both in-kind and financial donations for NGOs supporting Ukrainian refugees.



We opened our factories in Germany to students for the Girls and Boys Day - showing kids a wide range of professions with a special focus on fields of work that still show little gender diversity.



At the beginning of 2022, several cities in Brazil were heavily impacted by severe floods. Our colleagues provided disaster relief by volunteering for the local fire departments and provided support through clothes and food donations.

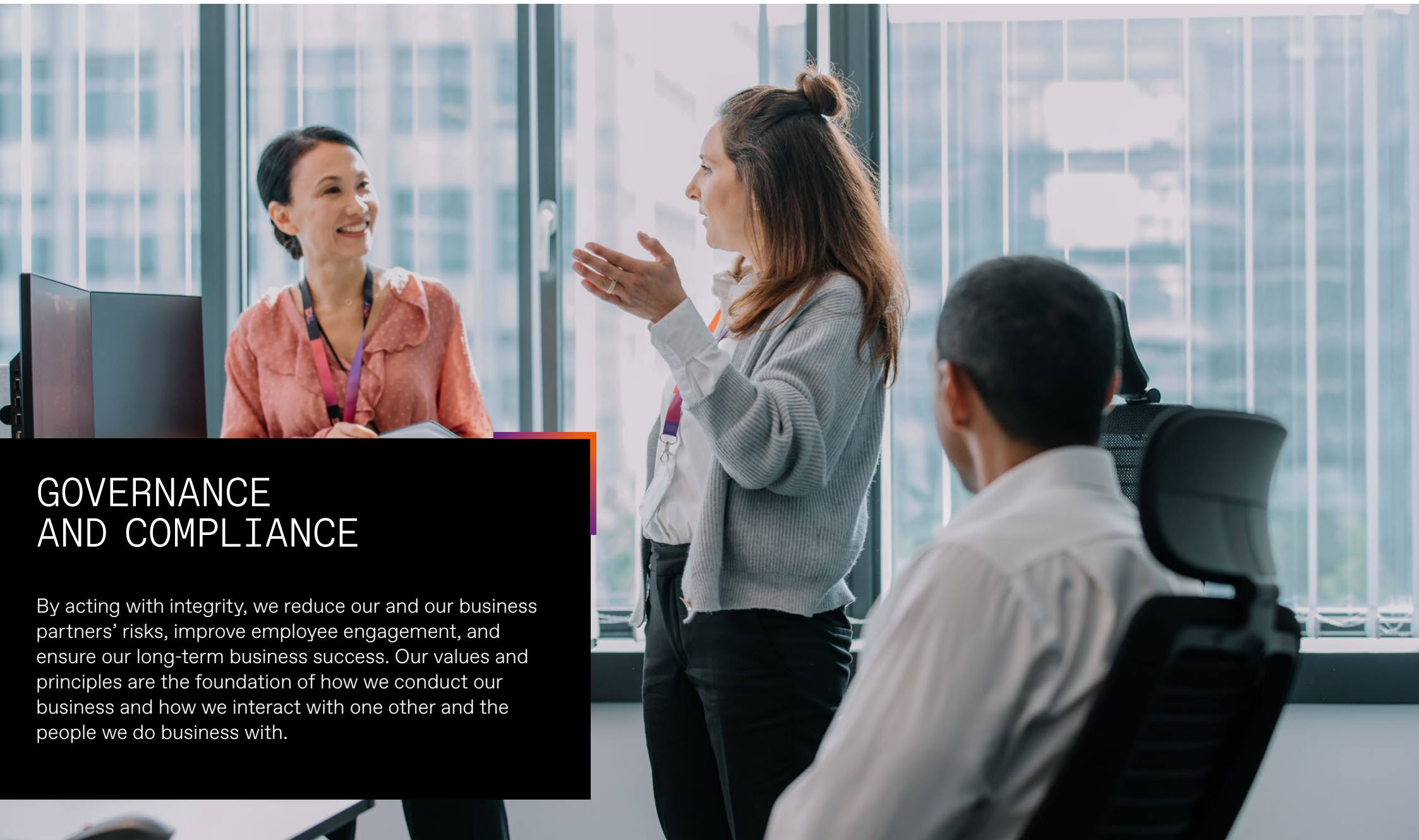


Our China team hosted safety-themed events in local communities. While sharing elevator and safety knowledge, our colleagues also gained useful insights of how users perceive our products and services.



GOVERNANCE AND COMPLIANCE

By acting with integrity, we reduce our and our business partners' risks, improve employee engagement, and ensure our long-term business success. Our values and principles are the foundation of how we conduct our business and how we interact with one other and the people we do business with.



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 values-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 our compliance commitment 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.



Our **high standards** of governance and compliance are the foundation for **responsibly creating value** on a long-term basis.

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 governance model at TK Elevator entails three main decision making bodies. A set of rules of procedure governs their composition and how their members are nominated and chosen.

- The board of directors of Vertical Topco S.à.r.l 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.
- The supervisory board of TK Elevator GmbH needs to be consulted and approve matters of fundamental importance – such as a change in the nature of our business, a reorganization at the business unit level, or major acquisitions or disposals.
- The TK Elevator GmbH management board – which for 2021/22 was responsible for leading TK Elevator's organization, including the Group functions, the business units, and our business activities.

At the end of the fiscal year, we introduced a new senior leadership team (SLT) comprising the management board members as well as regional business unit and global functional leaders. The SLT will be responsible for setting our strategy and priorities, driving and monitoring all dimensions of our performance. This is intended to increase ownership and accountability.

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 team; 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 75](#).

[GRI 2-9](#) | [GRI 2-11](#)

Supervisory Board

TK Elevator's supervisory board comprises 16 members, eight of which are appointed by the shareholders and the other eight by the company's 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. One seat is currently vacant. Eight 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 when exactly their terms end. A member may be reelected. At the latest, the term of a supervisory board member ends with the first annual meeting after they reach the age of 75.

TK ELEVATOR GOVERNANCE STRUCTURE

ADVENT	29% ¹	CINVEN	26% ¹	LUXINVA (ADIA)	10% ¹	AUBA (GIC)	9% ¹	RAG FOUNDATION	7% ¹	TKAG	19% ¹
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MANAGEMENT BOARD OF VERTICAL TOPCO S.A.R.L.

SUPERVISORY BOARD OF TK ELEVATOR GMBH

SENIOR LEADERSHIP TEAM

Uday Yadav CEO ² Vincent Della Valle COO ² Ercan Keles CFO ² Philipp Voet van Vormizeele CHRO ²	Jeremy L. Rainwater CEO Americas Jürgen Böhler CEO BU Asia Pacific Bora Gülan CEO BU Europe Africa Sylwia Raczynska Chief Transformation Officer	Susan Poon Chief Information Officer Philipp Cramer Head of Global Field Business Luca Nick Chief of Staff
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Note: Simplified overview

1 | Approximate shareholder stake in TK Elevator group

2 | Member of the management board of TK Elevator GmbH

[GRI 2-9](#)

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.

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 2-9](#) | [GRI 2-10](#) | [GRI 2-11](#) | [GRI 2-12](#) | [GRI 2-13](#) | [GRI 2-15](#) | [GRI 2-17](#) | [GRI 2-18](#) | [GRI 2-24](#)

The supervisory board appoints the members of the TK Elevator GmbH management board, including its chair. The management board reports to the supervisory board, and in certain cases also 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.

GRI 2-16

Senior Leadership Team and Management Board

In 2021/22, the management board had 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). All of our board members have a strong entrepreneurial background and mindset as well as extensive leadership experience both in the elevator and escalator sector and in other industries.

In May 2022, Peter Walker retired from his role as CEO. He was succeeded by Uday Yadav, who will continue to drive the company's strategic and operational transformation. At the start of fiscal year 2022/23 Kevin Lavalée, our COO field, retired.

At the end of 2021/22, we further strengthened our governance approach with the introduction of a new senior leadership team. Going forward, the senior leadership team will be responsible for setting our strategy and priorities, driving and monitoring all dimensions of our performance. As part of this change, we are currently reviewing our internal approval processes.

GRI 2-9, GRI 2-12 | GRI 2-17

Business Conduct

✓ 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 “business conduct” was 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. ✓

GRI 2-24

Code of Conduct and Compliance Policies

✓ Our code of conduct defines clear standards for our behavior 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 25 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

ONE MINUTE MEMOS ON OUR CODE OF CONDUCT

What does it mean when we say “compliance is in our DNA,” and how does the new TK Elevator code of conduct enter into the picture? To increase the impact of our code of conduct, our entities in Germany, Austria, and Switzerland spread the word using an established management tool:

They created short videos (one minute memos) in which the CFO and the compliance officer for that region informed employees about the details of our code of conduct, the meaning of compliance, the importance of completing trainings and staying informed, and of course options for getting in touch in case they had any questions.

The one-minute memos were emailed to all employees in those countries and also made available on the intranet. They made an active contribution in bringing our code of conduct alive.



compliance topics that include anti-corruption and antitrust, 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 2-23

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.

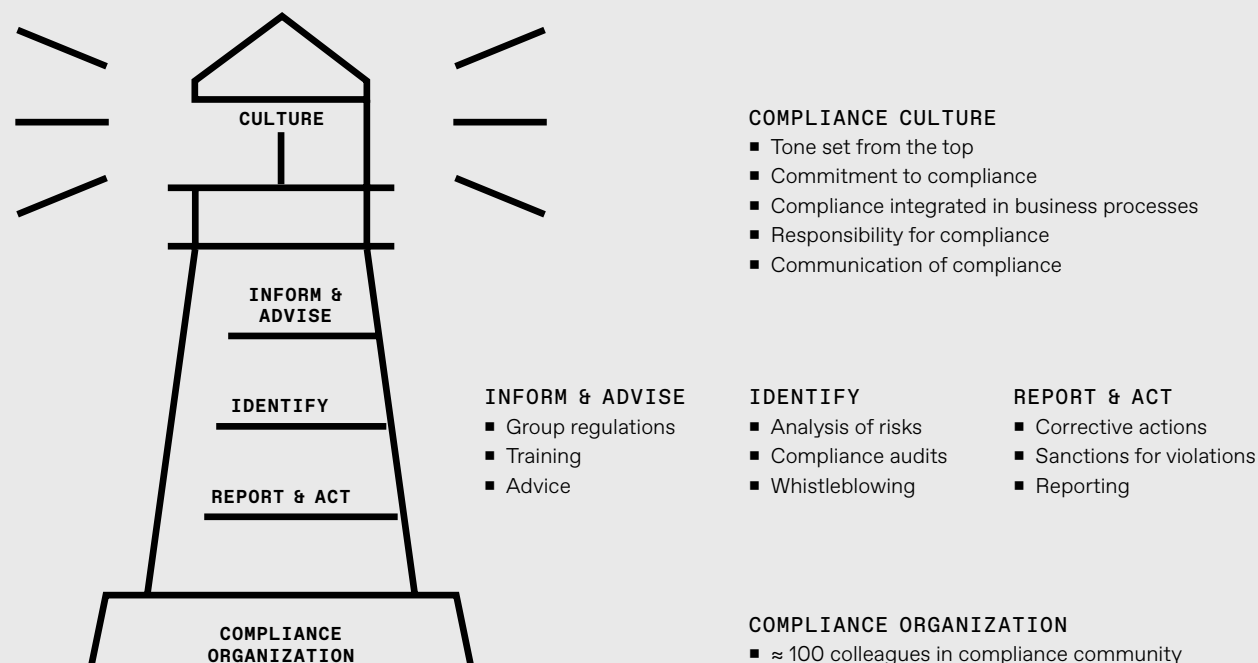
We have created a state-of-the-art compliance management system that is specifically tailored to our business model and the environment in which we operate. TK Elevator has established worldwide standards and processes to ensure a consistent Group-wide approach.

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 Cooperation 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 69](#).

SASB RT-EE-510a.1

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

Elements of the TK Elevator compliance program



stage so appropriate countermeasures can be promptly initiated. Our compliance officers around the world advise, educate, and inform employees about legal requirements. ✓

Organization and Reporting

✓ The TK Elevator compliance organization is headed by our chief compliance officer, who reports directly to the CHRO.

As of September 30, 2022 it had 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, global network of colleagues 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.

Our chief compliance officer reports to TK Elevator's senior leadership team 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 relevant 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. ✓

GRI 2-25, 2-26

Risk Assessments

The central body responsible for risk management is the interdisciplinary risk and internal control committee (RICC), which regularly performs comprehensive assessments and analyses 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 line 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 developing a new



risk assessment tool over the course of the next year. Our risk management systems have not identified any significant corruption-related risks during 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 that gives each employee a personalized learning experience geared to their particular role and exposure to compliance risks. It combines classroom and onboarding courses with a comprehensive e-learning program.

Back in 2020/21 we rolled out a "Compliance Values" training course focusing on values and expectations regarding ethical behavior and prevention of corruption. It is applicable for all members of the company, including the members of our senior leadership team. 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. The course had been completed by 90% of invited employees as of the end of the 2021/22 fiscal year. ✓

✓ In 2021/22, our TK Elevator’s e-learning journey continued with a special anticorruption training module that was released in October 2021 and a special antitrust module that was released in April 2022. A dedicated module on data protection was launched in October 2022.

Employees may also be required to attend courses on other topics depending on their personal risk profiles. After the initial rollout, employees that have participated in courses receive annual refreshers on each topic. All employees must repeat each entire course every three years. In addition to the online courses, our compliance officers also regularly conduct in-person courses and workshops on specific risk topics. ✓

GRI 2-24

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 call dedicated phone numbers. The TK Elevator Ethics

TK ELEVATOR COMPLIANCE VALUES

	2020/21 ✓		2021/22 ✓	
	PARTICI- PANTS	COMPLETED BY ²	PARTICI- PANTS	COMPLETED BY ²
Total	51,174	79.5%	50,810	90%
Management Functions				
Executives	23	96%	18	100%
Senior management	115	94%	100	100%
Other management levels	542	95%	499	99%
Job Functions				
Administrative functions	4,288	91%	3,802	95%
Field	39,348	79%	39,929	90%
Manufacturing and R&D	6,858	71%	6,462	87%
Regions				
Americas	16,291	66%	15,382	87%
Europe Africa ¹	16,340	72%	17,276	83%
Asia Pacific	18,543	97%	18,150	99%

1 | Including TK Elevator global business support centers and the Access Solutions business unit

2 | Calculated based on the total number of participants

GRI 2-24

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; anti-competitive behavior; harassment and discrimination; data protection, environmental and safety issues; trade compliance; and conflicts of interest. Reports received are

carefully reviewed and processed by TK Elevator’s compliance investigation team using our secure and confidential case management system.

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

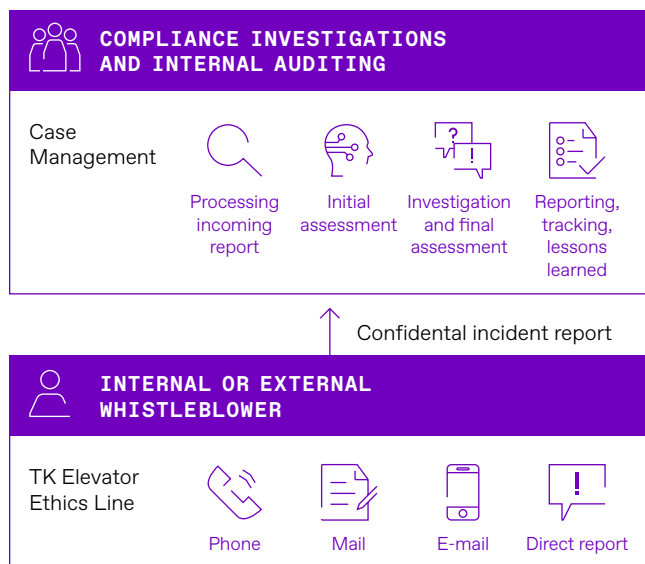
TK Elevator promptly investigates all reported concerns and takes any required corrective action, including disciplinary measures, improvements to processes, and further training. If a violation is confirmed, our zero tolerance policy goes into effect and we implement ad-hoc measures and/or impose sanctions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

GRI 2-26

Incidents and Investigations

There were no confirmed cases of active corruption in 2021/22.

TK ELEVATOR'S WHISTLEBLOWER SYSTEM



GRI 2-16

INTERNAL INVESTIGATIONS		
	2020/21 ¹ ✓	2021/22 ✓
Reported possible violations in connection with core compliance topics	67	46
Measures implemented ¹	65	51
■ Terminations of employment contract	10	2
■ Warnings or reprimands	10	7
■ Job rotations	2	0
■ Criminal proceedings	1	0
■ Improvement of internal processes	9	14
■ Others ²	33	28

1 | In some cases, more than one measure was taken in connection with the same investigation.

Differences vs. the 2020/21 sustainability report due to measures derived from investigations during that year that weren't implemented until after the annual report was finalized.

2 | Including process improvements, communication measures, update of internal guidelines.

GRI 205-3 | GRI 2-16

Legal Proceedings, Fines and Other Sanctions

When core compliance topics are involved, our compliance officers manage the proceedings. They must also be informed of any ongoing external investigations. No fines or other sanctions were imposed on TK Elevator in 2021/22, 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 | 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 our supplier sustainability risk management approach, see page 70. 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, and 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 performed 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. ✓

Cybersecurity

TK Elevator takes data protection and information security very seriously. Their relevance is growing steadily, and our industry is no exception. Our code of conduct outlines our approach to safeguarding company information, software ethics, and data protection. We're convinced that the high standards we have defined for ourselves strengthen trust and bolster long-term relationships with our customers, employees, and other partners.

TK Elevator's information security and data privacy functions play important roles in connection with data processing and ensuring compliance with relevant legislation in the countries where we operate. Our cybersecurity is governed by an IT security management system while adhering to our own internal standards, which correspond to the NIST 800-53 framework while also meeting the requirements of NIST cybersecurity framework version 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. They are additionally 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 cybersecurity risk profile. If an incident occurs, it is immediately investigated by our security operations center and our computer emergency response team, which are also responsible for resolving 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.

As part of the company's security processes, TK Elevator continually monitors the public networks (i.e. the Internet) that it is exposed to as well as its connections with partners and third parties in order to identify and assess potential threats. The company also uses security threat intelligence services to proactively respond to threats and cybersecurity-related issues including terrorism, hacktivism (the act of hacking or breaking into a computer system for politically or socially motivated purposes), and cybercriminal activities. A vulnerability management program has also been launched to thwart any threats that could potentially impact our business activities by regularly performing penetration tests and ethical hacking assessments of our infrastructure.

Our sustainability approach 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)**.

Within the scope of TK Elevator's IT security strategy, a security awareness and education program has also been defined and implemented. Our employees' awareness of information security topics is reinforced by a variety of activities that include online training courses, targeted communication campaigns, and social engineering tests.

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 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 Union in which we pledge to safeguard human and employee rights worldwide. ✓

✓ Our commitment to human rights spans three areas:

1. Health and safety throughout our value chain; this involves ensuring safe working conditions for both our own employees and our subcontractors [see page 37](#).
2. A working culture based on fairness and diversity; we ensure fair working conditions for all of our employees [see page 49](#).
3. Respect for human rights throughout our supply chain; we work with our suppliers to ensure due diligence [see page 70](#).

Human rights violations can be reported to TK Elevator using our “Ethics Line” [see page 69](#). 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 for human resources and working conditions
- Supplier audits
- Safety standards and tools for all business units
- Grievance mechanisms (such as the TK Elevator Ethics Line)
- The Global Elevator Industry Safety Forum, which we cofounded
- A global framework agreement (GFA) with the IndustriAll Global Union
- Our slavery and human trafficking statement: This statement was replaced by our broader human rights and modern slavery statement which was issued beginning of 2023 and combines the requirements of all relevant jurisdictions in which TK Elevator operates. ✓

GRI 2-23 | GRI 2-24

✓ assured content

ACTIONS IN 2021/22

#1

✓ We continued developing and rolling out our new **TK Elevator code of conduct** in 25 languages.

#2

We developed and rolled out **dedicated eLearning courses** on anticorruption and antitrust law.

#3

We developed and implemented **new tools**, including a data protection management tool and a sales intermediary due diligence tool.

#4

We redefined our **IT security strategy** to improve TK Elevator’s security posture by increasing the maturity level of the company regarding information security. ✓

BUILDING A SUSTAINABLE FUTURE

#1

Increase **awareness of compliance topics**, e.g. by rolling out additional **eLearning** modules on topics such as data protection and trade compliance.

#2

Strengthen our **risk assessment processes**, e.g. with a new compliance **risk assessment tool** that will be rolled out in 2023.

#3

Continue **broadening the scope of our group regulations**, e.g. by rolling out a new stand-alone, comprehensive **group regulation to prevent money laundering**.

#4

Continue the development of TK Elevator’s information security posture, working on areas of improvement and upcoming cybersecurity trends such as focusing on **IT Security**.

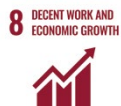
SUSTAINABLE VALUE CHAIN

For managing potential risks in our value chain, we collaborate closely with our business partners to maximize transparency, both downstream and upstream. We believe that our suppliers should share the same ethical principles. While this poses complex challenges, it also enables us to achieve higher standards of sustainability throughout our value chain.



Sustainable Value Chain

- We work with our partners, including customers and suppliers, to help them improve their performance in terms of sustainability.
- The basis of TK Elevator's approach to sustainable supply chain management is our supplier code of conduct (SCoC).
- We take a structured approach to monitoring economic, social, and environmental risks in our supply chain and constantly endeavor to minimize them.



Our Approach

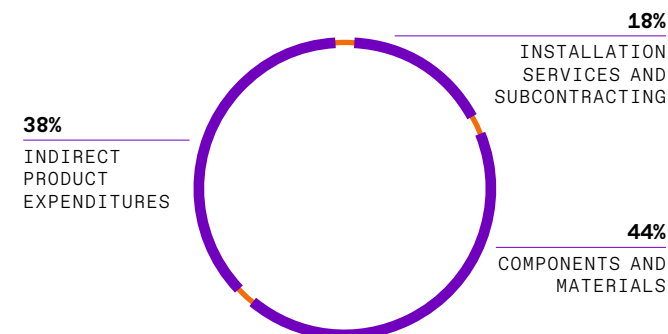
✓ Our materiality assessment identified “sustainable value chain” as one of the most relevant topics [see page 78](#). While our sustainability approach concerning downstream activities is mainly related to our products and services [see page 13](#), our approach for the upstream is related to the supply chain, as described in this chapter.

Suppliers play a key role in connection with TK Elevator's commitment to consistently drive sustainability across our operations. We strive to understand their business needs within the scope of well-informed contract management. To promote sustainability in all facets of our business, we work closely with our vendors and contractors to apply high standards where human rights are concerned and ensure the best possible environmental practices throughout our supply chain. We're convinced that both sides must apply the same ethical principles and be committed to applying equally stringent yardsticks to sustainability. Our vision is to extend the sustainability principles that we follow at TK Elevator to our entire supply chain.

The overall performance of the TK Elevator group depends to a great extent on reliable, effective supply chains for components, subsystems, and services. In 2021/22, global supply and logistic chains were disrupted by various geopolitical factors, foremost among them the war in Ukraine and Covid-related lockdowns in China. This resulted in delivery delays and increased TK Elevator's costs for components and raw materials. We therefore worked closely with our suppliers to mitigate the impacts of these challenges and strengthen our supply chain's resilience. We also invested in market intelligence and risk management tools to identify critical suppliers and material groups, and defined targeted measures based on what we learned, such as building up safety stocks and qualifying alternative materials and solutions.

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 anticompetitive behavior, among other things. It also requires them to mitigate climate-related risks. All suppliers must accept our SCoC, which is included in all supply contracts, as a prerequisite for acceptance. We have reviewed it in the light of Germany's Supply Chain Due Diligence Act and concluded that it covers all relevant aspects. We have also compiled a supplier manual with information on the vendor selection process and relevant sustainability criteria. ✓

PROCUREMENT SPENDING BY TYPE



About Our Supply Chain

We receive our goods and services from some 55,000 supplier sites, most of which are located in our biggest markets in Europe, North America, and Asia. Due to the fact that 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 four billion euros a year on procurement.

Where our CO₂ footprint is concerned, our supply chain generates more than 20% 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. Today the vast majority (approx. 90%) of our total spending goes to suppliers that are located geographically close to our group's companies.

GRI 2-6 | GRI 204-1

Organization and Management

✓ Our chief operating officer (COO) 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. Our activities are organized into 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. Strategic global vendors are usually overseen by our corporate PSM function, while the regional PSM business unit teams look after their local suppliers. They are also responsible for conducting sustainability audits (in collaboration with external providers) and for following up on the corresponding corrective action plans. ✓

GRI 205-2 | GRI 308-1 | GRI 414-1

Supplier Risk Management

Our global PSM team makes sure that high-quality components and materials are purchased at competitive prices in full compliance with our supplier code of conduct and manages potential sustainability risks in our supply chain. To

prevent any negative impacts on our supply chain, we conduct social, economic, and environmental risk analyses once a year. The principal 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.

Supplier sustainability audits are handled by an independent third party. We have historically performed most such 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 and they are a good opportunity to initiate 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. If the results of the audit fall below a predefined threshold, we engage with our vendors to discuss any required measures to improve the situation. This is then followed by a re-assessment to evaluate how well 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 in the follow-up audits; they typically improve from below 50 to well above 70.

Our approach to assessing our suppliers is the starting point for effective supplier risk management. This is why we decided to additionally strengthen and refine our approach by introducing a new risk assessment approach in 2021/22 and



adopting new global procurement processes and tools. This new approach addresses a broader range of suppliers, starting with those that potentially run a greater risk.

In order to focus our attention on the suppliers that potentially pose the greatest risks, we introduced a new supplier segmentation approach. Based on predefined criteria, each supplier is assigned to one of four segments which ultimately define the degree of diligence that needs to be applied to assess and monitor risks. Our new approach will be backed by an integrated platform that consolidates our supplier data and the results of the risk assessments to increase transparency with the aid of ESG supplier dashboards, alert functions, real-time supply chain risk monitoring, and automated KPI reporting. This approach enables us to focus our attention on the critical areas of our supplier base without losing sight of the rest. The new platform was introduced in late 2021/22 and has been deployed in the current fiscal year. With this new approach we aim to complete a 360° sustainability assessment of all risk-critical suppliers by 2026.

 We aim to complete a **360° sustainability assessment** of all risk-critical suppliers by 2026.

✓ Within the scope of TK Elevator's strategic supplier management, in 2021/22 we set ourselves the goal of conducting at least 50 on-site sustainability audits to verify compliance with our supplier principles. We successfully carried out 57 audits, thus almost tripling last year's performance. In seven cases in which significant social and/or environmental issues were identified, action plans for correcting them were drawn up.

While rolling out our new supplier risk management tool, we will continue our established supplier sustainability audit campaign. We set a target of 35 supplier audits in FY 22/23, slightly fewer than in 2021/22 due to the fact that we concurrently began conducting the first 360° reviews of our focus suppliers. The extent to which the 360° reviews should partly replace and/or be supplemented by supplier audits will be examined during the further course of the rollout. ✓

GRI 308-1 | GRI 414-1 | GRI 308-2 | GRI 414-2 |
GRI 407-1 | GRI 408-1 | GRI 409-1

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 are opportunities to address important topics related to the supply chain, including sustainability facets. In 2021/22, the Brazilian PSM team prepared a Supplier Day that was entirely devoted to sharing and discussing our ESG roadmap together with our suppliers. Other local initiatives included an outreach campaign to address our key suppliers in the U.S. and inform them about ESG training opportunities. In Asia Pacific, Europe, and Latin America we shared our major ESG-related concerns with key manufacturing suppliers to raise their awareness and encourage them to proactively mitigate potential risks.

Our new global procurement processes and tools will enable closer engagement with our suppliers by means of a well-structured ESG data collection process that will help us evaluate their sustainability performance.

In 2022, for the second year in a row, we were recognized by CDP as a "Supplier Engagement Leader" for taking action to quantify and reduce climate risks within our supply chain. This has motivated us to continue driving climate action throughout our value chain.



We have been recognized as a **Supplier Engagement Leader** by CDP in 2022 - for a second consecutive year

SUPPLIER SEGMENTATION AS A KEY ELEMENT OF SUPPLIER RISK MANAGEMENT

In view of our vast supplier base with around 55,000 locations, it's necessary to define focuses. In order to direct our attention to the segments that matter the most, we have developed a supplier risk segmentation scheme. The overall risk score per supplier is calculated based on three factors that are graded on a scale between one (low) and 10 (high):

- Probability/cluster risk based on the nature of the business (for example, production tends to have greater environmental impacts than providing services).
- Severity/purchasing volume: the potential impact of ESG risks on TKE increases with the volume of business we do with a supplier.
- Detection/country risk: the risk of a mistake going undetected usually varies among countries as a result of differences in regulations, checks, and enforcement mechanisms.

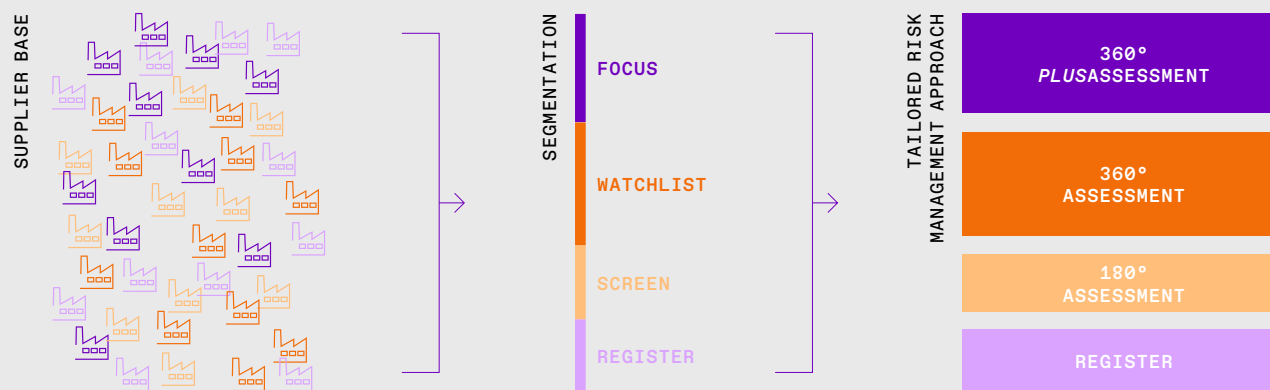
These three indicators are multiplied to derive an overall risk score with a value between one (low) and 1000 (high).

ASSESSING THE RISK SCORE

$$\text{PROBABILITY/CLUSTER RISK}^1 \times \text{SEVERITY/VOLUME RISK}^1 \times \text{DETECTION/COUNTRY RISK}^1 = \text{RISK SCORE}^2$$

1 | 1 (low) to 10 (high) 2 | 1 (low) to 1000 (high)

STRUCTURED APPROACH TO SUPPLIER RISK MANAGEMENT




Based on this risk score, we assign each supplier to one of four segments:

- FOCUS:** very high risk
- WATCHLIST:** moderately high to high risk
- SCREEN:** low to moderate risk
- REGISTER:** negligible risk

With this new segmentation, around 4,000 suppliers were categorized as “focus” or “watchlist” suppliers. Since these potentially pose the greatest risk to TK Elevator, we subject them to the most comprehensive monitoring while considering various dimensions such as financial, delivery, market, quality and performance, and ESG risks (360°). Focus suppliers are subjected to supplementary ESG deep dives and reviews (360°plus). We have committed ourselves to completing the corresponding 360° / 360°-plus reviews by the end of 2026. “Screen” suppliers will undergo a similar assessment with a reduced scope due to their lower risk profile.

Resource Scarcity and Conflict Minerals

Producing the electronics and electric motors that TK Elevator uses in its products can be harmful to the environment. The manufacture of many of these components 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 avoid 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 of 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 assess our suppliers’ sourcing practices using the conflict minerals reporting template (CMRT) of the  “Responsible Minerals Initiative”. We request this information from our main globally managed strategic suppliers of electrical goods, electronics, and electric motors. 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. Our new global procurement processes and tools will enable a well-structured ESG data collection process that will help us collect this information from our suppliers.

SASB RT-EE-440a.1.

ACTIONS IN 2021/22

#1

✓ We were recognized as a **“CDP Supplier Engagement Leader in 2022”** (the second such accolade) for our actions to measure and diminish environmental risks in our supply chain.

#2

We developed a new **supplier risk assessment and monitoring approach**, backed by an **integrated platform** that consolidates our supplier data and the results of the risk assessments. This is part of our preparations for complying with the new requirements of the German Supply Chain Due Diligence Act.

#3

We successfully carried out **57 supplier sustainability audits** to verify compliance with our supplier principles, thus exceeding our own commitment to conduct at least 50 on-site sustainability audits. ✓

BUILDING A SUSTAINABLE FUTURE

#1

Implement our new **risk assessment tool**, which will help us evaluate sustainability suppliers risks even better.

#2

Implement our newly refined **supplier management approach** to collect data from suppliers for evaluating their sustainability performance.

#3

Complete a **360° sustainability assessment of all risk-critical suppliers** by 2026.

#4

Continue our sustainability auditing campaign with the target of completing **35 sustainability audits in 2022/23**.

A man with short, graying hair and safety glasses is focused on his work. He is wearing a dark gray polo shirt with the TKE logo on the chest and green safety gloves. He is leaning forward, working on a vertical metal component of an elevator. The background is a blurred industrial setting with yellow and green elements.

SUSTAINABILITY AT TK ELEVATOR

Sustainability at TK Elevator

- Robust governance structures are the basis for driving sustainable value creation at TK Elevator.
- Our senior leadership team has overall responsibility for sustainability, with support from a dedicated ESG function.
- 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 established a cross-functional approach spanning the entire organization for addressing sustainability topics. While TK Elevator's senior leadership team has overall responsibility for sustainability (with support from a dedicated ESG function) 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 made our senior leadership team responsible for reviewing all sustainability strategies and targets before these are approved and signed off by the management board.

The ESG committee is supported by the ESG Council, which is in turn coordinated by the head of ESG. It comprises the heads of relevant global functions such as health and safety, human resources, compliance, and procurement and supply chain. It is tasked with reviewing stakeholders' expectations, developing proposals, and monitoring progress in implementing strategy and achieving targets. The ESG Council is in turn supported by workstreams dedicated to specific topics and comprising delegates from our business units, who are responsible for implementing our ESG strategy, working toward targets, capturing data for reporting purposes, and regularly preparing and submitting progress reports.

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 2-13](#)

TK ELEVATOR ESG GOVERNANCE



Integrating Sustainability Risks and Opportunities

Our process for managing sustainability risks is integrated in our company-wide multidisciplinary risk management process. In this context, we enter sustainability risks in our risk register and review and adjust them every six months. The highest-priority sustainability risks concern the safety of our employees and subcontractors engaged in production activities, installation and maintenance work. Other significant nonfinancial risks have also been associated with our employees, owing to difficulties in finding enough highly

qualified workers and managers to fill vacancies for highly qualified employees and managers, and to temporary staff shortages caused by the Covid-19 pandemic. There are also sustainability risks in connection with information security and compliance. The most significant climate-related risks are posed by 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.

On the positive side, several megatrends are opening up fresh opportunities for TK Elevator. Increasing digitalization, for example, will help us increase the uptime and service life of our elevators while reducing our vehicles' CO₂ emissions, 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 lifecycle of a building or infrastructure).

GRI 2-25

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 are also taking 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 are tackling the challenges of urbanization while making cities and buildings smarter, more sustainable, and the best possible places in which to live.

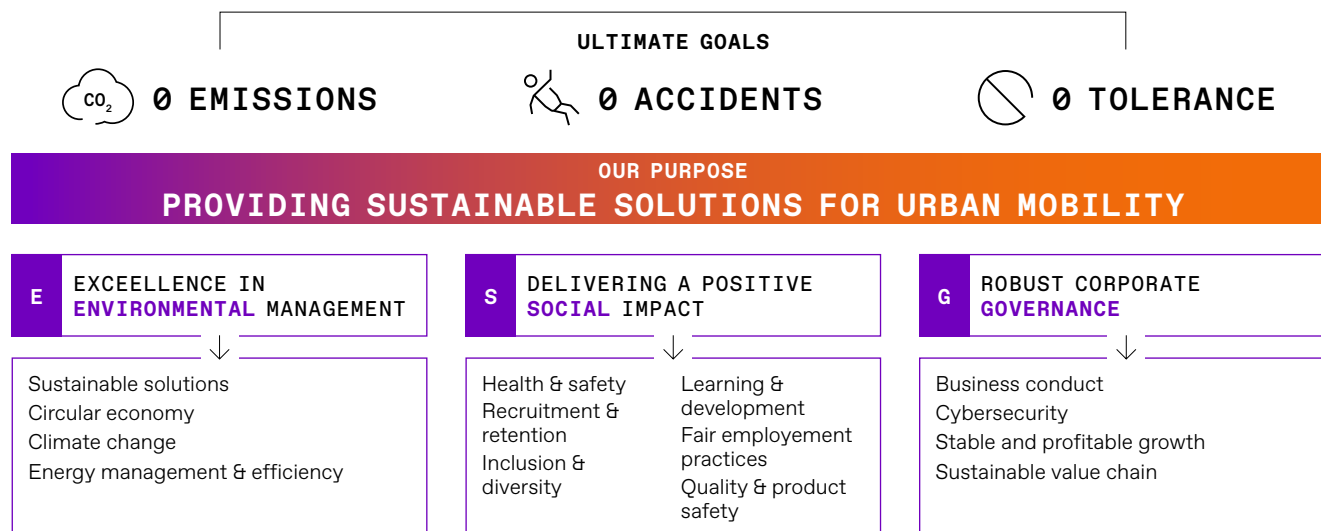


Take urgent action to combat climate change and its impacts

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

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

OUR ESG APPROACH



Stakeholder Engagement

An open, regular, and systematic dialog with our key stakeholders is essential 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 including customer and employee satisfaction. We also obtain important information through formal grievance channels [see page 64](#).

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 those that influence our activities while distinguishing between primary and secondary stakeholders based on their relative importance.

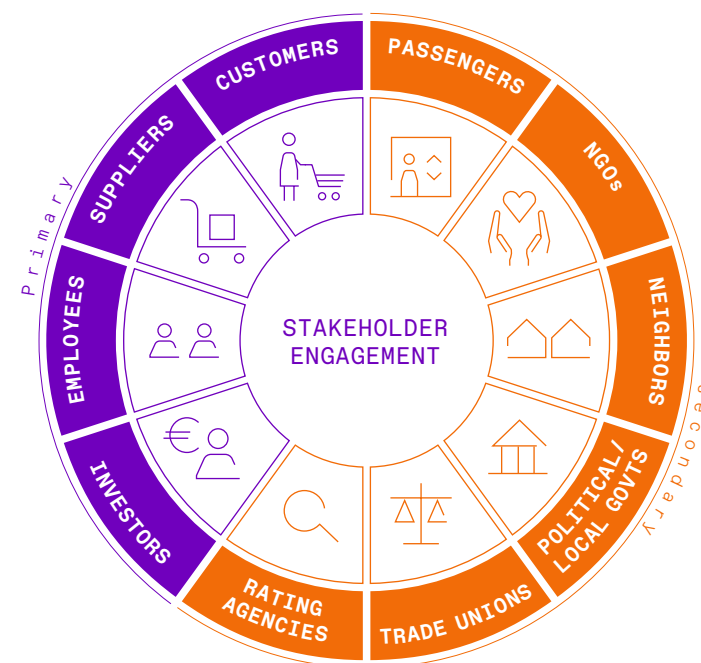
Our primary stakeholders are employees, customers, suppliers, and investors. The secondary stakeholders include NGOs, trade unions, and local governments. We have applied a wide range of methods to identify what our stakeholders consider important. Their input is essential in order for us to define our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

More information on the topics that matter to our stakeholders is contained in our materiality assessment [see page 78](#). We plan to use dialogs and derived insights to validate and refine our approach.

GRI 2-12 | GRI 2-29

OUR STAKEHOLDERS AND HOW WE CONSULT

INVESTORS <ul style="list-style-type: none"> Investor calls Direct exchanges Roadshows Website with >1500 registered users 	PRIMARY
EMPLOYEES <ul style="list-style-type: none"> Employee survey Townhall meetings Performance reviews 	
SUPPLIERS <ul style="list-style-type: none"> Supplier days Supplier certification process and audits 	
CUSTOMERS <ul style="list-style-type: none"> Collaboration and advice to meet customer needs Customer events NPS survey¹ 	



1 | NPS: net promoter score

GRI 2-26

Materiality Assessment

✓ Our sustainability activities naturally focus on the aspects that impact our operations and stakeholders most heavily. In 2020/21 we carried out our first materiality assessment to determine whether our overall approach to improving sustainability is efficient and effective, and derived additional insights about our stakeholders' expectations. We performed our second materiality assessment in 2021/22. In order to take future regulatory changes into account, we based it on the new GRI Material Topics 2021 standard and applied the EFRAG double materiality conceptual guidelines for defining standard-setting¹.

Long list of impacts

We have reviewed and evaluated the current and potential positive and negative impacts of TK Elevator's business activities while taking both outside-in and inside-out perspectives. Numerous internal and external data sources were surveyed to assess impacts from the business and stakeholder perspectives. Aspects of sustainability ratings and reporting frameworks were also covered. Several hundred individual impacts were identified and then compressed into a long list of 65.

Evaluation of significance

This long list of impacts served as the basis for determining "impact materiality". We sent it to a wide range of in-house experts representing different business functions and regions, who assessed the impacts while applying the criteria of "severity" (scale, scope, remediability) and "likelihood" as defined by GRI and EFRAG.

Clustering of impacts in a short list

The next step was to evaluate the impacts. This yielded two rankings, one for positive and the other for negative impacts. To facilitate a comparison of positive and negative impacts, we derived average values and defined a materiality threshold based on significance. This revealed the total significant positive and negative impacts. By clustering these impacts according to EFRAG and GRI, we identified material topics. Then we considered these again in the context of general company-specific and external conditions.

External validation

We presented the results of our materiality analysis to selected external stakeholders who had not been involved in the previous assessment. The overall result was positive, confirming the final list of 14 material topics, three of which were identified as being the most important ones. The main impacts and topics derived in this way have been applied to define the structure and depth of our 2021/22 sustainability report, with six focuses that define its structure: products and services, environment, health and safety, employees, governance and compliance, and sustainable value chain.

Sign-off

The senior leadership team of TK Elevator vetted the list of selected material topics. It also participated in the preparation of the sustainability report, received regular progress reports and did the final approval before its publication. ✓

[GRI 2-12](#) | [GRI 2-14](#)

MATERIALITY ASSESSMENT



TOP 3 TOPICS

- Sustainable solutions
- Health and safety
- Recruitment and retention

OTHER RELEVANT TOPICS in alphabetical order

- Circular economy
- Climate change
- Cyber security
- Inclusion and diversity
- Energy management and efficiency
- Business conduct
- Fair employment practices
- Learning and development
- Stable and profitable growth
- Sustainable value chain
- Quality and product safety

[GRI 3-1](#)

¹ | Double materiality conceptual guidelines for standard setting (working paper), January 2022 and exposure drafts of April 2022.

✓ Changes in the materiality assessment 2021/22:

- The majority of the topics identified as material in 2020/21 will remain so in 2021/22.
- “Health and safety” continues to be one of the top material topics
- “Sustainable solutions” includes the former category of R&D and innovation while focusing more heavily on customer engagement.
- “Recruitment and retention” has been included as a new topic and one of the top three.
- “Waste management” and “respect for human rights” have been removed from the list of material topics. However, we will continue to report on them in the same depth as before, while integrating human rights aspects into the topics of “fair employment practices” and “sustainable value chain”. ✓

GRI 2-12 | GRI 3-1 | GRI 3-2

Sustainability 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. ✓



This report was prepared in accordance with the core option of the **Global Reporting Initiative (GRI)**.



We have applied the **Sustainability Accounting Standards Board (SASB)** table instead of the SASB Electrical & Electronic Equipment standard (version 2018-10) to compile a consolidated overview of TK Elevator’s reporting.



We are pursuing the objectives defined by 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.



We are signatory of the **United Nations Global Compact (UNGC)**.



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



TK Elevator has received the Gold Medal from EcoVadis, which only goes to the top 5% of all companies assessed by this sustainability rating agency.



We were recognized in the acclaimed A-list published by the global non-profit organization CDP for the third consecutive year. TK Elevator is one of only a few to achieve this top rating, out of more than 15,000 companies scored.



TK Elevator is included in the Sustainalytics’ 2023 Top-Rated ESG Companies List for the second consecutive year. The company has demonstrated a commitment to ESG practices and is being recognized as one of the top performing ESG companies rated by Sustainalytics.

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 covers the fiscal year 2021/2022 (from October 1, 2021 to September 2022) except when otherwise stated. The next sustainability report, covering 2022/23, will be published in the first half of 2024.

GRI 2-3

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 75](#).

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 93](#). Results of the assurance report are shared with TK Elevator’s ESG committee.

GRI 2-5

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, 2021 to September 30, 2022.
- 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 2-2 | GRI 3-1

Assured Content

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

More functions



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of this
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GRI Index

✓ This report has been prepared in accordance with the GRI Sustainability Reporting Standards. Where insufficient information is available on a GRI disclosure, we have explained

why. The GRI Content Index includes the corresponding UNGC General disclosures table continued on next page principles and a reference to the relevant SDG. For more information, see:

🌐 www.globalreporting.org ✓

GRI CONTENT INDEX

Statement of use	TK Elevator has reported in accordance with the GRI Standards for the period 01.10.2021 – 30.09.2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

					OMISSIONS			
UNGC PRINCIPLES	RELEVANT SDG	GRI STANDARD/ OTHER SOURCE	DISCLOSURE		LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GENERAL DISCLOSURES								
		GRI 2: General Disclosures 2021	2-1	Organizational details	3-5			
			2-2	Entities included in the organization’s sustainability reporting	80			
			2-3	Reporting period, frequency and contact point	80, 94			
			2-4	Restatements of information	80			
			2-5	External assurance	80, 93			
			2-6	Activities, value chain and other business relationships	3, 4, 5			
6	8, 10			2-7	Employees	44, 55, 94	ii, iii	Information unavailable/ incomplete
6	8		2-8	Workers who are not employees	44	b, c	Information unavailable/ incomplete	Data is not available

↓ General disclosures table continued on next page

	5, 16		2-9	Governance structure and composition	60, 61			
	5, 16		2-10	Nomination and selection of the highest governance body	60			
	16		2-11	Chair of the highest governance body	60			
	16		2-12	Role of the highest governance body in overseeing the management of impacts	60, 61, 77, 79			
			2-13	Delegation of responsibility for managing impacts	60, 75			
			2-14	Role of the highest governance body in sustainability reporting	78			
	16		2-15	Conflicts of interest	60			
			2-16	Communication of critical concerns	61, 65			
			2-17	Collective knowledge of the highest governance body	60, 61			
			2-18	Evaluation of the performance of the highest governance body	60			
			2-19	Remuneration policies	51			
	16		2-20	Process to determine remuneration	51			
			2-21	Annual total compensation ratio	51		Information unavailable/ incomplete	Currently complete compensation data for all employees are not centrally available. We will review this in the future
			2-22	Statement on sustainable development strategy	9			
1-10	16		2-23	Policy commitments	62, 67			
			2-24	Embedding policy commitments	60, 61, 64, 67			
			2-25	Processes to remediate negative impacts	15, 63, 76			
	16		2-26	Mechanisms for seeking advice and raising concerns	65, 77			
7, 8, 9	16		2-27	Compliance with laws and regulations	23			
			2-28	Membership associations	49, 79			
			2-29	Approach to stakeholder engagement	71, 77			
3	8		2-30	Collective bargaining agreements	50			

MATERIAL TOPICS							
		GRI 3: Material Topics 2021	3-1	Process to determine material topics	78-79		
			3-2	List of material topics	78-79		
Economic performance 2016							
7, 8, 9		GRI 3: Material Topics 2021	3-3	Management of material topics	24, 63		
7	13		201-2	Financial implications and other risks and opportunities due to climate change	24		
Procurement practices 2016							
		GRI 3: Material Topics 2021	3-3	Management of material topics	69-70		
	8	GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	70		
Anti-corruption 2016							
10		GRI 3: Material Topics 2021	3-3	Management of material topics	61-65		
10	16	GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	63		
10	16		205-2	Communication and training about anti-corruption policies and procedures	62, 64		
10			205-3	Confirmed incidents of corruption and actions taken	65		
Anti-competitive behavior							
		GRI 3: Material Topics 2021	3-3	Management of material topics	61-65		

↓ General disclosures table continued on next page

10	16	GRI 206: Anti-competi- tive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	65			
Materials								
7, 8, 9		GRI 3: Material Topics 2021	3-3	Management of material topics	15-18			
7, 8, 9	8, 12	GRI 301: Materials 2016	301-1	Materials used by weight or volume	18			
7, 8, 9	8		301-2	Recycled input materials used	18			
Energy								
7, 8, 9		GRI 3: Material Topics 2021	3-3	Management of material topics	23-25, 27-29			
7, 8, 9	7, 8, 12, 13	GRI 302: Energy 2016	302-1	Energy consumption within the organization	28, 33			
7, 8, 9	7, 8, 12, 13		302-3	Energy intensity	33			
7, 8, 9	7, 8, 12, 13		302-4	Reduction of energy consumption	34			
Water and effluents¹								
7, 8		GRI 3: Material Topics 2021	3-3	Management of material topics	31,32			
	6, 12	GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	32			
	6		303-2	Management of water discharge-related impacts	32			
			303-4	Water discharge	31	a, b, c	Information unavailable/ incomplete	
	6		303-5	Water consumption	31	a, b, c	Information unavailable/ incomplete	
Emissions 2016								
7, 8, 9		GRI 3: Material Topics 2021	3-3	Management of material topics	23-25, 27-29			

↓ General disclosures table continued on next page

7, 8, 9	3, 12, 13, 14, 15	GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	28			
7, 8, 9	3, 12, 13, 14, 15		305-2	Energy indirect (Scope 2) GHG emissions	28			
7, 8, 9	3, 12, 13, 14, 15		305-3	Other indirect (Scope 3) GHG emissions	35			
7, 8, 9	13, 14, 15		305-4	GHG emissions intensity	35			
7, 8, 9	13, 14, 15		305-5	Reduction of GHG emissions	34			

Waste ¹								
8		GRI 3: Material Topics 2021	3-3	Management of material topics	30			
8	3, 6, 11, 12	GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	30			
8	3, 6, 11, 12		306-2	Management of significant waste-related impacts	30			
8	3, 11, 12		306-3	Waste generated	31			
8	3, 11, 12		306-4	Waste diverted from disposal	31			
8	3, 11, 12		306-5	Waste directed to disposal	31			

Supplier environmental assessment 2016								
7, 8, 9		GRI 3: Material Topics 2021	3-3	Management of material topics	69-72			
7, 8, 9	8	GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	71			
7, 8, 9			308-2	Negative environmental impacts in the supply chain and actions taken	71			

Employment								
6		GRI 3: Material Topics 2021	3-3	Management of material topics	44-47			

6	5, 8, 10	GRI 401: Employment 2016	401-1	New employee hires and employee turnover	46, 47		Not applicable	We only measure data on voluntary turnover as we believe this provides us into more insights on issues such as employee satisfaction etc.
6	3, 5, 8		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	51			
Labor/management relations								
3		GRI 3: Material Topics 2021	3-3	Management of material topics	44, 45, 49, 50			
3	8	GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	50			
Occupational health and safety								
		GRI 3: Material Topics 2021	3-3	Management of material topics	37-39			
	8	GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	37, 38			
	8		403-2	Hazard identification, risk assessment, and incident investigation	38			
	8		403-3	Occupational health services	38			
	8, 16		403-4	Worker participation, consultation, and communication on occupational health and safety	39, 41			
	8		403-5	Worker training on occupational health and safety	39			
	3		403-6	Promotion of worker health	41			
	8		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	41			
	8		403-8	Workers covered by an occupational health and safety management system	38			

↓ General disclosures table continued on next page

	3, 8, 16		403-9	Work-related injuries	40			
	3, 8, 16		403-10	Work-related ill health	42			
Training and education								
6		GRI 3: Material Topics 2021	3-3	Management of material topics	48			
6	4, 5, 8, 10	GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	48		Information unavailable/ incomplete	
6	5, 8, 10		404-3	Percentage of employees receiving regular performance and career development reviews	48			
Diversity and equal opportunity								
1, 6		GRI 3: Material Topics 2021	3-3	Management of material topics	52-53			
1, 6	5, 8	GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	55			
1, 6	5, 8, 10		405-2	Ratio of basic salary and remuneration of women to men	51		Information unavailable/ incomplete	Data has not been available yet, we plan to review this in the future
Non-discrimination								
1, 2, 6		GRI 3: Material Topics 2021	3-3	Management of material topics	52-53			
1, 2, 6	5, 8	GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	53			
Freedom of association and collective bargaining								
2, 3		GRI 3: Material Topics 2021	3-3	Management of material topics	49, 50, 69-72			

OVERVIEW	PRODUCTS & SERVICES	ENVIRONMENT	HEALTH & SAFETY	EMPLOYEES	GOVERNANCE & COMPLIANCE	SUSTAINABLE VALUE CHAIN	SUSTAINABILITY AT TKE	ADDITIONAL INFORMATION ↳ GRI Index
2, 3	8	GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	50, 71			
Child labor								
2, 5		GRI 3: Material Topics 2021	3-3	Management of material topics	49, 50, 69-72			
2, 5	8, 16	GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	50, 71			
Forced or compulsory labor								
2, 4		GRI 3: Material Topics 2021	3-3	Management of material topics	49, 50, 69-72			
2, 4	8	GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	50, 71			
Supplier social assessment								
1, 2		GRI 3: Material Topics 2021	3-3	Management of material topics	69-72			
1, 2	5, 8, 16	GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	71			
1, 2	5, 8, 16		414-2	Negative social impacts in the supply chain and actions taken	71			
Customer health and safety								
		GRI 3: Material Topics 2021	3-3	Management of material topics	18-21			

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		GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	20, 21			
	16		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	21			
Marketing and labeling								
7		GRI 3: Material Topics 2021	3-3	Management of material topics	18-21			
7	12	GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	21			
7	16		417-2	Incidents of non-compliance concerning product and service information and labeling	21			
Customer privacy								
		GRI 3: Material Topics 2021	3-3	Management of material topics	66			
	16	GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	65			

1 | Voluntary disclosure as this is not a material topic

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, 2021 to September 30, 2022. The table below cross-references the SASB accounting metrics with which that information can be found in TK Elevator's 2021/22 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. 28
Hazardous waste management				
Amount of hazardous waste generated, percentage recycled	RT-EE-150a.1	Quantitative	Metric tons (MT), percentage (%)	P. 31, P. 33, P. 34
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. 20
Total amount of monetary losses as a result of legal proceedings associated with product safety	RT-EE-250a.2	Quantitative	Reporting currency	Not reported

↓ 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. 73
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. 62
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	RT-EE-510a.2	Quantitative	Reporting currency	P. 65
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. 65
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	52,246

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		■ Sustainability report pages: 59–61, 75–76
b) Describe management's role in assessing and managing climate-related risks and opportunities		■ CDP 2022 Climate Change Response
II - Strategy		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term		■ Sustainability report pages: 24, 63, 75–76
b) Describe the impacts of Climate related risks and opportunities on the organization's business, strategy and financial planning		■ CDP 2022 Climate Change Response
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		
III - Risk management		
a) Describe the organization's processes for identifying and assessing climate-related risks		■ Sustainability report pages: 63, 75–76 ■ CDP 2022 Climate Change Response
b) Describe the organization's processes for managing climate-related risks		■ Sustainability report pages: 75–76, 78–79 ■ CDP 2022 Climate Change Response
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		■ Sustainability report pages: 24, 75–76 ■ CDP 2022 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		■ Sustainability report pages: 24–25, 28–29, 34–35 ■ CDP 2022 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 2021 to 30 September 2022 (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 2021 to 30 September 2022 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 2021 to 30 September 2022 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, 25 April 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Aissata Touré
Wirtschaftsprüferin
(German Public Auditor)

ppa. Benjamin Wolf

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GRI 2-7 | GRI 2-3

Picture Credits

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Exceptions

p. 05 Adobe Stock/ii-graphics
p. 10 Adobe Stock/Azur13; Adobe Stock/Raul Mour
p. 17 Mr. Pierrougne
p. 20 COIMA
p. 52 Adobe Stock/Stafeeva
p. 53 ATL Action for Racial Equity (AARE)
p. 56 left: SOS Children's Village
p. 56 right: José Vital de Queiroz

Disclaimer

This report contains forward-looking statements based on current expectations, assumptions, and forecasts of the TK Elevator's management 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.

April 27, 2023

