KION GROUP

2020

Selected key figures

Selection of sustainability-relevant key figures, inter alia under GRI Standards and CSR-RUG[1]

Key figures	2020	2019	2018	Change 2020 / 2019
Company profile				
Revenue	€8,341.6 million	€8,806.5 million	€7,995.7 million	-5.3%
Net income	€210.9 million	€444.8 million	€401.6 million	-52.6%
Products and solutions				
Research and development expenditure	€235.3 million	€237.3 million	€221.7 million	-0.8%
Patent applications and patents granted	2,836	2,912	2,923	-2.6%
of which new applications in the reporting year	111	81	105	+37.0%
Number of orders for electric industrial trucks	173,101	181,631	171,302	-4.7%
Number of used industrial trucks sold	61,506	57,694	48,834	+6.6%
Environment				
Level of ISO 14001 certification[2] (plants as well as sales and service locations)	58%	52%	46%	
Total energy consumption	2,140,723 GJ	2,403,189 GJ	2,410,519 GJ	-10.9%
Greenhouse gas emissions (Scope 1, 2, 3)[3]	172,422 t CO_2e	228,097 t CO_2e	242,334 t CO_2e	-24.4%
Total water consumption	437 million liters	542 million liters	552 million liters	-19.3%
Total waste produced	65,695 t	77,373 t	65,695 t	-15.1%
Employees				
Employees[4]	36,207	34,604	33,128	4.6%
Personnel expenses	€2,300.8 million	€2,292.8 million	€2,100.2 million	0.3%
Percentage of female employees	17.2%	16.7%	16.2%	
Number of apprentices	687	672	601	
Level of ISO 45001 certification[2] (plants as well as sales and service locations)	42%	49%	44%	
Illness Rate[5]	2.9%	2.8%	2.8%	
Lost time injury frequency rate[6]	7.8	8.7	10.8	

[1] GRI Standards of the Global Reporting Initiative (GRI) and the preparation of a non-financial Group report in accordance with sections 315b and 315c in conjunction with 289c to 289e of the German Commercial Code (HGB) (German implementation of the EU Directive on non-financial reporting [CSR-RUG])
[2] Or equivalent standard
[3] Data is market-based
[4] Number of employees (full-time equivalents) as at balance sheet date 31/12/.
[5] Absence days due to illness or occupational accidents related to planned working days of active employees
[6] Occupational accidents with one or more working days lost per million hours worked

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                 corporate   solutions and health, safety and
                 governance   supply chain   environmental
                                               protection

Contents

Introduction

Foreword

Ladies and Gentlemen,

2020 was entirely dominated by the Covid-19 pandemic – and the effects of the virus are still impacting each and every one of us, both professionally and personally. The KION Group has come through the pandemic comparatively well so far. We launched our response to the 'new normal' early on and have followed it consistently. Above all, we focused on protecting the health of our employees, because their health and safety is always our top priority. We also capitalised on all available technical and organisational options to ensure as many of our employees as possible could work remotely. At the same time, we provided in-depth support to our partner and supplier companies to help them continue delivering. Last but not least, we seized the opportunities that arose in line with booming online retailing – particularly in the supply chain solutions business.

Guided by our 2027 strategy and driven by the strong commitment of our employees all across the globe, we have succeeded in keeping the KION Group on course, despite the turbulence of the times – and I am confident we will continue to do so. After all, the KION Group is both resilient and pioneering. Our commitment to sustainability substantiates this claim yet again and is one of the primary factors in our success – including in the post-Covid era.

Today, our future is already becoming increasingly clear. More than ever, it is essential to align corporate action with aspects of sustainability, through consistent climate protection and energy-efficient products, but also by ensuring socially responsible action across all areas, including global supply chains.

At KION, we have this future firmly in our sights. It is no coincidence that sustainability played a key role in the process that led to our 2027 Corporate Strategy. Our corporate values – Integrity, Collaboration, Courage and Excellence – make clear reference to sustainability. Equally, the inclusion of sustainability principles in the Group-wide KION Group Code of Compliance means they shape the actions of every individual in the company.

2020 saw us revise our sustainability strategy, systematically adding quantitative targets and specific key performance indicators. More detailed information on this is included in this report. To this end, we want to increase the focus of

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                corporate   solutions and   health, safety and
                governance   supply chain   environmental
                                                        protection

our activities on the aspects that really matter. Going forward, each of these strategy aspects will be overseen by a member of the Executive Board, because the company values sustainability as one of the most important executive responsibilities. Not least, our conviction is also mirrored in the remuneration received by the Executive Board and the management. In future, sustainability criteria will account for 20 percent of their variable remuneration.

In light of this, we also place high demands on our suppliers. When selecting our business partners, we focus on their performance in terms of sustainability issues. I am convinced that our consistent approach has helped fortify the KION Group into a robust and crisis-proof company. Sustainability also shapes our product portfolio. We have already incorporated aspects such as energy efficiency, safety and ergonomics into the product development process at various stages. We also want to set ourselves clear targets for how sustainable our products are so that we can measure how successful our activities have been using specific key performance indicators. This focus is summarised in a new basic principle: We provide products and solutions that are efficient to use, contribute to climate change mitigation and enhance the safety of our customers.

We firmly believe that economic success and sustainable action are not mutually exclusive. Instead, they are mutually enhancing. This has been common knowledge on the capital markets for a good while now, with companies' sustainability performances increasingly being assessed and used as the basis for investment decisions. At KION, our goal is to remain appropriately represented in the relevant sustainability ratings going forward and to improve our rating through systematic further development. In 2020, we once again achieved top industry-wide values, receiving Prime status in the ISS ESG rating and a score of A- in the CDP climate change rating.

We cannot achieve such ratings without making sure our own performance is transparent and traceable. This is a central factor in why we publish our Sustainability Report every year to demonstrate our stance on sustainability and what we have planned for the future. The latest edition of this report is in front of you. As you will see, in 2020, a year shaped by Covid-19, we have once again set out key milestones, achieved goals and, through decisive action, set a course for the KION Group's further development that is both profitable and sustainable.

I am delighted you are showing an interest in this report and hope you enjoy reading it!

With my best regards,

Gordon Riske
Chief Executive Officer
KION GROUP AG

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                                 protection

About this report

Contents   ✻ 102-12, 102-54, 102-56

This Sustainability Report (SR) shows the progress the KION Group has made in terms of its sustainable business development during the reporting period. Through this report, the KION Group also fulfils its obligation to submit a separate Group non-financial report (NfR) as required by §§ 315b, 315c in conjunction with 289c to 289e HGB (German Commercial Code). To increase transparency, the main elements are identified by the symbol ◈ and the relevant NfR information. To improve readability, not all mandatory content of the NfR has been marked in full. The SR also contains further information on the KION Group's sustainability activities that goes beyond statutory reporting requirements. The design of this report is based on the GRI Standards of the Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI Standards: Core option. GRI-relevant information is marked with a ✻ symbol as well as the corresponding GRI Standards disclosure. The disclosures, which are presented in a lighter colour, are not relevant for the 'Core' option. The GRI Content Index can be found in the Annex to this report.

The KION Group Supervisory Board commissioned an auditing firm with an external limited-assurance audit of the contents of the Group non-financial report pursuant to § 315b HGB for the fiscal year 2020. The Supervisory Board has included the auditor's assessment in its independent review of the Group non-financial declaration and respective final assessment. Complementing this, a limited-assurance audit of this report was carried out in accordance with the GRI Standards' 'Core' option. The audit mandate and audit results for both audits are available in the Assurance Reports.

Materiality analysis

◈ NfR: Identification of material issues, Non-financial risks,   ✻ 102-46
Specific financial items in the Financial Statement

In 2018, the KION Group revised its materiality analysis and completed the evaluation in 2019. As part of the analysis, the issues material to the Group for the Group non-financial report were also assessed. For this purpose, opportunities and risks for business activities as well as positive and negative effects of the company's activities on the environment and society in particular were taken into consideration. Further information and an overview of the aspects identified as material can be found in the section "Group-wide materiality analysis". Issues relevant for the NfR can be found in Table 1.

No material issues for the KION Group regarding the aspect of 'Social matters' were identified, as no related statements were assessed as necessary for an understanding of the performance or results of the business, the situation of the incorporated company, or impacts of KION's business activities on social matters.

Non-financial risks to the KION Group's business activities are addressed by the KION Group's risk management, which is explained in detail in the risk report of the combined management report in the KION Group Annual Report. In accordance with § 289c (3) nos. 3 and 4 HGB (German Commercial Code), no material risks were identified with

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                corporate   solutions and health, safety and
                governance   supply chain   environmental
                                             protection

a very high probability of serious negative impacts regarding the aspects set out in the CSR-RUG that are related to the KION Group's own business activities, business relationships, products and services. References to specific financial items in the Financial Statement are not required to understand the Group non-financial report.

Table 1: Index for the Group non-financial report (NfR)

Description of the business model	
Environmental matters	Environmentally responsible supply chain
	Location-specific greenhouse gas (GHG) emissions
	Product-related greenhouse gas (GHG) emissions
Employee matters	Diversity and equal opportunities
	Employee health and safety
Anti-corruption and bribery matters	Prevention of corruption and bribery
Respect for human rights	Socially responsible supply chain
Further aspects	Product safety

SASB reporting

For the first time, this report also meets SASB (Sustainability Accounting Standards Board) reporting requirements in accordance with the "Industrial Machinery & Goods" standard (version 2018-10). By taking the SASB standard into account, this report addresses, in particular, the transparency requirements of the capital market with regard to sustainability. The SASB Content Index in the Annex includes the essential topics for the KION Group in accordance with the SASB as well as related disclosures.

Scope and reporting period   102-45, 102-50

The contents of the report relate to the KION Group and its consolidated subsidiaries. A list of the consolidated entities is provided in the Annex [49] of the Annual Report. The key performance indicators (KPIs) in this report were essentially produced based on data from 120 reporting units. In doing so, data for 37 production and administration locations (referred to as 'plants') was gathered individually, while 83 disclosure points for sales and service companies in some cases comprise aggregated data from several locations. Varying degrees of data-gathering aggregation are indicated wherever relevant, where in exceptional cases the data does not cover all KION Group employees or subsidiaries. The report therefore covers all consolidated KION Group companies based in 33 countries and at approx. 400 locations. The Sustainability Report 2020 relates to the fiscal year 2020 covering the period 1 January to 31 December 2020.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                             protection

Collection and comparability of data and information   �֎ 102-48

The data collection which provides the main basis for the KPIs presented in this report is supported across the company by WeSustain software. Data on around 1,000 sustainability indicators is currently gathered Group-wide. The figures in this Sustainability Report have been rounded up or down in accordance with standard commercial practice. This may result in differences between the sum of the individual amounts given in the tables and the overall totals stated, as well as between the figures stated in the tables and their analysis in the main text of the Sustainability Report. All percentage changes and KPIs were calculated based on the underlying data. Possible deviations from data provided in previous reports may be the result of subsequent improvements in the underlying data, a modification in the calculation method or periodic updates of conversion and emission factors applied. This results in retrospective adjustments, especially for indicators that relate to climate and environmental issues. Significant changes from previously reported data, i.e. more than 15 percent of the overall totals, are indicated as such where they occur. Given the extraordinary global situation in the reporting year and the strong influence on environmental data in particular, a correct interpretation of changes compared to the previous year is only possible in individual cases. If clear statements can be derived, these will be commented on where applicable.

Forward-looking statements

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

Additional remarks

In the interests of legibility, the KION Group avoids the use of multiple-gender pronouns. No significance is implied, and any mentioning of personal pronouns is to be understood as gender-neutral.

The Sustainability Report 2020 can be downloaded in PDF format in English and German on the Group website. For further and more detailed information, see the corporate website www.kiongroup.com and the Annual Report. The company will publish its next sustainability report for the fiscal year 2021 in spring 2022.

Company profile

✳ **102-1, 102-2, 102-5, 102-6, 102-7, 102-10**

We keep the world moving

The KION Group is among the world's leading suppliers of industrial trucks and supply chain solutions. The company's range of services includes both industrial trucks, such as forklift trucks and warehouse technology equipment, as well as automation technology and software solutions for supply chain optimisation, including all related services. Across over 100 countries, the KION Group's logistics solutions improve material handling processes and the flow of information at factories, warehouses and distribution centres. With over 36,000 employees, the company is, in terms of 2020 unit sales, the largest manufacturer of industrial trucks in Europe as well as the leading provider of warehouse automation technology in terms of its 2019 revenue. With a global volume of more than 1.6 million industrial trucks and over 6,000 installed systems, the KION Group's customer base includes companies in numerous industries and of all different sizes across six continents.

We are moved by sustainability

The KION Group aspires to understand the needs of its customers like no other company anywhere in the world, and to impress them with customised material handling solutions. Sustainable business practices are the logical consequence of this aspiration. By aligning its actions with environmental, social and economic aspects, the KION Group also supports its customers in implementing their sustainability programmes, thereby meeting a key prerequisite for their own success. This makes sustainability a task for all employees. Everyone in the company is encouraged to contribute through innovations, ideas and consistent action to ensure the KION Group also fulfils its claim to be a sustainability leader. With a clear sustainability strategy, ambitious objectives and effective measures, the KION Group is on the right track. This report sets out its approach.

Business model and organisation

◈ **NfR: Description of the business model**

In the 2020 financial year, the KION Group operated in the market via its five operating units (OUs) LMH EMEA, STILL EMEA, KION APAC, KION Americas and Dematic. As part of the further development of the KION Group's organisational structure and governance, these were combined to form four operating units: KION ITS EMEA, KION ITS Americas, KION ITS APAC and KION SCS, with effect from 1 January 2021. While the operating units bear full operational and economic responsibility in their markets, KION GROUP AG is responsible for the Group-wide strategy and central business standards. The internal management of the company is handled by the two segments Industrial Trucks & Services (ITS) and Supply Chain Solutions (SCS). The Corporate Services segment comprises the other activities and holding functions of the KION Group.

For a detailed illustration of the KION Group's organisational structure, its business model and its key markets, see the section "Fundamentals of the KION Group" of the combined management report, which is part of the Annual Report and provides a detailed description of the Group's economic position. It is complemented by the quarterly reporting and relevant information in the Investor Relations section of the corporate website.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                               protection

Sustainable corporate governance

Sustainability strategy

The 'KION 2027' strategy provides strategic development guidance for the coming years in five clearly defined fields of action: Energy, Digital, Automation, Innovation and Performance (see Annual Report > KION Group Strategy). Sustainability was incorporated into the strategy process as a key guideline for action. The KION Group's corporate values (Integrity, Collaboration, Courage and Excellence) also make clear reference to sustainability – and with the inclusion of sustainability principles in the Group-wide KION Group Code of Compliance (KGCC), they shape the actions of every individual in the company.

In the year under review, KION's sustainability strategy, which had been in place since 2017, was revised to prioritise the most important topics within the strategic areas of 'People – Products – Processes' and to focus the KION Group's activities on the decisive aspects in each case (Figure 1). Specific, quantitative targets are set for each of these strategy aspects and backed up with corresponding key performance indicators (KPIs) (Table 2). Furthermore, a binding governance structure was laid out to ensure the targets are met. Each strategy aspect is overseen by a member of the Executive Board, who serves as sponsor. Responsibilities for meeting the targets are set out, as are information channels, supporting functions and the remits for validating the respective measures.

The revised strategy was adopted at the end of 2020 by the Group Executive Committee (GEC), which included the Presidents of the operating units as well as the members of the Executive Board. The Executive Board subsequently approved the strategy as binding. The GEC was dissolved at the start of 2021, while the Executive Board grew by two members. In future, the Executive Board will assume the responsibilities of the GEC.

Figure 1: KION Group sustainability strategy

We aim to be an employer people are keen to work for. Occupational health and safety is fundamental to us.

We provide highly performing products, solutions and services, that are efficient to use, contribute to climate change mitigation and enhance the safety of our customers.

We limit our impact on climate change. We also expect our suppliers to comply with environmental and social standards.

Table 2: Objectives and performance indicators of KION's sustainability strategy

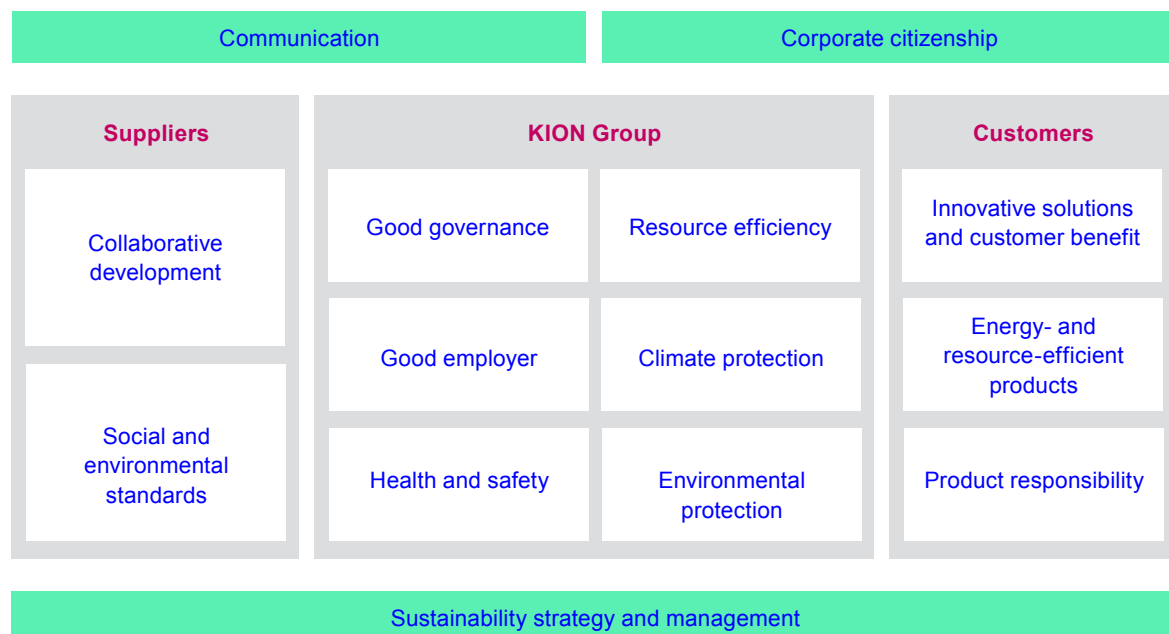| Strategic Topic	Strategy aspect	Targets and KPIs	Target Year
Occupational health and safety (OHS)	Accident frequency at KION	Reduction of accident frequency by 5 % p.a. (based on target; long-term: No occupational accidents)	per annum
	Management systems	100 % certification rate ISO 45001[1] by sites	2024
Employer attractiveness	Employee satisfaction	♦	♦
	Decent Work	No cases of non-compliance with KION Group Minimum employment standards	continuous
Product climate change mitigation	Composition of product portfolio	Development towards an electric focused portfolio incl. battery and fuel cell driven products: ITS: ♦ SCS: already 100 % electrified	♦ continuous
	CO$_2$ emissions of products and solutions during use phase	CO$_2$ neutrality of products and solutions during use phase (in scope 3 GHG emissions in tons of CO$_2$e caused by KION's annually shipped products and solutions)	♦
Product efficiency	Efficiency	♦	♦
Enhancing customers' safety	Accidents at customers	♦	♦
	Material safety	♦	♦
Climate change mitigation	Total energy related GHG emissions of own operations	30 % absolute reduction of total energy related GHG emissions of own operations in tons of CO$_2$e compared to 2017	2027
	Management systems	100 % certification rate ISO 14001[1] by sites	2024
Environmentally and socially responsible supply chain	Transparency on sustainability of supply chain	EcoVadis or equivalent (Corporate Social Responsibility performance rating) available for: 25 % top spend of strategic suppliers for all OUs[2] 100 % of strategic and high-risk suppliers[2] 100 % of direct suppliers[2]	2022 2023 2025
	Minimum sustainability requirements for supply chain	Definition and communication of minimum EcoVadis or equivalent score for all suppliers[2] Minimum EcoVadis score requirement mandatory for all suppliers[2]	2023 2027
Sustainable Business Development	Customer requirements	EcoVadis rating "Gold" for all OUs and KION Group	2027
	Investor requirements	S&P Global Corporate Sustainability Assessment (CSA) score ≥ 70 points for KION Group	2027

[1] Or equivalent standards
[2] Company group rating or site rating
♦ In progress

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                  corporate   solutions and   health, safety and
                  governance   supply chain   environmental
                                                   protection

A systematic Group-wide approach is in place for the operational implementation of both the sustainability strategy and the sustainability programme. The approach comprises 14 action fields (Figure 2). Derived from the sustainability strategy and the results of the materiality analysis, corroborating each action field is a specific programme with objectives, measures and, where appropriate, quantifiable performance indicators. The relevance of the action fields for the individual operating units is determined by their specific materiality analyses. Progress made at the Group level and in the operating units is reviewed annually, for example via the steering committees, and reported to the Executive Board. Responsibility for implementing these measures lies with the relevant managers, who are also responsible for integrating sustainability aspects into the processes. The sustainability targets define a minimum standard that is binding for the entire KION Group. Individual organisational units may go beyond these standards in their sustainability activities and/or extend them.

In future, the variable remuneration of the Executive Board and of the management will mirror the KION Group's sustainability performance. Both the long-term variable remuneration (LTI) of the Executive Board and the short-term variable remuneration (STI) of the Executive Board and management are linked to non-financial targets from core areas of the sustainability strategy. The STI focuses on accident frequency as well as on certifying sites to ISO standards for occupational safety and environmental protection. The LTI is measured on the basis of employee satisfaction and a comprehensive external assessment of the sustainability performance, which is assessed using a recognised rating. As a result, sustainability criteria determine a total of 20 percent of variable Executive Board and management remuneration.

Figure 2: KION sustainability management action fields

| Communication | Corporate citizenship |

Suppliers	KION Group		Customers
Collaborative development	Good governance	Resource efficiency	Innovative solutions and customer benefit
	Good employer	Climate protection	Energy- and resource-efficient products
Social and environmental standards	Health and safety	Environmental protection	Product responsibility

| Sustainability strategy and management |

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                corporate   solutions and health, safety and
                governance   supply chain   environmental
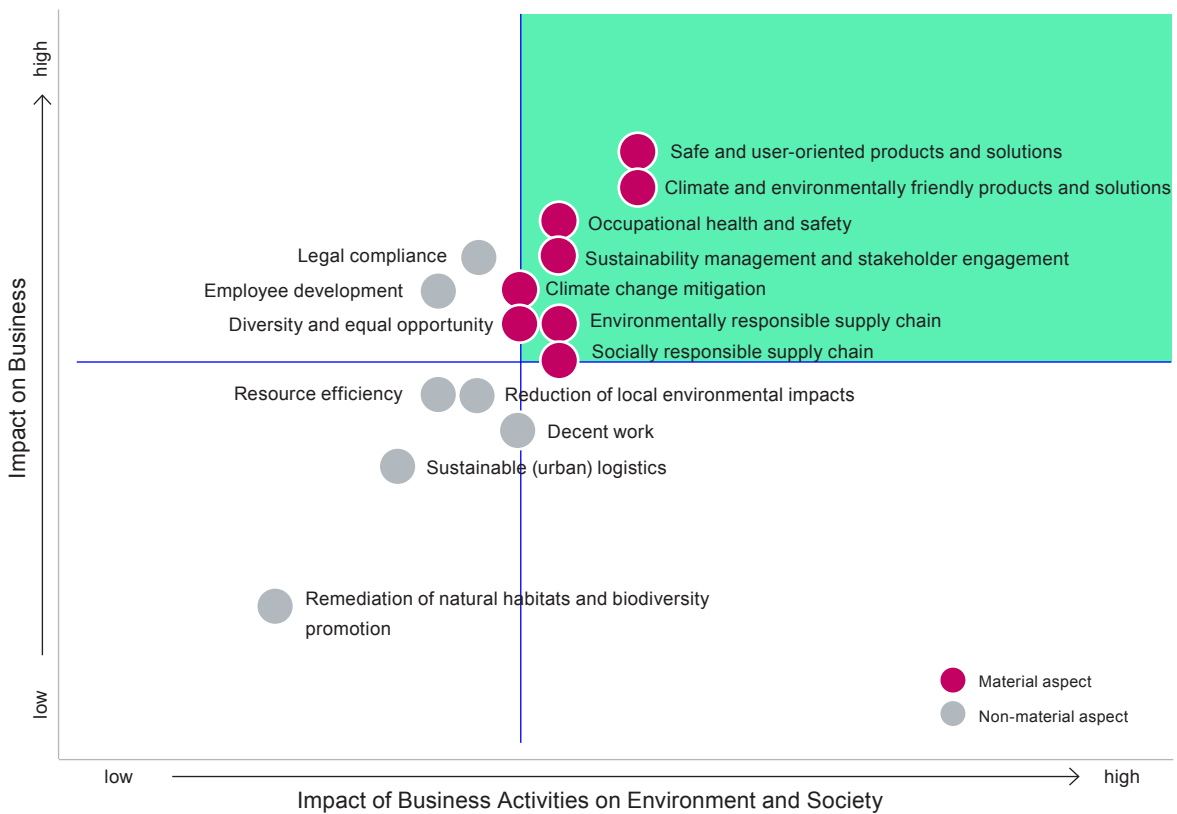   protection

Group-wide materiality analysis

❋: 102-43, 102-46, 102-47, 102-49

In 2018, the KION Group revised its sustainability approach with a Group-wide materiality analysis which was further detailed in 2019. This facilitated the identification of relevant aspects across the Group and regions, which also shaped the revision of the sustainability strategy. A global survey of the most important stakeholder groups resulted in a comprehensive synopsis of opinions. Opportunities and risks for corporate activities were considered on the basis of the United Nations' Sustainable Development Goals (SDGs), as were the positive and negative impacts of the company's activities on the environment and society. The findings were presented and confirmed in the Sustainability Steering Committee and the GEC (Figure 3).

Figure 3: Findings of the 2018/19 materiality analysis   ❋: 102-47

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                corporate   solutions and health, safety and
                governance   supply chain   environmental
                                             protection

Sustainability performance recognised

✴ 102-12, 102-43

The KION Group aims to be appropriately represented in the relevant sustainability ratings and rankings and transparently publishes the respective results on its website. Of particular importance in this regard is the annual Corporate Sustainability Assessment (CSA) carried out by the financial services company S&P Global as well as the rating carried out by EcoVadis, a platform specialising in the assessment of suppliers in terms of sustainability. Both ratings were included in the revision of KION's sustainability strategy and serve as the basis for setting out tangible targets and specific performance indicators. Additionally, the S&P Global CSA will also be incorporated into the variable remuneration of the KION Group's Executive Board in the future. Up-to-date ratings from CDP, FTSE Russell, ISS ESG, MSCI, Sustainalytics and Vigeo Eiris can also be found on the company website.

Organisation and management

✴ 102-16, 102-18

The Executive Board of KION GROUP AG is responsible for the strategic and operational management of the KION Group. For further information on the duties and composition of the Executive Board and Supervisory Board of KION GROUP AG, see the Annual Report. The KION Group works according to recognised standards of sound, responsible corporate governance. Besides statutory regulations, the German Corporate Governance Code (DCKG) guides how the KION Group manages and controls the company. Further information on the applied standards is included in the Corporate Governance Statement. The statement is part of the Annual Report and is available on the KION Group's corporate website. The KION Group's risk management system is documented in a Group risk policy. The policy defines tasks, processes and responsibilities and sets out the rules for identifying, assessing, reporting and managing risk. Further information on this can be found in the Annual Report.

Sustainability organisation

The KION Group's sustainable approach is characterised by the clear allocation of responsibilities. Until the end of the reporting year, this issue was the responsibility of the Chief Financial Officer (CFO). At the beginning of 2021, the responsibility became that of the Chief Technology Officer (CTO). It is up to the Executive Board to make decisions which ensure that the company's commitment to sustainability translates into specific measures. The Board also manages the company's sustainability strategy. As part of the Sustainability Steering Committee, the coordinators of the action fields as well as the sustainability coordinators of the operating units ensure that the sustainability programme is uniform across the Group and is continually developed and implemented further. The Steering Committee also regularly deals with the provisions of the German Commercial Code (HGB) relating to non-financial reporting and what these require on the part of the KION Group (see About this report – Contents). In 2020, the Committee met twice to revise the sustainability strategy.

KION's central sustainability management controls and coordinates the Group's sustainability programme, defines sustainability-related performance indicators and tracks target achievement in the action fields. It furthermore ensures coordination between the individual action fields, the organisational units and within the Group. It is also available to provide specialist support.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                  corporate   solutions and   health, safety and
                  governance   supply chain   environmental
                                                       protection

The coordinators responsible for the individual action fields manage the relevant programmes as well as their corresponding budgets and resources. They are also responsible for implementing the agreed action plans, including their transfer to operating units and subsidiaries. At the operational level, sustainability programmes corresponding to the KION Group action field model are established and cascaded to the local level. The KION Group sustainability strategy and the corresponding objectives are based on existing Group-wide standards and codes of conduct that ensure compliance with rules and regulations (Table 3). These include the KION Group Code of Compliance.

Table 3: Group-wide sustainability principles and guidelines

Principle/guideline	Scope
Anti-Bribery and Anti-Corruption Policy	Sets out guidelines to avoid corruption and any semblance of corruption
Compliance Principles for Independent Partners in KION's Sales and Service Organisation	Commits its sales and service partners to upholding the KION Group's compliance principles
Data Protection and Data Security Policy	Policy on collection and processing of customers', contracting parties' and employees' personal data
Donations and Sponsorship Policy	The principles of social involvement set out the focus and requirements for donation and sponsorship activities
Emergency Management	Sets out measures to prepare for emergencies that require rapid action and in-depth communication with authorities, the KION Executive Board or employees
Guidelines for the Avoidance of Conflict of Interest	Set out to avoid any conflict of interest; describe principles governing KION's business relationships
HSE Policy	Guidelines for occupational health, safety and environmental protection, concerning employees, customers and the general public
International Minimum Employment Standards	Explanation of underlying social rights and principles; excludes child and forced labour
KION Group Code of Compliance	Code of Conduct sets out guidelines for all employees across the KION Group to act lawfully and ethically
Principles of Supplier Conduct	Set out principles with which the KION Group requires its suppliers to comply
Purchasing Policy	Determines an overall process that is optimal for the KION Group, ensures the cost-efficient purchase of goods and services as well as legally compliant collaboration with suppliers
Quality Policy	Sets out guidelines for quality assurance in product development and production
Risk Management Policy	Describes tasks, processes and responsibilities in risk management and provides rules for identifying and assessing risks
Travel Policy	Defines principles for business travel and aims, among other things, to avoid travel and replace it with digital alternatives

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                     corporate   solutions and   health, safety and
                     governance   supply chain   environmental
                                                          protection

Compliance

The KION Group stands for consistent adherence to laws, guidelines and voluntary codices. This is ensured via a comprehensive compliance management system that centres on the KION Group Code of Compliance (KGCC), which lays out the guidelines for ethical, value-oriented and law-abiding business activities. It is supplemented by numerous other company-wide regulations on various topics covering the entire scope of the company's activities.

Clear rules for correct conduct

The KGCC is a binding framework for all employees that sets out guidance on correct conduct with colleagues, customers, business partners and the public. The rules and regulations are available in 24 languages and are updated as required in order to comply with the prevailing legal situation and the current corporate conditions at all times. As a German corporation, KION GROUP AG is primarily subject to German law. At the same time, the company is required to uphold national laws at its global locations. Where there are legal conflicts, the KGCC sets out the company's approach. In any cases of doubt concerning legal requirements, the Group's compliance or legal department serves as the point of contact.

The KION Group's compliance programme is continually updated to include new topics and new priorities. In the period under review, compliance activities once again focused primarily on anti-bribery and anti-corruption (see Zero tolerance for corruption and bribery). As in previous years, work in 2020 continued on data protection and IT security, foreign trade and export control, the fight against money laundering, fraud prevention with a focus on cybercrime, as well as directors' and officers' liability and responsibility.

Compliance organisation
⬦ NfR: Prevention of corruption and bribery

The Executive Board of KION GROUP AG bears overall responsibility for the compliance management system in the Group. In organisational terms, the compliance department reports to the Chief Financial Officer and is headed up by the Chief Compliance Officer. The Chief Compliance Officer and the compliance team further develop the compliance management system, provide advice and information on compliance topics, resolve examples of non-compliance and are responsible for the appropriate training. Each operating unit has a full-time Compliance Officer who reports directly to the Chief Compliance Officer and supports the management of the operating unit in implementing compliance requirements. Local and regional compliance representatives ensure that operations at subsidiaries comply with statutory and regulatory requirements. Consequently, they are the first points of contact for questions on, or reporting of, possible instances of non-compliance. Together they form the Group-wide compliance team, reporting to the Compliance Officer of the operating unit.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                              protection

On a quarterly basis, the local representatives report their activities to the compliance department. This reporting was switched to a SharePoint solution in 2020 as part of the digitalisation of internal processes. These reports contain information on inquiries received and potential compliance violations as well as locally conducted compliance training. They also include information on donations and sponsoring activities.

The KION Group compliance department works closely with the legal, internal audit and human resources departments. As a cross-functional body, the KION Compliance Committee is staffed by senior managers from these departments. It deals primarily with addressing compliance concerns, managing investigations and advising on sanctions when compliance violations are identified.

Actual or suspected incidents of non-compliance can be reported by telephone, post, e-mail or fax. In addition, all KION Group employees as well as external stakeholders can use a 24/7 whistleblowing hotline to report potential compliance violations. This can be done anonymously if they so wish. Contact information for reporting can be found in the compliance department's section on the KION Group's website. From spring 2021, there will also be the option to submit reports in writing via a web tool. The efficacy of the KION Group's compliance management system is continually reviewed and refined. It is based on the model of the IDW PS 980 auditing standard, which focuses on preventing compliance violations. When it comes to the anti-corruption section, the aim is to prevent, detect, track and penalise corruption within the KION Group. As part of its regular audits as well as through ad-hoc audits, the Group audit department checks compliance at the subsidiaries with the KION Group's compliance requirements.

In the year under review, the external audit of the compliance management system began in the anti-corruption section in accordance with IDW PS 980, based on ISO 19600. The audit examined the adequacy and design of the compliance management system. As of 31 December 2020, it was confirmed that, in accordance with the principles applied, the measures are adequate for identifying risks for material breaches of rules with sufficient certainty in good time as well as for preventing violations. The subsequent effectiveness audit at both central and local level is planned for 2021.

Zero tolerance for corruption and bribery

NfR: Prevention of corruption and bribery   **205-1, 205-2, 205-3**

Corruption and bribery are not tolerated at any time or in any form by the KION Group. The company pursues a 'Prevent – Detect – Respond' approach to meet this high standard. The KION Group Code of Compliance sets out specific requirements on conduct to prevent corruption. It focuses on the handling of gifts or benefits granted by or to business partners, dealing with public officials and the topics of donations and sponsorship. Detailed rules are included in the KION Anti-Bribery and Corruption Policy, the KION Guidelines on avoiding conflicts of interest and the KION Group Donations and Sponsorship Policy.

With its Anti-Bribery and Corruption (ABC) Policy, published in September 2018, the KION Group is responding to the increasingly stringent anti-corruption regulations worldwide, setting clear and uniform rules to minimise corresponding risks. The new guideline was actively communicated to the employees. The members of the Executive and Supervisory Boards were also informed of the policy. Among other things, it regulates cooperation with external business partners with regard to integrity checks or performance incentives. Depending on a business partner's risk profile, either a basic review or a multi-stage due diligence review takes place.

Furthermore, the policy sets country-specific approval limits and a uniform approval process for handling gifts and invitations and defines guidelines for the correct documentation of such transactions. In light of this, a new IT-based register was introduced in 2020 for recording gifts and invitations that KION Group employees receive or give to business partners. The application also includes the approval process and can be used via the KION Social Intranet as well as on mobile devices. Once rolled out across the Group, as is planned for early 2021, its use will be mandatory for all employees. The KION Group's Donations and Sponsorship Policy was revised in 2020 to standardise the existing company rules. Any donation or sponsorship must now be checked and approved in advance by the compliance department. Furthermore, approval processes for donations and sponsorship activities have been harmonised across KION and a global sponsorship strategy has been established. Such activities centre around supporting social institutions, education and science as well as environmental projects.

Systematic analysis is used to record and evaluate corruption and bribery risks throughout the Group over a three- to five-year cycle and adequate measures to eliminate both process and control weaknesses are derived. The characteristics of the corruption perception index for the respective country, the size and structure of the local purchasing or sales organisation and contacts with public officials play an important role in risk assessment. The analysis has already been completed for 94 percent of all KION subsidiaries, and no significant risks of corruption have been identified.

All reported suspected cases are followed up rigorously. Violations that have already occurred are investigated through effective control measures, such as regular or special audits. Disciplinary action is taken in any cases of misconduct and, if necessary, the compliance management system is modified to counter future violations. Appropriate clauses in contracts with dealers, consultants and suppliers also have a preventive effect. The regular training of employees who are exposed to an increased risk of corruption also serves to prevent bribery and corruption risks. In the reporting year, there were no confirmed cases of corruption or bribery at the KION Group.

Extensive training measures on compliance issues

NfR: Prevention of corruption and bribery   **205-2**

Every new employee at the KION Group is required to complete an e-learning course that covers all aspects of the KION Group Code of Compliance. Employees without a work PC and those who are exposed to particular compliance risks owing to their activities, such as in the area of sales, receive special face-to-face training. The KION Group aims to train all its employees regularly on the most critical topics (anti-corruption, avoiding conflicts of interest, competition law, anti-money laundering, data protection, IT security and human rights). As well as findings from

its compliance management system, changes to legislation or internal regulations are also incorporated into the face-to-face training courses. The compliance training programme was expanded in 2020 to include the new e-learning course 'Avoiding corruption in the KION Group – the general rules of the ABC Policy'. By the end of 2020, 26,513 employees had already successfully completed the new training, which is available in 22 languages. This accounts for 73 percent of KION Group employees.

In the reporting year, 41,061 participants received a total of over 33,000 online and face-to-face training hours on compliance, primarily on anti-corruption, handling of conflicts of interest and compliance for management. 99.5 percent of employees who received compliance training in 2020 were also trained in fighting corruption.

Stakeholder dialogue

⁜ 102-13, 102-40, 102-42, 102-43, 102-44

The KION Group and its operating units are in regular dialogue with a wide range of stakeholder groups, either directly, via surveys or at events (Table 4). This enables the Group to identify their requirements of the company at an early stage and incorporate them in decisions. The form and frequency of dialogue are adapted to suit particular needs.

Table 4: Stakeholder dialogue　　　　　　**⁜ 102-13, 102-40, 102-43, 102-44**

Stakeholder	Format, frequency, topics in 2020
Customers	**Format:** Regular customer visits, service helpdesk, customer audits, external assessments (e.g. EcoVadis), complaints management, customer events, trade fairs and in-house exhibitions, consulting, customer magazines, Internet, LMH Product Clinic, image brochures and one-pagers for key account customers, online stakeholder survey, Sustainability Report and sustainability brochures **Frequency:** Continuous/ongoing **Topics in 2020:** Product features, e.g. efficiency and emissions as well as safety, service offering, ergonomic design of vehicles and systems, assessment of sustainability performance of sites and organisations
Distributors	**Format:** Distributors' Board, regular meetings (annual kick-off and year-end events) **Frequency:** Continuous/ongoing **Topics in 2020:** Zero Accident philosophy at LMH EMEA
Employees	**Format:** Management and employee survey, KEEP employee participation programme, suggestion scheme, employee magazine, intranet, online stakeholder survey, Sustainability Report, instruments and committees of co-determination for an in-depth exchange **Frequency:** Continuous/ongoing **Topics in 2020:** Company development, important sustainability topics for KION Group
Financial market	**Format:** Section on Sustainability in the Annual Report, answering questions in the context of investor discussions and inquiries from financial analysts, assessment by rating organisations, online stakeholder survey, Sustainability Report **Frequency:** Continuous/ongoing **Topics in 2020:** Sustainability management, social topics, environmental protection, important sustainability topics for KION, governance, transparent reporting on ESG criteria (Environment, Social, Governance), e.g. CDP, ISS ESG, S&P Global CSA

Stakeholder	Format, frequency, topics in 2020
General public	**Format:** Journal articles, social media, campaign days, section on Sustainability in the Annual Report, Sustainability Report **Frequency:** Continuous/ongoing **Topics in 2020:** Sustainability management, social aspects, environmental protection, transparent reporting on sustainability
(Industry) associations	**Format:** Participation in symposiums and working groups, membership of numerous associations such as ISO, DIN, VDMA, FEM **Frequency:** Continuous/ongoing **Topics in 2020:** Energy efficiency, product specifications, product safety, product life cycle sustainability
Legislative bodies/policy makers	**Format:** Dialogue with authorities, association work **Frequency:** Intermittently, as required **Topics in 2020:** Dialogue with authorities, association work
Local communities	**Format:** Local events such as the StaplerCup federal state preliminary rounds, Training Day, regular exchange with local authorities at the locations, participating in the local Agenda 21 committee **Frequency:** Intermittently, as required **Topics in 2020:** Social and cultural engagement, products, safety standards, environment, traffic and traffic management
Media	**Format:** Section on Sustainability in the Annual Report, press events, Sustainability Report, social media **Frequency:** Continuous/ongoing **Topics in 2020:** Sustainability management, social topics, environmental protection, transparent reporting on sustainability, efficient energy systems, safety technology, sustainability activities
Non-govern-mental organi-sations	**Format:** Dialogue forums with NGOs (e.g. Linde China) **Regelmäßigkeit:** Intermittently, as required **Topics in 2020:** Volunteering activities for environmental protection and education within and beyond the company
Science and research	**Format:** Collaborations with education institutions, research projects, information days, internships, collaboration with students on dissertations and theses **Frequency:** Continuous/ongoing **Topics in 2020:** E.g. alternative drive technologies
Suppliers	**Format:** Supplier negotiations, EcoVadis supplier assessments, supplier audits, online stakeholder survey **Frequency:** Continuous/ongoing **Topics in 2020:** KION Group Principles of Supplier Conduct, EcoVadis supplier assessments

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                       corporate   solutions and   health, safety and
                       governance   supply chain   environmental
                                                               protection

The KION Group identifies stakeholder groups that are particularly relevant to sustainability management according to clear criteria. These take into account the importance and contribution of stakeholders to the KION Group's success as well as their specific requirements with regard to the company's sustainability performance. The Group's key stakeholders are customers, employees, the capital markets (investors, shareholders) and suppliers. In addition, the company and its operating units are members of industry associations and international institutions. The KION Group is actively working on sustainability issues, for instance in the German Mechanical Engineering Industry Association (VDMA), whose Blue Competence sustainability initiative the KION Group supports as a member. Furthermore, the KION Group is part of, for example, the Federation of the German Foundry Industry (BDG) and the European Materials Handling Federation (FEM, Fédération Européenne de la Manutention). The KION Group is also involved in developing environmental standards such as ISO, CEN or DIN. In keeping with the KION Group Code of Compliance, the Group does not maintain any political relationships beyond its association work.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                               protection

Products, solutions and supply chain

The 'KION 2027' strategy provides direction for strategic development with a focus on energy, digitalisation, automation, innovation and performance. Sustainability considerations are incorporated into the product development process at various stages. The KION Group also pays particular attention to a supplier's sustainability performance in its supplier selection process.

Products and solutions

Management approach

NfR: Product-related greenhouse gas (GHG) emissions, Product safety

Within the scope of the KION sustainability strategy, two action fields (see section on Sustainable corporate management) specifically address product-related sustainability aspects at a Group level. One is devoted to the energy and resource efficiency of products, aiming in particular at climate- and environmentally friendly products and solutions characterised by improved energy efficiency and a reduction in corresponding CO_2 emissions via lower fuel and energy consumption. The action field of product responsibility focuses on safe and user-oriented products and solutions. Besides the safe and ergonomic use of products, this also includes compliance with legal provisions and standards as well as requirements surrounding servicing and (dis)assembly.

After the first holistic understanding of product sustainability at the KION Group was developed as early as 2018, activities in 2020 focused on tightening the KION product sustainability strategy. To this end, there was a drive to develop strategic objectives and corresponding key performance indicators (KPIs). This will continue into 2021, given the high level of complexity surrounding the issue. In light of this, the basic principle of the KION product sustainability strategy has been revised to read: "We provide highly performing products, solutions and services, that are efficient to use, contribute to climate change mitigation and enhance the safety of our customers."

This statement is the source of the three topics the KION Group will focus on in terms of product sustainability, namely: climate change mitigation, product efficiency and enhancing customers' safety. For each strategic focus, the strategy aspects the KION Group will concentrate its efforts on in the future have been set out. In terms of climate change mitigation and product efficiency, efforts will centre on the composition of the Group's product portfolio and on reducing service life CO_2 emissions. Work is also in progress on further efficiency improvements to set the course for reducing CO_2 emissions as early as the product creation process. In order to further improve customer safety, the KION Group is paying particular attention to the prevention of on-site accidents for customers. Further information on the product sustainability strategy's objectives and KPIs can be found in the relevant subsections of this report.

Product strategy and organisation

In pursuing a cross-brand and cross-regional development approach, the KION Group is aiming to achieve uniform standards and globally coordinate its technical activities in order to be able to offer more product variants in the future that require less effort and shorter development processes. To this end, the technical functions of research and development (R&D), procurement, quality assurance and the production system have been brought together in a central KION organisation headed by the Chief Technology Officer (CTO). Further information on R&D can be found in the Annual Report.

The Group-wide CTO organisation coordinates and pools development projects set out by the product managements of the operating units depending on the needs of their respective markets. Their decisions are based on findings from customer meetings, market research and competitive analyses. Within the CTO organisation, the product sustainability department forms an important interface with the KION Sustainability Team.

The Global Product Strategy Councils are a central element in the KION Group's product development process. This is where development programmes are discussed and coordinated across departments and regions. Close involvement of customers in the product development process characterises the KION Group's innovation management and product development. It has been observed that sustainability aspects such as energy consumption and CO_2 emissions are becoming decisive purchasing criteria.

Sustainability in product development

⬦ NfR: Product-related greenhouse gas (GHG) emissions, Product safety

In both the ITS and SCS segments, the aim is to design products and solutions that are as environmentally friendly and energy-saving as possible in order to offer customers resource-efficient, and thus cost-efficient, solutions. This also includes selecting materials that are as environmentally friendly as possible. In addition, the KION Group places the highest standards on product safety and ergonomic design, which means customers can also offer their employees maximum protection as well as optimise occupational health and safety through ergonomic workflows.

As part of the KPDO (KION Product Development Optimisation) project, the iPEP (innovative Product Evolution Process) was restructured in 2020 in order, inter alia, to pay even greater consideration to sustainability aspects in product development activities, with corresponding objectives and design specifications. Furthermore, sustainability is to be made a focus topic right at the very start of the product evolution process. The "Requirements Management" sub-project, which sets out acceptance criteria for new products within the product evolution process, is of particular importance here.

Following the adoption of the revised product sustainability strategy at the end of 2020, the corresponding KION Group guidelines are now also being revised and should be available in their new form by the end of 2021.

Quality as a key performance component

⬦ NfR: Product safety

Quality is a key component of the promise to deliver the benefits offered by all KION Group products and processes. In doing so, the company is pursuing ambitious goals: to further optimise quality shortfall statistics in the long term, minimise vehicle downtimes and introduce standardised quality assurance processes worldwide. The quality management systems of the KION Group and its operating entities hold ISO 9001 certification. Around 80 percent (2019: 80 percent) of all production plants and administrative offices (37 plants) as well as the entire CTO organisation are covered by the certification. The KION Group also attaches great importance to quality and reliability as early as the supplier selection process (see the section on sustainable procurement).

Energy- and resource-efficient products

◈ **NfR: Product-related greenhouse gas (GHG) emissions**

The KION Group aims to provide the ideal solution for every application in its portfolio – regardless of the drive technology. For the customer, the aim is to combine the lowest possible total cost of ownership with maximum environmental protection. For vehicles with combustion engines, the focus is primarily on constantly tightened emissions limit values. As far as electric drives are concerned, the key challenges remain the development of products for all performance levels and the availability of suitable energy sources, such as lithium-ion batteries or fuel cells.

This is also where the joint venture KION Battery Systems GmbH (KBS), established in 2019 by the KION Group and BMZ Holding GmbH in the EMEA region, comes in. The company aims to expand the range of lithium-ion products and to increase available product capacity. Lithium-ion batteries for the KION Group have been produced at KBS since July 2020. Two new production lines were commissioned at the end of 2020, meaning manufacturing capacity has more than doubled since 2019.

As part of revising its product sustainability strategy, the KION Group has set itself the goal of reducing CO_2 emissions from KION products throughout their service life. This will be measured according to the total greenhouse gas emissions (Scope 3) from the products and solutions sold each year. With this in mind, there is also a drive to electrify the product portfolio, measured by the proportion of electric-powered products in order intakes in terms of units in the ITS segment. In the year under review, the electrification rate* was 87 percent (2019: 85 percent). Last but not least, product efficiency is an important strategic aspect. The definition of a performance indicator and relevant specific target will be finalised in the course of 2021.

* Data source: World Industrial Truck Statistics (WITS)/Fédération Européenne de la Manutention (FEM)

LMH EMEA has analysed representative products along the product life cycle using life cycle assessments. The methodology applied has been examined and certified by TÜV Rheinland. Recertification began again in 2020 and will be completed in the first half of 2021. Across all product groups, the analysis proved that energy and fuel consumption during service life is the biggest emission driver. For this reason, the drives' energy efficiency is always of priority. The company is focusing both on the further development of combustion engine drives and on the development of high-performance and efficient electric drive technologies. As a result, a large number of projects in the operating units are concerned with reducing energy consumption or emissions.

Renting a truck or purchasing a pre-owned truck also saves customers costs and conserves resources. For a number of years now, KION's operating units in the ITS segment have been offering attractive deals with a view to providing both financial and resource-based savings. In the year under review, the KION Group generated around €364.0 million in this way (2019: €361.1 million). In 2020, one in five forklifts sold in the company's ITS segment was an item of used equipment.

The growing importance of electric drives

The KION Group is a global market leader in electric forklift trucks and warehouse trucks and intends to strengthen this position further in the future. Lithium-ion technology has meant that the focus is increasingly shifting to electrically powered trucks of high tonnages, which in the past were powered by combustion engines.

The energy-efficient lithium-ion batteries are available at Linde and STILL throughout the majority of the fleet and are specifically adapted to the relevant vehicles. Their key advantages over conventional lead-acid batteries include faster charging times as well as a three to four times longer service life and a much higher energy content. Moreover, the energy efficiency of lithium-ion batteries is over 90 percent, which allows customers to achieve savings of around 30 percent in terms of their energy consumption as well as substantially reducing greenhouse gas emissions compared to a conventional battery-charger combination.

At the customer's request, fuel cells can also be integrated into LMH EMEA and STILL EMEA's industrial trucks. Complementing the lithium-ion technology, LMH EMEA aims to offer a full range of fuel-cell trucks as well. Around 80 percent of all Linde electric forklift trucks can currently be equipped with fuel cells. LMH EMEA also uses fuel-cell technology in its own production. 2020 saw the launch of the 'LMH P2 goes green' fuel-cell project at the Aschaffenburg plant. 21 trucks from the on-site fleet will be equipped with fuel cells. Over the course of 2022, the plan is to start trial operations with a hydrogen-filling station with the necessary electrolyser. STILL offers fuel cells on a project basis and operates Europe's largest customer-based hydrogen-powered fleet.

It remains the case that only a few manufacturers are rising to meet the challenge of offering plug-and-play solutions with fuel cells in an existing mass-produced model. Developers are also focusing on the durability and reliability of systems as well as the required vehicle-refuelling infrastructure. The limited supply of fuel cells with the required power output is hampering progress, as cells that can deliver more than 10 kilowatt of power are still not available. However, the European Union's (EU) New Green Deal has recently led to increased demand for hydrogen-based solutions for industrial trucks.

Innovative and energy-saving drive technologies are also coming to the fore in the SCS segment. Dematic storage and retrieval systems, for instance, are equipped with energy-recovery systems as standard. Thanks to the lightweight construction and energy recovery system, energy savings of up to 29 percent are achievable compared to systems without these characteristics. In addition, a new feature has been introduced whereby infrequently used system areas can be put into sleep mode. Where this is the case, sensors that are not needed are switched off and motors are removed from the control loop, resulting in energy savings. This feature was integrated into the Dematic Multi Shuttle 2 E in 2020 as well as in the stationary sector.

2020 milestones

In the year under review, important milestones were once again achieved by the operating units. As early as 2019, LMH EMEA's battery portfolio for e-trucks was expanded to include medium-capacity lithium-ion batteries and the product family of lithium-ion chargers was expanded in the 24 volt range. In 2020, STILL followed up with lithium-ion batteries in the 48 and 80 volt range. Customers now have a much wider choice and therefore the added option of making appropriate and efficient use of batteries.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                              protection

As the multitude of options for energy provision grow, so too does customers' need for advice. To support customers in choosing the right technology for them, LMH EMEA has added new solutions and tools to its existing range of consulting services. For instance, the 'Energy Quick Check' web-based analysis app makes it possible to identify the best technology for the customer in just a few questions. Similarly, the 'Energy Analyzer', an internal load profile comparison portal, helps in the analysis, prognosis and optimisation of energy consumption and the corresponding processes.

2020 saw STILL launch another model from the successful RX20/RX60 series. As a result, STILL now has one of the most up-to-date and efficient counterbalance truck portfolios in the EMEA region. Two further efficient trucks – the EXH-S and the EXD-S – have since been introduced in the warehouse technology equipment segment, while the ECH 15, a low-platform truck with an integrated lithium-ion battery, is now also available to customers.

In the SCS segment, Dematic continued its efforts in 2020 to develop an entirely new conveyor technology module that can do without any pneumatic components by applying electrically powered actuators. The goal is a beta release in 2021. SCS is implementing the energy efficiency specifications according to the IEC 60034-30-1 norm as well as offering IE3 efficiency class drives.

Continuous optimisation of drives with combustion engines

Alongside its commitment to electric drives, the KION Group is also driving improvements to diesel or liquid gas combustion engines, as these are still an important industrial requirement for many areas of application. Here, the focus is on constantly reducing the environmental impact. For many years, Linde and STILL brand industrial trucks have been among the lowest-emission trucks available in all load-capacity classes. The latest examples are the H20 – H35 industrial trucks, available with diesel and gas drives. These already meet the strict requirements of the European Union's Euro V emission standard under EU Regulation 2016/1628, which tightens pollutant limits by up to 98 percent. The legal deadline for converting to these values has been extended to 30 June 2021. Linde and STILL are working on the corresponding conversion of further vehicles.

Product responsibility

⬦ NfR: Product safety   **⁜ 403-7, 416-1, 416-2**

The safe, ergonomic operation of all KION Group products has always been a focus of KION's product development activities. As part of the product development process, all KION Group products are tested for their health and safety impacts in accordance with legal requirements. All products must comply with the laws and regulations in the respective countries. Furthermore, as part of the iPEP product evolution process, all new development projects in the ITS segment are reviewed for potential improvements, taking into account experience from previous projects. Findings from customer surveys are also incorporated here.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                    corporate   solutions and   health, safety and
                    governance   supply chain   environmental
                                                           protection

In the reporting year, the company was not notified of any instances or significant fines owing to non-compliance with laws and regulations concerning the supply and use of products and services, or their impact on health and safety.

Substituting chemical substances which may be harmful to humans or may have an adverse effect on the environment is a constant challenge and a key aspect in terms of product responsibility at the KION Group. As early as 2016, the KION Group committed to eliminating components that are manufactured using chromium VI. In recent years, the Group has taken important steps to achieve this. At present, only small amounts of old stock are still being used up as well as a few materials for which purchase commitments are still in place. As far as product development is concerned, the technical conversion in Europe is now completed. In the other operating units, the conversion is ongoing.

Improving customer safety

⬦ NfR: Product safety

To further improve customer safety in particular, this topic was given priority during the revision of KION's product sustainability strategy. Here, the main focus falls on preventing accidents at customers' premises. The KION Group aims to entirely prevent serious, or even fatal, accidents for customers. The right measures are still being assessed in order to meet this aim. This will be completed in the course of 2021.

The KION Group's products, in particular those of the premium brands Linde and STILL, have always set standards when it comes to safety. Globally, the respective national laws set the framework and the sales unit in the respective country is responsible for compliance. In addition, each operating manual is issued with a reference to compliance with national law. Besides the operator's manual and the ISO 3691 standard, which regulates the safety requirements for vehicles, other laws and regulations apply in Europe. These include, for instance, directives on electromechanical compatibility and explosion protection, the Outdoor Noise Directive on noise protection and German road traffic licensing regulations (StVZO).

To ensure the highest level of safety for both operators and the environment, the KION Group's standards usually go beyond the legal requirements and are backed up by numerous tests and trials with industrial trucks. Besides procedures such as the simulation of different driving conditions or load tests, KION also employs in-house developed test methods in the product development process. In some cases, these go far beyond the requirements set out in the relevant standards.

Active and passive safety systems offer the best possible safety for operators and therefore reduce the risk of accidents. In addition, assistance systems provide support in critical situations. These systems are offered by both Linde (Safety Guard, Safety Pilot, Speed Assist) and STILL (OPTISAFE, OPTISPEED 4.0, Dynamic Load Control 1/2). A range of safety packages guarantee that the trucks optimally meet the requirements in their respective areas of application.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                            protection

2020 saw STILL introduce a demonstration model equipped with all available safety features to bring available solutions to customers on-site. Among other things, the truck's protective warning devices have been further improved, heightening awareness of the vehicle in its surroundings. Additional features include Dynamic Load Control 1 and 2, which prevent both driver and vehicle from getting into critical situations – effectively avoiding tip-over accidents, which pose a major risk of serious injury.

In light of the Covid-19 pandemic, LMH EMEA developed a solution in 2020 to ensure employees keep the recommended minimum distance. If this distance is not adhered to, the Distance Beeper gives an alert in the form of an acoustic signal and vibration. In addition, a light strip flashes on the Secure Distance Vest to alert the wearer to the minimum distance in place. In the event of a positive case, connected:cloud contact tracing software allows chains of contacts to be traced. A corresponding data protection concept prevents unauthorised persons from viewing and evaluating personal data. Only anonymised data is made available for further applications (such as employee training).

In the SCS segment, Dematic specialists consider safety aspects when developing innovative logistics solutions. Smart control software not only increases efficiency but also helps to minimise risks through optimised coordination and control. Even after the supply chain solution has been installed, Dematic supports customers by offering appropriate consulting services where there are any safety optimisation concerns. Another important aspect in this regard is reducing noise, for instance with the help of the noise-reducing roller, especially in areas where users interact directly with SCS equipment.

Dematic has chosen to generally comply with European CE standards and US UL certification as well as with the Australian C-Tick/RCM standards system. This means products always meet the highest safety standards – even where these are not explicitly required in the region in question.

All operating units offer their customers comprehensive training measures and product handling instructions. With its Linde Safety Scan, LMH EMEA has established a consulting service in order to also make its safety experience available for the design of customers' internal logistics processes. In doing so, LMH EMEA is supporting customers in the analysis and elimination of safety risks. Since 2017, LMH EMEA has conducted a total of 90 Safety Scan projects in Europe.

Ergonomics as a development goal

The KION Group aims to minimise the strain on people by ensuring that its products are as ergonomic as possible. The range of equipment variants and standard equipment available to customers is constantly being expanded: multi-adjustable workstations with elements such as ergonomically shaped joysticks, height-adjustable seats, suspension of the workstations, displays for visualising and operating vehicle functions, patented, particularly ergonomic workstations on low-platform trucks – these are all measures designed to contribute to optimum vehicle operation, focused on the perfect interaction between operator and machine.

A particular emphasis of the operating entities in the ITS segment lies on reducing human body vibration – mechanical oscillations and vibrations to which the drivers and operators of forklift trucks and warehouse technology are exposed during the course of their day-to-day work. Once again, the goal is to exceed the applicable standards for the benefit of the operators. For the majority of the product portfolio in the ITS segment, decoupled cabs, vibration-damped seats or damped driver workstations are therefore available as standard or optional equipment.

By optimising processes, reducing the number of process steps required and increasing automation as well as reducing the associated manual processes, the intralogistics solutions in the SCS segment also help to reduce particularly unergonomic workflow activities. For example, the AMCAP system has been equipped with a standard module that uses robots to automate the depalletisation of incoming goods – a process that is particularly physically strenuous. This noticeably relieves operators by eliminating manual, unergonomic work. Robot-assisted depalletisation can be used in all automated systems.

Sustainable procurement

✳ **102-9**

The KION Group's purchasing organisation is strategically managed centrally and operates with a cross-brand and cross-regional material group structure. Where reasonable, regional and segment-related priorities are set. The aim is to identify cross-functional synergies, for instance, by pooling purchasing volumes, expertise or resources.

Depending on the vertical integration of its products, KION procures not just raw and input materials but also simple to complex components and systems as well as tested finished products from strategic partners. The KION Group's strategic focus has led to these finished products accounting for an increasingly large proportion of purchased parts.

The largest share of the purchasing volume consisted of €4.0 billion worth of materials in 2020 (2019: €4.1 billion). Electronic and hydraulic components account for the largest categories of material in terms of quantity, followed by production lines and components, structural steel and steel sheet components as well as drive units and wheels. Financial and logistics services, maintenance measures and personnel services account for the largest share of expenditure in indirect purchasing. The key components of KION forklift truck and warehouse technology equipment in the ITS segment are manufactured by the company itself, specifically the lift masts, axles, counterweights and chassis. Following the establishment of KBS in 2019, batteries and chargers will also increasingly be manufactured in-house (see Energy- and resource-efficient products). In the SCS segment, the precisely specified system components for each customer project are primarily manufactured in-house but also partly by qualified third-party suppliers approved by KION.

Goods from Europe account for the largest share of the KION Group's purchasing volume (74 percent), followed by North and South America (14 percent) and Asia-Pacific (11 percent). Comparable products are always sourced from the country with the most cost-effective package of costs, technology, innovation and service. Shipping costs and customs duties are also taken into account here. The KION Group therefore strives to use local supplier structures to reduce transport distances and optimise the availability of materials and parts. This approach also minimises the environmental impact of goods in transit.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                               protection

Globally, requirements relating to sustainability criteria are increasing for both raw materials (e.g. particularly critical hazardous substances or conflict minerals) and products (e.g. carbon footprint). Coupled with the large number of product groups and different levels of vertical integration, this is a major challenge for the KION Group, as it is often difficult to harmonise systems and processes. Further information can be found in the Annual Report – Procurement risks.

Given the high degree of technical specialisation of KION Group products, the Group procures many customer-specific components with a single-sourcing approach. This can give rise to risks regarding component availability. The risk and capacity management system is in place to work with suppliers to examine risks as well as develop and implement concepts to safeguard capacity. For this reason, the KION Group meets with its suppliers on a monthly basis. In addition, delivery and quality indicators are collected from suppliers on a weekly basis. The materials used in the KION Group's products often contain components which are subject to environmental regulations (e.g. the EU's REACH chemicals directive). The KION Group proactively meets these requirements by taking note of planned regulatory changes at an early stage and actively communicating the requirements to its suppliers.

Supplier management

NfR: Socially and environmentally responsible supply chain   **102-16, 407-1, 408-1, 409-1**

The KION Group sets out sustainability requirements for its suppliers in the form of specific guidelines and regulations. For example, the KION Group Code of Compliance and the General Terms and Conditions of Purchase contain specific requirements and rules of conduct for responsible procurement. But the Group's Principles of Supplier Conduct, approved by the Executive Board in 2015, establish the fundamental framework for this. Focused on the most important procurement markets, these specifications are available in seven languages and set out clear environmental and ethical guidelines for supplier management activities. They also comprise the expectation of all suppliers to respect human rights and uphold international social standards, including the ban on child and forced labour in accordance with International Labour Organization (ILO) conventions, as well as the enforcement of statutory minimum health and safety standards (see the KION Group Principles of Supplier Conduct). The KION Group was not notified of any significant violations of these principles in the reporting year. Furthermore, the company has no evidence that its individual suppliers may be infringing on human rights, in particular the right to freedom of association or collective bargaining as well as the ban on child and forced labour. If the KION Group becomes aware of violations of these principles, such as through audits or notifications, this can lead to the barring of the supplier concerned.

In order to integrate sustainability even more firmly in the supply chain, various key purchasing documents are currently being revised, supplemented with sustainability aspects, adopted and published. In 2020, for example, the audit questionnaire for suppliers was expanded to include proof of an EcoVadis scorecard. For strategically impor-

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                               protection

tant suppliers, this is also integrated into the evaluation process so that decisions can take into account sustainability performance and, where appropriate, the scope of necessary improvement measures. Going forward, sustainability aspects will also increasingly be included in requests for information and offers as well as in contractual documents.

Each purchasing department is responsible for monitoring compliance with guidelines in its area. Commodity Managers consider sustainability factors and devise specific solutions in the event of deviating standards among suppliers. In addition, there is a dedicated function in the central technical purchasing department, which deals primarily with sustainability issues.

Supplier assessments

NfR: Socially and environmentally responsible supply chain   308-1, 414-1

The KION Group relies on EcoVadis as a supplier management tool to objectively and reliably evaluate the sustainability performance of its most important suppliers. This assessment platform offers a means by which to check whether strategically important suppliers have implemented effective management systems to ensure compliance with international standards across Health, Safety, Environment (HSE), anti-corruption and anti-bribery, product-related environmental protection and monitoring of upstream supply chains. Compliance with human rights, labour rights and employment standards at suppliers is also checked in this way. If weaknesses are uncovered, corrective action is put in place and progress reviewed at the next EcoVadis assessment. This way, the KION Group aims to increase the transparency of their suppliers' sustainability performance and manage risks and opportunities in a more targeted way with regard to the sustainability of their supply chains. As proof of the effectiveness of this strategy, in the financial year 2020, 65 percent of suppliers reviewed improved their EcoVadis rating compared with the previous year.

The KION Group's goal is to cover at least 25 percent of the purchasing volume of each operating unit through the EcoVadis assessment by 2022. In 2020, LMH EMEA, for example, achieved more than 20 percent coverage. On top of that, a third of the KION Group's top 100 suppliers have already undergone the evaluation process.

In 2020, the global supplier base was assessed and categorised from a sustainability perspective to identify particularly risky suppliers. This involved applying the EcoVadis assessment of country and industry risks and applying it to the KION product groups. The next phase is aimed at incorporating the results of the categorisation into the general risk assessment of series suppliers. Irrespective of the EcoVadis system, the KION Group continued the Group-wide categorisation of suppliers in 2020 to evaluate their commercial, qualitative, logistical and technical performance. The goal is still to secure the performance of suppliers through appropriate processes. To date, the majority of strategically important suppliers has been assessed. Findings on identified risks were then jointly transferred to corresponding action plans for risk minimisation.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                              protection

Occupational health, safety and environmental protection

The KION Group has established a comprehensive Health, Safety, Environment (HSE) management system to avoid or, where this is not possible, to reduce its negative impact on people and the environment. The system covers all aspects of occupational health, safety and environmental protection and applies to all KION Group employees. As a responsible employer, the KION Group focuses on preventing accidents and occupational illnesses as much as possible, as well as safeguarding each individual's long-term capacity to work. For this reason, occupational health and safety are embedded as strategic topics in the KION Group's revised sustainability strategy as part of its 'People' dimension.

For the KION Group, environmental responsibility comprises two aspects: First, the company intends to minimise the environmental footprint of its own actions as far as possible. Second, the KION Group wants its products and solutions to help its customers save energy, reduce emissions and improve efficiency and performance (see section on Products and solutions).

Five of the 14 action fields of the sustainability programme focus on environmental aspects (see section on Sustainable corporate governance). At Group level, the top priority is climate protection, especially with regard to energy use. Using resources responsibly and preventing local environmental impacts are mostly relevant at the level of the operating entities for the KION Group.

Management approach

⬦ **NfR: Employee health and safety, Location-specific greenhouse gas (GHG) emissions**

The KION HSE policy provides the general guideline for all KION Group HSE activities. The policy is derived from the KION Group Code of Compliance. In it, the company commits to:

- comply with all national laws and standards to which the company is subject in the course of its global operations,
- make efficient use of energy and commodities,
- use materials, products and processes that are consistent with best environmental practice,
- reduce waste through better use of raw materials and the use of recyclable materials and
- take responsibility for the health of employees, create a safe working environment and train staff accordingly.

With several hundred locations in more than 30 countries and in view of constantly changing legal frameworks, compliance with relevant legislation is an important and ongoing task for the KION Group.

A Group-wide minimum HSE standard has been in place since 2018. It can be viewed by all employees at any time on the KION Social Intranet. Moreover, additional HSE regulations have been specifically set out for the operating entities as well as the sales and service companies. These consider regional and local specifics within the framework of the Group-wide standards. Like the Group-wide standards, these rules and regulations are continuously adapted to new conditions. In 2020, the minimum standards were further integrated into the local management systems, which are validated by external audits.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                    corporate   solutions and   health, safety and
                    governance   supply chain   environmental
                                                       protection

HSE management continues to work on converting the measures in place at the sites from a reactive to a proactive approach. Internal communication plays a key role here: Throughout the Group, numerous initiatives inform employees, raising awareness of the great importance of occupational health and safety and environmental protection. Such measures range from the comprehensive HSE intranet offering to the Group-wide HSE Championship, which recognises the best teams each year. In light of the current situation, communication in 2020 focused on practices to protect against the spread of Covid-19.

Both internal and external audits are used to systematically monitor how the relevant guidelines are applied. The Group-wide HSE network of experts ensures that knowledge is shared and best practices rolled out throughout the Group. Once a year, those responsible for the HSE programme at the company's plants and sales and service units meet. Regular conference calls and a Group-wide HSE knowledge platform further support the exchange of information. Experts from the plants also have a regular date on which to discuss the current accident situation. As a result of the Covid-19 pandemic, all necessary meetings were held virtually in 2020.

Group-wide certification is the objective

◈ NfR: Employee health and safety, Location-specific greenhouse gas (GHG) emissions   **✳ 403-1, 403-8**

HSE certifications and systematic audits ensure that all relevant data on health, safety and environmental issues is available in the required quality at all times so that corrective action can be taken quickly if necessary. The assessment results are used to guarantee the targeted further development of activities. In 2020, an external assessment was also carried out to review the status of KION's HSE management system.

Expanding HSE certification is a key aim as part of the KION Group's sustainability strategy. Every year, the number of certified sites increases (Table 5). By 2024, all production plants as well as sales and service locations are to be certified in accordance with ISO 14001 and ISO 45001 or equivalent systems. In the same year, KION aims to have rolled out an ISO 50001 compliant energy management system at its 25 reporting entities with the highest energy use. Among other things due to the Covid-19 pandemic, planning had to be adjusted for resource reasons, for example at KION APAC. This led to the further postponement of the milestones originally planned for 2020.

A Group-wide audit programme is used to monitor compliance with laws as well as internal HSE standards. The results are factored into the continuous improvement of the HSE standards of the units. Pandemic-related travel restrictions in 2020 meant that upcoming audits were primarily carried out in locally accessible units. A revision of the contents of the internal HSE audit questionnaire, which has been underway since 2019, was finalised in 2020 following validation in the first audits. This also ensures operational alignment for external certifications.

Table 5: Environmental management system certification status

Percentage certified, based on locations (based on employees)	ISO 14001*		ISO 45001*	
	2020	2019	2020	2019
Plants & Administration	76 % (85 %)	83 %	46 % (79 %)	58 %
Sales & Services	55 % (55 %)	48 %	41 % (42 %)	47 %
Total	58 % (66 %)	52 %	42 % (56 %)	49 %

Coverage referring to employees available from 2020 due to refined reporting process.
Higher increase in number of new locations to be certified relative to new certifications in 2020 lead to a decrease in ISO 45001 certification rate (total).
* Or equivalent standard

Internal reporting and risk assessment

Every year, a management report summarises the activities of all HSE departments in the operating entities of the KION Group. A report is also published monthly on progress in occupational health and safety. For one thing, this informs management of the progress that has been made, while the report also serves as the basis for setting appropriate objectives and measures. These are then included in the HSE audit programme.

In-house reporting also provided the foundation for the assessment of potential HSE risks at the locations, which was successfully completed in 2017. As part of this, the individual locations were assessed with regard to their present range of activities, the type of facilities on-site and, not least, the existing management system. Based on these facts, the KION Group has an average cross-sector HSE risk rating.

The aim is to continuously update the risk assessment criteria and to carry out a meaningful assessment for new locations as well. To this end, the methodology was reviewed and refined in 2019. In light of this, the risk assessment was initially launched in 2020. The final assessment of the 2020 status results will continue in 2021.

Occupational health and safety

◈ NfR: Employee health and safety   **⁂ 403-1, 403-2, 403-7**

In accordance with the KION Group's minimum HSE standards, all sites regularly conduct their own occupational risk assessment. Their efforts are supported by HSE experts. It is important in this context to ensure an appropriate quality of the risk assessments, especially in the case of activities with an increased risk potential. These include the foundry, assembly, the paint shop and specific deployments to customer sites. However, activities with a lower risk potential, such as business trips or office work, are also considered. All processes used are reviewed in both internal and external audits. The employees responsible are trained with specific training documents to ensure comparable and quality results.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                               protection

The KION Group takes a decentralised approach to implementing any measures so as to consider local legal and organisational conditions. As a result, it does not make sense to establish a single uniform Group-wide procedure. The sites ensure that incidents are registered, followed up and reported, while internal and external audits ensure any findings are dealt with consistently. Serious accidents are reported within one working day (Serious Incident Report, SIR) and a detailed report is drawn up. Should near-fatal, or even fatal, accidents occur, the central HSE team carries out further investigations.

In accordance with KION's safety culture, all employees have the right and duty to withdraw from hazardous work situations and report identified risks. There are numerous options for reporting risks: Employees can contact their supervisor or the safety officer as well as the works council. Additionally, KION Group employees can report to the HSE team or have the option to use the KION Group's whistleblowing system. Reports are processed locally but measures are adopted centrally where necessary in specific cases.

KION also involves its business partners, suppliers and guests in its measures. This includes both applying the HSE minimum standards and reviewing relevant processes with audits. In principle, visitors to a KION location are firstly familiarised with safety instructions. These instructions cover topics such as emergency plans, first aid measures, work permits and the safe handling of machinery and equipment. Furthermore, suppliers working on-site are part of the KION Group's Serious Incident Reporting system and are, accordingly, instructed, monitored and audited, for example as part of an ISO audit. This ensures that potential serious incidents concerning suppliers are also recorded and documented. Safety aspects, such as the existence of a management system, are already considered in the supplier selection process.

Key accident indicators as the basis for clear objectives   ⁑ 403-9

The Illness Rate* and the Lost Time Injury Frequency Rate (LTIFR**) are key indicators in the KION sustainability programme and serve as the basis for defining clear objectives. The LTIFR is to improve continuously by 2027 as part of a zero-accident strategy. The revised sustainability strategy aims to achieve an annual improvement in the LTIFR of 5 percent in the future (upper limit 2020: 8.2). The Illness Rate has been lower than the upper limit value of 3.3 percent (2020) at Group level for several years. In future, the limit value will be set to 3.0 percent. At present, greater attention is being paid to ensuring that this limit is consistently complied with, both at the level of the individual companies and of the production sites. This is ensured by monthly reporting and inclusion in the annual management reviews. Several sites have also launched specific programmes to improve the LTIFR or Illness Rate.

---

*   Calculation based on absence days due to illness and work-related accidents and planned working time of active employees, excluding long-term illness.
** Calculation is based on the actual number of lost time injuries (work related accident resulting in the loss of one full working day or more) and the total number of actual working hours in the reporting period relative to one million hours worked.

In 2020, 253,162 days were lost throughout the KION Group as a whole due to accidents or illness (2019: 238,128), taking the Illness Rate to 2.9 percent (2019: 2.8 percent). At 7.8, the Lost Time Injury Frequency Rate further decreased in 2020 year on year (2019: 8.7). In the year under review, the statistics show a total of 473 Lost Time Injuries (LTI; 2019: 532), i.e. work-related accidents with one or more working days lost. There were no fatal work accidents. Additionally, 1,206 minor injuries (2019: 1,416) and 146 commuting accidents (2019: 233) were recorded. Typical occupational accidents include injuries to extremities as a result of a fall or the use of tools. Among temporary agency staff, there were 45 occupational accidents resulting in the loss of one full working day or more in the year under review (2019: 59).

Success factor: practical relevance

◈ NfR: Employee health and safety   **✴ 403-4, 403-5**

Employees are always involved in occupational safety issues, for example in risk and accident analyses or in the respective works council committees on occupational safety. In 106 reporting units of the Group, employees are represented by employee committees in matters of occupational health and safety, covering 86 percent of the Group's employees. The functioning and responsibilities of employee committees vary according to local circumstances, such as country-specific legislation, which is why KION has not established any Group-wide regulation.

2020 saw 99 percent of all employees across a total of 116 reporting units trained in occupational health and safety. The goal is to ensure that every new employee receives appropriate training on their very first day at work, to be followed by additional safety training at least once a year. Different forms of training are used to suit different requirements. In 2020, a comprehensive HSE training package was offered for the first time as part of the training programme for HSE experts and certain areas of management, which puts more emphasis on proactive action. Via its Social Intranet, KION also raises its employees' awareness of occupational health and safety topics and shares information about current developments (safety alerts) and practical tips. Given the restrictions imposed by the Covid-19 pandemic, information and the training material used focused on 'Safety when working from home' in 2020.

Since 2019, the 'Golden Rules of Occupational Safety' have provided KION Group managers with centralised instructions to further improve occupational safety in their area of responsibility. In 2020, the rules were reviewed on the basis of feedback received and as part of the audits carried out. Specific measures taken by the operating entities helped ensure that the 'Golden Rules' were communicated throughout the company.

Health protection

◈ NfR: Employee health and safety   **✴ 403-3, 403-6**

In 2020, health protection was primarily focused on protecting employees from contracting Covid-19. As well as providing general education on the pandemic, efforts centred on establishing control mechanisms and on providing staff with personal protective equipment (PPE) and face coverings.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                 corporate   solutions and   health, safety and
                 governance   supply chain   environmental
                                                   protection

In addition, targeted, needs-oriented and, where possible, preventative health measures were implemented in almost all operating units in 2020. For example, employees were trained on the issue of health protection at annual health days. Back training courses were provided, designed to promote ergonomics in the workplace. The range of measures was rounded off by provisions such as flu jabs, training on how to deal with jet lag and staying fit at the assembly line. The KION Group also promotes physical activity for its employees wherever possible.

The KION Group aims to give as many employees as possible quick and easy access to medical care. The audit programme in particular is focused on this in an attempt to encourage continuous improvements to the situation at the individual locations.

As at the end of the reporting year, employees in 83 reporting units had access to a company doctor (75 percent of employees). In 102 reporting units, employees were able to benefit from occupational health examinations (85 percent of employees). Further voluntary health measures were available to employees in 68 reporting units (64 percent of employees), with health training courses offered to a comparable number of employees (68 percent of employees).

Climate protection

◈ NfR: Location-specific greenhouse gas (GHG) emissions

Based on the materiality analysis, the KION Group has identified climate protection as the key environmental issue. The KION Group intends to continue to minimise its contribution to global warming and has dedicated a separate action field in its sustainability programme to climate protection.

The company bases its activities on the Treaty of the Paris Conference on Climate Change and the objective stipulated therein of limiting global warming to below 2°C compared to the pre-industrial period. A science-based climate target was developed for the KION Group to reduce the company's energy-related emissions (Scope 1, 2 and, to an extent, 3) by 30 percent by 2027. The corporate carbon footprint in 2017, which resulted from the use of energy in production as well as sales and services, serves as a benchmark. Scope 1 and 2 were examined in full during the analysis; Scope 3 emissions were evaluated in connection with the company's own energy use.

The Group-wide climate target also sets out clear CO_2 reduction targets for the operating units. In 2020, a data retrieval carried out as part of the annual reporting also recorded the reduction quantities resulting from the implementation of current measures. One result from the survey confirmed that the KION Group's reduction target is realistically within reach.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
corporate   solutions and   health, safety and
governance   supply chain   environmental
protection

Further progress was made in recording the individual CO_2 reduction measures at the sites during the reporting period. 70 reporting entities have set specific energy or emissions reduction targets, while 46 have made specific process optimisations, and 30 already use technologies to reduce GHG emissions.

In 2019, a total of 19 initiatives were launched in the KION Group delivering a total annual savings potential of approximately 19,764 t CO_2e*. Seven of these had already been implemented by the start of 2020. Further information and details on the respective initiatives can be found in the Carbon Disclosure Project (CDP) questionnaire, which is regularly updated in the mid-year.

* Data is requested via regular global internal reporting across the sites. Calculations are based on available information and examples and are partially estimated. They should be regarded as indicative and make no claims to be complete.

The KION Group's measures to reduce greenhouse gas emissions follow clear principles. The company will constantly strive to reduce its CO_2 emissions. If reduction measures are exhausted, it will endeavour to substitute energy sources with lower-emission ones. Once this no longer delivers further reductions, the company will then counter the impact of its CO_2 emissions through offsetting. Of particular internal relevance are production-related energy consumption (e.g. foundry, heating, ventilation, lighting) and transport-related consumption, for instance for the operation of service vehicles or in-house logistics. Besides these, CO_2 emissions are generated predominantly during the products' utilisation phase. The company therefore plans to identify additional measures in the future (see section on Products and solutions). To this end, the revised KION sustainability strategy focuses separately on the issue of product-related Scope 3 emissions. Product-specific life cycle analyses and the evaluation of the entire LMH EMEA fleet, for example, have already been carried out. A corresponding analysis was also started for selected Dematic products, which continued into the year under review.

The areas of logistics, transport and commuting are seen as less relevant when it comes to the overall life cycle assessment of the products examined. Nevertheless, the KION Group strives to achieve improvements in these areas as well. For example, CO_2 emissions are relevant when purchasing new company vehicles. Furthermore, 61 reporting entities (54 percent of service companies) are working on specific measures to improve their transportation activities, including the optimisation of route planning and the use of GPS to avoid multiple trips.

The regular sharing of experiences in the HSE network of experts, as well as measures to raise employee awareness and get them actively involved, also help to anchor the climate protection goals in the mindset of the entire KION Group workforce and make sure that all employees know what contribution they can make. In 2020, the company ran local information and awareness-raising activities on energy consumption and emissions in a total of 44 reporting entities, reaching 45 percent of employees. The focus was once again on the production sites. A KION environmental training course has also been in use throughout the Group since 2019.

The KION Group prepares and presents its greenhouse gas emissions on the basis of the internationally recognised rules of the Greenhouse Gas Protocol. In this context, consumption data is converted using emission factors derived from the database of the Department for Environment, Food & Rural Affairs (DEFRA) in the United Kingdom (as of

2020). Emission factors for purchased electrical energy are based on data published by the German Association of the Automotive Industry (VDA, as at 2019). The expansion of Scope 2 emissions reporting to include market-based values, which was started in the previous year, was completed in 2020. The KION Group does not fall within the scope of the EU Emissions Trading System (EU ETS).

Energy use as a main driver

⬦ NfR: Location-specific greenhouse gas (GHG) emissions   **☀ 302-1, 305-1, 305-2, 305-3, 305-7**

The main driver of greenhouse gas emissions in the KION Group is the use of energy (Table 8). Reducing the amount of energy consumption and substituting current energy sources with carbon neutral alternatives where possible have thus also been identified as the key levers in minimising its impact on climate change. Equally, this is where the greatest potential for environmental cost savings lies. In 2020, all KION Group organisational units continued to work on minimum energy standards. Corresponding environmental certifications at various locations provide the foundation for a continuous improvement process. In addition, a central coordinating KION Group function monitors the planning of building and plant engineering at the sites to ensure that the minimum energy standards are taken into account.

To further reduce energy consumption, several Group-wide measures were continued or newly implemented in 2020. These include optimisations in buildings (e.g. expansion of measuring networks, optimisation of lighting and heating systems, energy-based refurbishment), renewals in the vehicle fleet and measures to raise employee awareness.

The use of electrical energy is of particular relevance for the KION Group. The Group therefore aims to switch the electricity mix to renewable energies at as many sites as possible. In addition to the conversion already carried out for KION sites in Germany and the Czech Republic – and therefore the majority of manufacturing – as well as other national companies, further tenders for European sites have been expanded to include renewable energies.

Solar energy also contributes to switching the electricity mix: In addition to the US site in Summerville, which has been using solar energy since 2018, the KION India plant in Pune, which was commissioned at the end of 2019, also has a photovoltaic system with a capacity of 700 kilowatts. By reducing the site's annual energy costs, the new facility proves once again that going solar is an all-round sustainable investment.

The use of photovoltaics is also being examined in other new construction projects. One example is the plant currently under construction in Kołbaskowo, Poland, for which the installation of solar panels is planned. Solar power is also increasingly used at sales and service locations.

Table 6: Greenhouse gas emissions ⁂ **305-1**, 305-2, 305-3

in t CO_2e	2020	2019	Change
Total greenhouse gas emissions (Scope 1, 2, 3*)	**219,128**	**247,341**	**-11.4%**
(Total GHG emissions, market-based)	(172,422)	(228,097)	(-24.4%)
Direct (Scope 1)	**106,641**	**121,732**	**-12.4%**
Diesel	47,006	54,325	-13.5%
Coking coal	22,765	27,714	-17.9%
Natural gas	26,609	28,649	-7.1%
Gasoline/petrol	6,787	7,580	-10.5%
Others**	3,474	3,463	+0.3%
Indirect (Scope 2)	**83,363**	**92,536**	**-9.9%**
(Indirect Scope 2, market-based)	(36,657)	(73,292)	(-50.0%)
Electricity purchased	79,210	88,323	-10.3%
(Electricity purchased, market-based)	(32,504)	(69,079)	(-52.9%)
Heating purchased	4,153	4,213	-1.4%
Other indirect GHG emissions from direct and indirect energy use (Scope 3)*	**29,125**	**33,073**	**-11.9%**
Scope 3 emissions from direct energy use	19,954	23,012	-13.3%
Scope 3 emissions from energy purchased	9,171	10,061	-8.9%

Location-based data
Explanation: Location-based greenhouse gas emissions are calculated by combining company energy use data and regional average emission factors (e.g. country electricity mix) whereas market-based calculations are using emission factors according to the company's specific energy mix as sourced from suppliers (e.g. certified renewable electricity).
* Scope 3: covering energy related other indirect emissions (category 3)
** Oil for heating, ethanol, LPG, Coal, Woodchips, Hydrogen, CNG, LNG
Calculated biogenic emissions (not included in scope 1, 2, 3): 14,535 t CO_2e (2019: 16,670 t CO_2e) from indirect energy and 662 t CO_2e (2019: 720 t CO_2e) from direct energy.
2020: Additional significant decrease in market-based ghg emissions due to further sourcing of electricity from renewable sources.
The new plant in Kolbaskowo (KION Polska sp. z.o.o.) will be included when ramp-up of production is completed.

Table 7: Other significant air emissions (direct) ⁂ **305-7**

in kg	2020	2019	Change
Carbon Monoxide (CO)	1,003,713	1,269,568	-20.9%
Volatile Organic Compounds (VOC)	161,845	276,084	-41.4%
Particulate Matter (PM)	6,274	239,275	-97.4%
Nitrogen Oxides (NOx)	27,441	27,209	+0.9%
Others (SOx, Phosphats etc.)	52,976	69,082	-23.3%

Table 8: Energy use   ✳ **302-1**

in GJ	2020	2019	Change
Total energy consumption within the organisation (direct + indirect)	**2,140,723**	**2,403,189**	**-10.9 %**
Direct energy use	**1,478,055**	**1,673,153**	**-11.7 %**
By source			
Fuel consumption non-renewable sources	**1,468,502**	**1,664,696**	**-11.8 %**
Diesel	629,292	727,562	-13.5 %
Natural gas	470,164	504,883	-6.9 %
Coking coal	213,658	270,815	-21.1 %
Gasoline	101,107	107,574	-6.0 %
Others (oil for heating, CNG, LNG, LPG, coal, ethanol)	54,282	53,862	+0.8 %
Fuel consumption renewable sources (geothermal, woodchips, biodiesel, bioethanol)	**9,552**	**8,456**	**+13.0 %**
By purpose			
Fuel consumption non-transport	**739,879**	**836,828**	**-11.6 %**
Fuel consumption transport	**738,176**	**836,325**	**-11.7 %**
Indirect energy consumption	**662,933**	**730,301**	**-9.2 %**
Electricity	579,878	646,356	-10.3 %
Heating	83,055	83,945	-1.1 %
Self-generated energy not consumed	**5,773**	**6,089**	**-5.2 %**
Energy sold	**6,037**	**6,354**	**-5.0 %**
Electricity	5,390	5,706	-5.5 %
Heating	648	648	+0.0 %

The new plant in Kolbaskowo (KION Polska sp. z.o.o.) will be included when ramp-up of production is completed.
Percentage of grid electricity used in relation to total energy consumed: 27.1 %.
15.7 % of total energy consumption are based on renewable sources (9,552 GJ of direct energy, 327,326 GJ of indirect energy). Renewable energy is calculated as sum of fuels from renewable sources (e.g. geothermal, biofuels) and electricity from renewable sources (e.g. wind, solar) from market based mixes or own installations.

Further information

The reassessment of key issues in sustainability management led to a revision of the Group's environmental priorities in 2019. As a result, potential local environmental impacts have been managed primarily on a local basis by the operating entities. Irrespective of this, the focus in the field of environmental protection continues to be on implementing the HSE minimum standards and certifications, raising employee awareness, tracking the relevant environmental indicators, substituting hazardous substances and further developing the HSE system to include dealers.

Water and wastewater

As the KION Group's business activities only have a relatively low impact on water quality, the company does not need to carry out its own pre-treatment prior to discharge, except for the use of volatile liquid separators

Table 9: Water withdrawal   ⚙ 303-3

in million liters	2020	2019	Change
Water withdrawal	**437.2**	**541.9**	**-19.3%**
Municipal water supply	408.1	500.4	-18.4%
Ground water	22.8	34.4	-33.7%
Other sources (surface, rain, waste, etc.)	6.3	7.2	-11.8%

The following new entities will be fully covered when reporting is available or ramp-up of production is completed: KION Battery Systems GmbH, KION Polska sp. z.o.o., KION Business Services Polska Sp. z o.o., Digital Applications International Ltd.

Table 10: Waste water   ⚙ 303-4

in million liters	2020	2019	Change
Water discharge	**367.9**	**440.9**	**-16.6%**
Sewage	367.4	440.3	-16.6%
Surface water bodies	0.0	0.1	-100.0%
Other destinations (or not specified)	0.5	0.4	+8.3%

The following new entities will be fully covered when reporting is available or ramp-up of production is completed: KION Battery Systems GmbH, KION Polska sp. z.o.o., KION Business Services Polska Sp. z o.o., Digital Applications International Ltd.

Waste and recycling

The KION Group intends to continuously reduce the amount of waste it generates. To this end, the company is primarily focusing on its production plants, which naturally generate the largest amount of waste.

Table 11: Waste   306-2

in t	2020			2019			Change
	non-hazardous	hazardous	Total	non-hazardous	hazardous	Total	Total
Total amount of waste	**52,661**	**13,034**	**65,695**	**64,503**	**12,870**	**77,373**	**-15.1%**
Waste recovered	**39,121**	**9,007**	**48,128**	**50,532**	**9,254**	**59,786**	**-19.5%**
Recycled	34,186	8,044	42,230	45,448	8,030	53,478	-21.0%
Prepared for reuse	4,100	598	4,698	4,715	695	5,410	-13.2%
Other recovery method	836	365	1,200	369	529	898	+33.6%
Waste disposed	**13,540**	**4,027**	**17,567**	**13,971**	**3,616**	**17,587**	**-0.1%**
Incineration	1,238	898	2,136	1,209	876	2,085	+2.4%
Landfill	4,471	496	4,967	10,293	360	10,653	-53.4%
Other disposal method	**7,831**	**2,633**	**10,464**	**2,469**	**2,380**	**4,849**	**+115.8%**

2020: Changes in waste classification lead to shifts between waste categories.
The following new entities will be fully covered when reporting is available or ramp-up of production is completed: KION Battery Systems GmbH, KION Polska sp. z.o.o., KION Business Services Polska Sp. z o.o., Digital Applications International Ltd.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                     corporate   solutions and   health, safety and
                     governance   supply chain   environmental
                                                         protection

Employees

In 2020, the KION Group employed approximately 36,000 people. The Group offers its employees an attractive work environment, fair remuneration and numerous measures for personal and professional development. The employees' performance creates the basis for the sustainable development of the company.

Management approach

The KION Group's strategy 'KION 2027' underscores the company's claim to leadership and sets out profitable growth as a continuing objective. These objectives are supported by the HR strategy, which pursues the primary goal of employing a sufficient number of highly qualified and highly motivated employees at all times and in every area of the company.

Like almost all industrial companies, the KION Group is facing key challenges in the area of human resources. Vital aspects include finding answers to the demographic change in certain regions and the increasingly fierce competition for qualified young talent. In addition, there are the challenges of digital transformation, which lead to fundamentally changed external conditions. The HR strategy encompasses the essential aspects of HR activities and aims to develop an integrated, Group-wide approach with uniform standards.

To date, the core indicator for further developing the KION Group leadership culture has been the Organisational Health Index (OHI), which also highlights areas for possible improvement. A feature of this method is the benchmarking of the Group's results against other companies. In the last round in 2019, the measured values once again showed improvements in all areas. No further survey took place in 2020. Instead, work is currently underway to develop a new survey instrument with a stronger focus on measuring employee satisfaction.

The Group-wide rollout of a standardised IT system for HR will lay important foundations for efficiently supporting HR work and company management and will also keep managers and employees better informed. The system's core components have already been in use globally since August 2020 with further modules for talent and performance management as well as for supporting HR development to follow in 2021. The final integration of the modules to support recruitment processes and systematised remuneration development will complement the new IT system.

HR development – new opportunities for specialists

Human resources development is an important anchor point of the KION Group's HR strategy. The Group companies work together closely in terms of talent management as well as on training and personnel development programmes. The individual operating units and Group companies also offer comprehensive training programmes which are targeted at the specific local and regional demands. A specialist career path was introduced Group-wide in 2020 for areas of particular future importance. This is intended to create specialist careers in the company for technical experts, including positions without any disciplinary management responsibility.

Introduction   Sustainable   Products,   Occupational   **Employees**   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                              protection

As a rule, all employees have access to human resource development measures. Targeted support aims to enable employees to take up and fill suitable positions within the company in keeping with their individual potential and skills. Performance, talent and succession-planning management at the KION Group is based on a standardised Group-wide process, the Organisation Capability Talent Review (OCTR). The assessment is based on the clearly defined competence model and management guidelines as well as the KION Group's shared values: Integrity, Collaboration, Courage and Excellence.

Clear employment standards   ✱ 102-16, 102-41, 407-1, 408-1, 409-1

Across the KION Group, minimum employment standards apply. Based on the Fundamental Conventions drawn up by the International Labour Organization (ILO), these ensure freedom of association and the effective recognition of the right to collective bargaining. They ban forced or compulsory labour as well as child labour and prohibit discrimination in respect of employment and occupation. They therefore also represent essential human rights – something the company is committed to upholding. Furthermore, the KION Group is committed to ensuring health and safety standards in the workplace worldwide and to a remuneration which is appropriate to national industry sector standards and by all means securing a subsistence level of income.

It falls to the management teams and those responsible in the individual operating entities to ensure compliance with these standards. The standards are regularly reviewed via internal audits on-site or as part of the annual internal sustainability reporting process. Instances of non-compliance can be reported at any time, including anonymously, via the whistleblowing hotline.

The business purpose and structure of the KION Group, as well as the business model and the regions in which the Group operates, do not provide any indications of a structural risk that the minimum employment standards could be breached in any of the individual units. Nevertheless, the introduction of the revised sustainability strategy is being used to underscore the importance of these standards and to reiterate the responsibilities for complying with and monitoring said standards within the company. As in previous years, no significant incidents were reported in 2020.

The Group companies reported approx. 23,000 KION Group employees covered by collective bargaining agreements at the end of 2020. Involving employees in codetermination matters as well as through employee representative bodies at a business unit and Group level is handled in accordance with national legislation. For cross-border issues, the employees of the KION Group's locations within the European Union are represented by the European Works Council.

Diversity and equal opportunities

⬦ **NfR: Diversity and equal opportunities**   ✱ 102-16, 406-1

At the KION Group, every employee is valued and respected, irrespective of any personal characteristics, such as gender, skin colour, ethnic or social background, age or religious beliefs. These principles are laid down in the KION Group's mandatory minimum employment standards, which apply globally and across all of its locations.

The KION Group has set itself the goal of preventing any form of discrimination within its sphere of influence. Everyone in the company, both managers and general employees alike, is obliged to ensure compliance with the minimum employment standards and to counter discrimination under consideration of relevant statutory regulations. In the reporting period, KION was not notified of any discriminatory behaviour. Should violations become known, these would be sanctioned according to the legal instruments available locally.

The KION Group considers itself a global supplier with intercultural expertise. This is demonstrated by the fact that by the end of 2020, people from more than 100 different countries (2019: around 95) were working for the company. The international nature of the Group is evident not only in the workforce but also at the management level. Wherever possible, local management positions are held by local executives. Furthermore, the KION Group seeks to fill an increasing number of Group management positions with international candidates. It also encourages international collaboration through its KION expat programme, which supports employees in gaining experience in another country where the KION Group is represented.

KION Group companies are committed to offering employees, especially those with disabilities, the very best possible working conditions. They do this by creating suitable working environments for people with disabilities, supporting reintegration into the workforce and facilitating continued employment in the event of physical disability. The aim is to keep severely disabled people in work and avoid any further barriers or restrictions. In addition, where possible, contracts are awarded to institutions that provide disabled individuals with work.

For the KION Group, diversity means more than equal opportunities and fair treatment for all employees. It also includes tolerance and appreciation of different ways of thinking. When staffing supra-regional projects and training programmes, KION attaches importance to building teams that are as international as possible. This is because intercultural communication, for example in working and learning groups where people from different backgrounds come and work together in person, promotes mutual understanding and therefore also helps eliminate diversity-specific obstacles to career development. Because of the Covid-19 pandemic, these programmes were temporarily suspended or switched to online formats in 2020. In addition, programmes are supported at the local level which often focus on regional or national specifics.

In Germany, the law requires the Executive and Supervisory Boards of publicly listed companies to set targets for the proportion of women on the Executive Board as well as on the two management levels below that. The Supervisory Board set the target for the proportion of women on the Executive Board of KION GROUP AG at 0 percent, to be achieved by 31 December 2021. However, this share is to be regarded as the minimum. At the end of the reporting period the share of women on the Executive Board was 25 percent. For the first and second management levels below the Executive Board of KION GROUP AG, the Executive Board set the targets to be achieved by the end of 2021 at 10 percent and 30 percent respectively. Furthermore, binding targets are set for the share of women at the management levels of Linde Material Handling GmbH, STILL GmbH and Dematic GmbH. Further information can be found in the Annual Report in the Corporate Governance Statement section.

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                       corporate   solutions and   health, safety and
                       governance   supply chain   environmental
                                                              protection

Since 2019, the KION Group has also been involved in the German 'Chefsache' network. Under the patronage of the German Chancellor Angela Merkel, the network is committed to the issue of equal opportunities and includes executives from business, academia, the media and the public sector. Dr Eike Böhm (CTO) has assumed responsibility for this topic on the Executive Board of the KION Group.

Further information

☀ 102-7, 102-8, 405-1

In 2020, the KION Group's average number of employees stood at 35,563 people as calculated in full-time equivalents (2019: 34,002; including trainees and apprentices). At the end of 2020, across the KION Group, the number of full-time employees stood at 36,207 (end of 2019: 34,604) and the number of apprentices at 687 (end of 2019: 672). Further information on employee structure and personnel expenses can be found in Tables 12 to 16 and in the Annual Report.

Table 12: Age structure   ☀ 405-1

	2020	2019
Employees per age group	**100 %**	**100 %**
< 20 years	0.9 %	1.1 %
20–29	16.8 %	16.7 %
30–39	29.6 %	29.9 %
40–49	25.4 %	25.6 %
50–59	21.6 %	21.2 %
60 years and over	5.6 %	5.4 %

Based on headcount as at balance sheet date 31/12/.

Table 13: Contract type full-time/part-time, gender   ☀ 102-8

	2020		2019	
	full-time	part-time	full-time	part-time
Total	**96.2 %**	**3.8 %**	**97.1 %**	**2.9 %**
Male	97.9 %	2.1 %	98.9 %	1.1 %
Female	87.7 %	12.3 %	88.1 %	11.9 %

Based on headcount as at balance sheet date 31/12/.

Table 14: Contract type indefinite/fixed-term, gender ⚙ 102-8

	2020		2019	
	indefinite	fixed-term	indefinite	fixed-term
Total	**91.4 %**	**8.6 %**	**91.2 %**	**8.8 %**
Male	91.8 %	8.2 %	91.5 %	8.5 %
Female	89.8 %	10.2 %	89.6 %	10.4 %

Based on headcount as at balance sheet date 31/12/.

Table 15: Contract type indefinite/fixed-term, region ⚙ 102-8

	2020		2019	
	indefinite	fixed-term	indefinite	fixed-term
Total	**98.0 %**	**2.0 %**	**96.8 %**	**3.2 %**
Western Europe	98.3 %	1.7 %	96.3 %	3.7 %
Eastern Europe	91.1 %	8.9 %	90.8 %	9.2 %
Middle East and Africa	100.0 %	0.0 %	98.3 %	1.7 %
North America	100.0 %	0.0 %	100.0 %	0.0 %
Central and South America	99.8 %	0.2 %	99.8 %	0.2 %
Asia-Pacific	99.3 %	0.7 %	99.6 %	0.4 %

Based on full-time equivalents (FTE) as at balance sheet date 31/12/.

Table 16: Length of service ⚙ 405-1

	2020	2019
Employees per length of service	**100 %**	**100 %**
< 5 years	44.7 %	45.4 %
5–9	19.7 %	20.0 %
10–19	18.7 %	18.9 %
20–29	10.4 %	10.0 %
30–39	5.4 %	4.7 %
40 years and more	1.0 %	1.0 %

Based on headcount as at balance sheet date 31/12/.

Annex

Independent auditor's reports

The independent auditor's report on a limited assurance engagement of the non-financial group report according to section 315b German commercial code (HGB) can be found on the KION website under About us > Management > Sustainability > Sustainability reports.

The independent auditor's report on a limited assurance engagement of the non-financial group report according to GRI Standards criteria can be found on the KION website under About us > Management > Sustainability > Sustainability reports.

SASB Content Index

Index SASB Accounting Standard Industrial Machinery & Goods (Version 2018-10)

Sustainability Disclosure Topics	Accounting Metrics	References and Comments
Energy Management	Total energy consumed	Table 8: Energy use
	Percentage grid electricity	Table 8: Energy use
	Percentage renewable	Table 8: Energy use
Employee Health & Safety	Total recordable incident rate (TRIR)	Key accident indicators as the basis for clear objectives KION reports the Lost Time Injury Frequency Rate (LTIFR)[1]
	Fatality rate	Number of fatalities: Key accident indicators as the basis for clear objectives Fatality rate: 0
	Near miss frequency rate (NMFR)[2]	6.2
Fuel Economy & Emissions in Use-phase	Sales-weighted fuel efficiency for non-road equipment	♦
	Sales-weighted emissions of nitrogen oxides (NOx) for non-road diesel engines	♦
	Sales-weighted emissions particulate matter (PM) for non-road diesel engines	♦
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Sustainable Procurement
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	Energy- and resource-efficient products

♦ Not yet reported. The KION Group is currently working on providing the data quality and availability necessary for reporting.

[1] Calculation is based on the actual number of lost time injuries (work related accident resulting in the loss of one full working day or more) and the total number of actual working hours in the reporting period relative to one million hours worked.

[2] Known near misses in relation to 200,000 actual hours worked

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                     corporate   solutions and   health, safety and
                     governance   supply chain   environmental
                                                         protection

MATERIALITY DISCLOSURES SERVICE 2021

GRI Content Index

✴ **102-55**

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. This service was performed on the German version of the report.

The GRI Standards disclosure that KION reports alongside those relevant to the 'Core' option are marked with an *.

Disclosures	Comments	References

GRI 101: Foundation 2016

[GRI 101 does not contain any disclosures.]

GRI 102: General Disclosures 2016

Organizational Profile		
102-1 Name of the organization		> Company profile (p. 9)
102-2 Activities, brands, products, and services	The KION Group is not aware of any cases where its brands, products, and services are not permitted in certain markets.	> Company profile (p. 9) > AR 2020: Business model and organisational structure
102-3 Location of headquarters	Frankfurt am Main, Germany	
102-4 Location of operations		> AR 2020: Business model and organisational structure > AR 2020: List of shareholdings
102-5 Ownership and legal form		> Company profile (p. 9) > AR 2020: Organisational structure
102-6 Markets served		> Company profile (p. 9) > AR 2020: Company profile > AR 2020: Business model and organisational structure
102-7 Scale of the organization		> Company profile (p. 9) > Further information (p. 47) > AR 2020: Business model and organisational structure > AR 2020: Consolidated financial statements
102-8 Information on employees and other workers		> Further information (p. 47–48) > AR 2020: Employees
102-9 Supply chain		> Sustainable procurement (p. 29–30)

Disclosures		Comments	References
102-10	Significant changes to the organization and its supply chain		> Company profile (p. 9) > AR 2020: Business Performance
102-11	Precautionary Principle or approach	The KION Group is committed to the precautionary principle. The general guideline for all environmental activities is provided by the KION HSE policy, which is derived from the KION Group Code of Compliance.	
102-12	External initiatives		> Contents (p. 6) > Sustainability performance recognised (p. 14)
102-13	Membership of associations		> Stakeholder dialogue (p. 19–21)
Strategy			
102-14	Statement from senior decision-maker		> Foreword (p. 4–5)
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior		> Organisation and management (p. 14–15) > Supplier management (p. 30–31) > Clear employment standards (p. 45) > Diversity and equal opportunities (p. 45–47)
Governance			
102-18	Governance structure		> Organisation and management (p. 14–15) > AR 2020: Corporate governance > AR 2020: Management and control
Stakeholder Engagement			
102-40	List of stakeholder groups		> Stakeholder dialogue (p. 19)
102-41	Collective bargaining agreements		> Clear employment standards (p. 45)
102-42	Identifying and selecting stakeholders		> Stakeholder dialogue (p. 19)
102-43	Approach to stakeholder engagement		> Group-wide materiality analysis (p. 13) > Sustainability performance recognised (p. 14) > Stakeholder dialogue (p. 19)
102-44	Key topics and concerns raised		> Stakeholder dialogue (p. 19)
Reporting Practice			
102-45	Entities included in the consolidated financial statements		> Scope and reporting period (p. 7) > AR 2020: List of shareholdings
102-46	Defining report content and topic Boundaries		> Materiality analysis (p. 6) > Group-wide materiality analysis (p. 13)
102-47	List of material topics		> Group-wide materiality analysis (p. 13)

Disclosures		Comments	References
102-48	Restatements of information		> Collection and comparability of data and information (p. 8)
102-49	Changes in reporting	With the materiality analysis in 2018, the KION Group reassessed its relevant topics across the Group and regions. As a result, the list of material topics in the KION Group's 2019 Sustainability Report has changed compared with previous years. The current list of material topics can be found in this report. For the list of material topics from previous years, see the 2018 KION Sustainability Report.	> Group-wide materiality analysis (p. 13) > KION Group Sustainability Report 2018: Materiality as the basis for strategy development
102-50	Reporting period		> Scope and reporting period (p. 7)
102-51	Date of most recent report	The Sustainability Report 2019 was published in April 2020.	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report		> Imprint (p. 59)
102-54	Claims of reporting in accordance with the GRI Standards		> Contents (p. 6)
102-55	GRI content index		> GRI content index (p. 50–58)
102-56	External assurance		> Contents (p. 6) > Independent auditor's reports (p. 49)

GRI 200: Economic

Topic: Anti-corruption

GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		> Compliance (p. 16–19)
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

GRI 205: Anti-corruption 2016			
205-1*	Operations assessed for risks related to corruption		> Zero tolerance for corruption and bribery (p. 17–18)
205-2*	Communication and training about anti-corruption policies and procedures		> Extensive training measures on compliance issues (p. 18–19) > Zero tolerance for corruption and bribery (p. 17–18)
205-3	Confirmed incidents of corruption and actions taken		> Zero tolerance for corruption and bribery (p. 17–18)

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                    corporate   solutions and   health, safety and
                    governance   supply chain   environmental
                                                             protection

Disclosures	Comments	References

GRI 300: Environmental

Topic: Energy

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	> Occupational health, safety and environmental protection (p. 32)
103-2	The management approach and its components	> Management approach (p. 32) > Climate protection (p. 37–39)
103-3	Evaluation of the management approach	

GRI 302: Energy 2016

302-1	Energy consumption within the organization	> Energy use as a main driver (p. 39; 41)

Topic: Water and Effluents

GRI 103: Management Approach 2016

103-1*	Explanation of the material topic and its Boundary	> Further information (p. 42)
103-2*	The management approach and its components	
103-3*	Evaluation of the management approach	

GRI 303: Water and Effluents 2018

303-3*	Water withdrawal	> Water and wastewater (p. 42)
303-4*	Water discharge	

Topic: Emissions

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	> Occupational health, safety and environmental protection (p. 32)
103-2	The management approach and its components	> Management approach (p. 32) > Climate protection (p. 37–39)
103-3	Evaluation of the management approach	

GRI 305: Emissions 2016

305-1	Direct (Scope 1) GHG emissions	> Energy use as a main driver (p. 39–40)
305-2*	Energy indirect (Scope 2) GHG emissions	> Energy use as a main driver (p. 39–40)
305-3*	Other indirect (Scope 3) GHG emissions	> Energy use as a main driver (p. 39–40)

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                               protection

Disclosures		Comments	References
305-7*	Nitrogen oxides (NO$_x$), sulfur oxides (SO$_x$), and other significant air emissions		> Energy use as a main driver (p. 39–40)

Topic: Waste

GRI 103: Management Approach 2016			
103-1*	Explanation of the material topic and its Boundary		> Further information (p. 42)
103-2*	The management approach and its components		
103-3*	Evaluation of the management approach		

GRI 306: Effluents and Waste 2016			
306-2*	Waste by type and disposal method		> Waste and recycling (S. 43)

Topic: Supplier Environmental Assessment

GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		> Sustainable procurement (p. 29–31)
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	The KION Group applies EcoVadis as its supplier management tool to objectively and reliably evaluate the sustainability performance of its key suppliers. A separate disclosure of the new suppliers covered by this is currently under examination.	> Supplier assessments (p. 31)

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                              protection

Disclosures	Comments	References

GRI 400: Social

Topic: Occupational Health and Safety

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary		> Occupational health, safety and environmental protection (p. 32)
103-2	The management approach and its components		> Management approach (p. 32) > Occupational health and safety (p. 34–37)
103-3	Evaluation of the management approach		

GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	The basic information can be found in the "Occupational health and safety" section. Due to the complexity of the organisation and the associated numerous local differences, as well as for ease of reading, the KION Group does not provide further details.	> Group-wide certification is the objective (p. 33–34) > Occupational health and safety (p. 34–35)
403-2	Hazard identification, risk assessment, and incident investigation		> Occupational health and safety (p. 34–35)
403-3	Occupational health services		> Health protection (p. 36–37)
403-4	Worker participation, consultation, and communication on occupational health and safety		> Success factor: practical relevance (p. 36)
403-5	Worker training on occupational health and safety		> Success factor: practical relevance (p. 36)
403-6	Promotion of worker health		> Health protection (p. 36–37)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		> Occupational health and safety (p. 34–35) > Product responsibility (p. 26–28)
403-8*	Workers covered by an occupational health and safety management system		> Group-wide certification is the objective (p. 33–34)
403-9	Work-related injuries	• LTIFR for temporary agency staff: 12.6 • Gross LTIFR[1] = 8.2 [1] The number of reported work related accidents resulting in the loss of one full working day or more among active employees, temporary agency staff, third-party companies and visitors to company sites relative to one million hours worked by active employees and temporary agency staff	> Key accident indicators as the basis for clear objectives (p. 35)

Disclosures	Comments	References

Topic: Diversity and Equal Opportunity

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary		> Diversity and equal opportunities (p. 45–47) > AR 2020: Diversity
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees		> Further information (p. 47–48) > AR 2020: Diversity > KION Group Website: Management

Topic: Non-discrimination

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary		> Clear employment standards (p. 45) > Diversity and equal opportunities (p. 45–47)
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken		> Diversity and equal opportunities (p. 45–47)

Topic: Freedom of Association and Collective Bargaining

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary		> Supplier management (p. 30–31) > Supplier assessments (p. 31) > Clear employment standards (p. 45)
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

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		> Supplier management (p. 30) > Clear employment standards (p. 45)

Disclosures	Comments	References

Topic: Child Labor

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary		> Supplier management (p. 30–31) > Supplier assessments (p. 31) > Clear employment standards (p. 45)
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor		> Supplier management (p. 30) > Clear employment standards (p. 45)

Topic: Forced or Compulsory Labor

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary		> Supplier management (p. 30–31) > Supplier assessments (p. 31) > Clear employment standards (p. 45)
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		> Supplier management (p. 30) > Clear employment standards (p. 45)

Topic: Supplier Social Assessment

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary		> Sustainable procurement (p. 29–31)
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	The KION Group applies EcoVadis as its supplier management tool to objectively and reliably evaluate the sustainability performance of its key suppliers. A separate disclosure of the new suppliers covered by this is currently under examination.	> Supplier assessments (p. 31)

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                corporate   solutions and   health, safety and
                governance   supply chain   environmental
                                                         protection

Disclosures	Comments	References

Topic: Customer Health and Safety

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary		> Management approach (p. 22) > Product responsibility (p. 26–27) > Improving customer safety (p. 27–28)
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories		> Product responsibility (p. 26–27)
416-2*	Incidents of non-compliance concerning the health and safety impacts of products and services		> Product responsibility (p. 26–27)

Introduction   Sustainable   Products,   Occupational   Employees   Annex
                      corporate   solutions and   health, safety and
                      governance   supply chain   environmental
                                                              protection

IMPRINT

☀ **102-53**

PUBLISHER

KION GROUP AG
Thea-Rasche-Straße 8
60549 Frankfurt am Main
Germany
Phone: +49 69 20110 0
Fax: +49 69 20110 1000
info@kiongroup.com
www.kiongroup.com

Images: KION GROUP AG

CONTACT

Barbara Trautmann
Senior Director Sustainability & HSE
Phone: +49 6021 99 2592
barbara.trautmann@kiongroup.com