KION
GROUP

2021

Sustainability Report

Selected figures

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

Key figures	2021	2020	2019	Change 2021/2020
Company profile				
Revenue[2]	€10,294.3 million	€8,341.6 million	€8,806.5 million	+23.4 %
Net income[2]	€568.0 million	€210.9 million	€444.8 million	> 100 %
Products and solutions				
Research and development expenditure[2]	€273.0 million	€235.3 million	€237.3 million	+16.0 %
Patent applications and patents granted	2,804	2,836	2,912	-1.1 %
of which new applications in the reporting year	81	111	81	-27.0 %
Number of orders for electric industrial trucks (ITS segment)	260,601	173,101	181,631	+50.5 %
Number of used industrial trucks sold (ITS segment)	61,501	61,506	57,694	-0.0 %
Environment				
ISO 14001 certification rate[3]	72 %	59 %	52 %	
Energy consumption	2,271,351 GJ	2,142,505 GJ	2,398,796 GJ	+6.0 %
Greenhouse gas emissions (Scope 1, 2, 3.3)[4]	180,654 t CO_2e	173,374 t CO_2e	227,740 t CO_2e	+4.2 %
Water consumption	584 million liters	472 million liters	542 million liters	+23.7 %
Waste produced	76,307 t	65,638 t	77,290 t	+16.3 %
Employees				
Number of employees[5]	39,602	36,207	34,604	+9.4 %
Personnel expenses	€2,612.0 million	€2,300.8 million	€2,292.8 million	+13.5 %
Percentage of female employees	17.1 %	17.2 %	16.7 %	
Number of apprentices	713	687	672	+3.8 %
ISO 45001 certification rate[3]	69 %	47 %	49 %	
Illness Rate[6]	2.9 %	2.9 %	2.8 %	
Lost time injury frequency rate[7]	7.7	7.8	8.7	

[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 (German implementation of the EU Directive on non-financial reporting, CSR-RUG)

[2] For further information, please refer to the Annual Report 2021, including the consolidated financial statements (consolidated income statement) and management report (research and development)

[3] Or equivalent standard, based on all sites

[4] Market-based

[5] Number of employees (full-time equivalents, FTE) as at balance sheet date 31/12/

[6] Absence days due to illness or occupational accidents related to planned working days of active employees

[7] Occupational accidents of active employees with one or more working days lost per million hours worked

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Introduction

Foreword

Ladies and Gentlemen,

☼ **102-14**

Sustainability is important to all of us – every individual and every company. At KION, sustainability is an integral part of our 'KION 2027' strategy. It is at the heart of everything we do. Forward-looking and value-conscious action is in fact an inherent part of our corporate culture – and sustainability a fundamental maxim of our entrepreneurial activities.

I took over as Chief Executive Officer of KION GROUP AG at the beginning of the year 2022. The KION Group had an extremely positive financial year 2021 under the leadership of Gordon Riske. He deserves very special thanks for 14 highly successful years at the helm of KION Group. Together with my colleagues on the Executive Board and the entire workforce, I will strive to continue the remarkable KION success story – guided by the well-established principles of running our business sustainably and responsibly – for people and the planet and oriented at profitable growth.

We have put special priority on sustainability in our activities: societies, customers and investors are demanding clear commitments, ambitious targets and specific results in terms of climate and environmental protection as well as human rights in global supply chains. These demands are increasingly being incorporated into laws and government guidelines as well. Only companies that grow profitably will be able to sustainably support social, economic and ecological progress.

Our sustainability efforts are being recognized – by our customers, investors, financial institutions and rating agencies. But we are not resting on our laurels. We want to get better every day. In doing so, we also keep our suppliers and business partners in mind, because sustainability does not begin and end at our factory gates. We encourage and demand full commitment from our suppliers and business partners. We support them in implementing their own sustainability programs, creating an important prerequisite for long-term success for all of us.

We do so to help our customers reach their own sustainability targets. To this end, we provide them with products and solutions which minimize the use of resources, are highly efficient, safe and have been created and produced within supply chains of constantly developing sustainability standards.

We take our responsibility very seriously. Economic success alone is not good enough. Sustainability is one of the keys, and our Triple Bottom-Line – People, Planet, Profitable Growth – is an ideal framework to present key elements of our corporate sustainability activities. In addition to profitable growth, the dimensions People (social) and Planet (environmental) are strongly acknowledged by our stakeholders – customers, employees and the capital market – when evaluating our performance.

We will continue to consistently chart our course toward greater sustainability. Having achieved a great deal in recent years, we are currently devising new, even more ambitious goals. In this process, we are including fresh insights into what sustainability means for our stakeholders, most of all our customers. For example, we are monitoring and analyzing various approaches for effective next steps based on specific, scientifically recognized CO_2 reduction targets, with the aim to further reduce the KION Group's greenhouse gas emissions in both the short and the long terms.

We will also continue to drive our activities to increase sustainability along our supply chain. We will furthermore integrate sustainability into our processes to an even greater extent than before. This way, we will continue the KION Group's remarkable success story – for successful and better intralogistics on behalf of our customers.

This attitude creates an asset which can be difficult to express in monetary value but which is nevertheless the underpinning of any entrepreneurial activity. The asset I am referring to is future viability. It is not listed on the balance sheet – and yet it impacts the valuation of every company. To grow this asset, the KION Group has for many years pursued a consistent sustainability management with ambitious targets, consistently implemented action plans and transparent reporting. And if we leverage this asset right, it will add significant value to the KION Group as well as to all our stakeholders.

Yours sincerely,

Rob Smith

Chief Executive Officer
KION GROUP AG

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About this report

Contents   ✺ **102-12, 102-46, 102-54, 102-56**

✎ **NfR: Identification of material issues, non-financial risks, specific financial items in the Financial Statement**

This Sustainability Report (SR) demonstrates the progress the KION GROUP AG and its consolidated subsidiaries (collectively: the "KION Group") have made in terms of sustainable business development during the reporting period. Through this report, the KION GROUP AG also fulfils its obligation to submit a separate Group non-financial report (NfR) as required by §§ 315b, 315c in conjunction with 289c to 289e of the German Commercial Code (HGB). To increase transparency, the main elements of the NfR are identified by the symbol ✎ and the corresponding NfR information. To improve readability, not all mandatory content of the NfR has been marked in full. The Sustainability Report also contains further information on the KION Group's sustainability activities that goes beyond statutory reporting requirements. The content of this report by the KION GROUP AG 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 the symbol ✺ as well as the corresponding GRI Standards disclosure. The disclosures, which are presented in a lighter color, are not relevant for the 'Core' option (for example: **305-1** Core-relevant, **305-2** not Core-relevant). The GRI Content Index can be found in the Annex to this report.

The KION GROUP AG Supervisory Board commissioned an auditing firm with an external limited-assurance audit in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) on the separate Group non-financial report pursuant to section § 315b HGB, the EU Taxonomy Regulation (EU) 2020/852 and the GRI standards for the fiscal year 2021. The Supervisory Board of the KION GROUP AG has included the auditor's assessment in its independent review of the Group non-financial report and respective final assessment. The audit mandate and audit results for the audits are available in the Assurance Report. Further Scope 3 category estimates regarding greenhouse gas emissions (climate protection and other information) were added in this reporting year. They are – without limiting the auditor's results – not part of the scope of the external audit by the auditing firm.

In 2018, the KION GROUP AG and its Operating Units (OUs) last revised their materiality analysis and completed the evaluation of the results in 2019. As part of the analysis, the topics material to the KION 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 subsection Group-wide materiality analysis. Issues relevant for the NfR can be found in Table 1.

For the aspect of 'social matters' no material issues were identified for the KION Group. It was assessed that no related statements were required for an understanding of the performance or results of the business, the situation of the incorporated company or impacts of the KION Group's business activities on social matters. Consequently, the relevance of the aspect of 'social matters' was not confirmed by the materiality analysis, which is why no management concept for the aspect has been reported.

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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 2021. In accordance with § 289c (3) nos. 3 and 4 HGB (German Commercial Code), no material risks were identified with a very high probability of serious negative impacts regarding the aspects set out in the CSR-RUG that are related to the KION Group's own business 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

This report meets SASB (Sustainability Accounting Standards Board) reporting requirements in accordance with the "Industrial Machinery & Goods" sector 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 SASB as well as related disclosures.

Scope and reporting period   ✳ **102-45, 102-50**

The contents of the report relate to the KION GROUP AG and its consolidated subsidiaries. A list of the consolidated entities is provided in Annex [49] of the Annual Report 2021. The indicators in this report were essentially produced based on data from 129 reporting units. In doing so, data for 41 production and administration locations (referred to as 'plants') was gathered individually, while 88 disclosure points for sales, service and installations 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 2021 relates to the fiscal year 2021 covering the period January 1 to December 31, 2021.

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Collection and comparability of data and information

✳ **102-48**

The data collection which provides the main basis for the indicators presented in this report is supported by Group-wide internal reporting systems. 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 indicators were calculated based on the underlying data. Possible deviations from data provided in previous reports may be the result of subsequent updates in the underlying data, a modification in the calculation method or periodic updates of conversion and emission factors applied. Significant changes in 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, for example as a result of the worldwide COVID-19 pandemic, and the strong influence on environmental data in particular, it is only possible to offer a correct interpretation of changes compared to the previous years 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 AG. These statements only take into account knowledge that was available up to and including the date on which this Sustainability Report was prepared. The management of the KION GROUP AG cannot guarantee that these forward-looking statements will prove to be correct. The future development of the KION GROUP AG 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 significantly from those reflected in the forward-looking statements. Many of these factors are beyond the control of the KION GROUP AG and its subsidiaries and as such cannot be estimated accurately in advance. Among other things, these include changes in economic conditions and the competitive environment (including in the wake of the COVID-19 pandemic), changes in legislation, fluctuations in interest or exchange rates, litigation or inquiries and the availability of financial resources. These and other risks and uncertainties are detailed in the Group Management Report 2021, which was combined with the Company Management Report. Additional factors may also have an adverse impact on our business development and results. The KION GROUP AG does not intend to, nor does it assume any special obligation to, update forward-looking statements or to adjust them to correspond with events or developments to occur after the publication of this Sustainability Report.

Additional remarks

In the interests of legibility, this report avoids the use of multiple-gender pronouns in some cases. Where personal pronouns are used, this is to be understood as gender-neutral.

The Sustainability Report 2021 can be downloaded in PDF format in English and German on the company website. For further and more detailed information, please see the corporate website www.kiongroup.com and the Annual Report 2021. The company will publish its next sustainability report for the fiscal year 2022 in spring 2023.

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Company profile   ✳ **102-1, 102-2, 102-5, 102-6, 102-7, 102-10,** 201-1

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 optimization, 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 centers. With approximately 40,000 employees, the Group is, in terms of 2021 unit sales, the largest manufacturer of industrial trucks in Europe. In terms of revenue in 2020, the KION Group is the leading foreign producer in China. As of December 31, 2021, more than 1.6 million industrial trucks and over 8,000 installed systems from the KION Group were in use at customers in numerous industries of various sizes on 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 customized 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 programs, thereby meeting a key prerequisite for their own success. This makes sustainability a task for all employees in the Group. They are 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 organization

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

In the 2021 financial year, the KION Group operated in several markets via its four Operating Units (OUs) KION ITS EMEA, KION ITS Americas, KION ITS APAC and KION SCS. While the Operating Units bear full operational and economic responsibility in their markets, the 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 organizational 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 2021 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.

Sustainable corporate governance

Sustainability strategy

The 'KION 2027' strategy provides strategic development guidance for the coming years in clearly defined fields of action: Energy, Digital, Automation, Innovation, Performance and, since 2021, Sustainability (see Annual Report 2021 > KION Group Strategy). Sustainability is firmly anchored in the 'KION 2027' strategy and has been managed as an individual field of action as of the year under review. This is linked to the wider-reaching goals and initiatives within the dimensions *People*, *Products* and *Processes*, which will be fleshed out further in 2022. The KION Group's corporate values (Integrity, Collaboration, Courage and Excellence) also make clear reference to sustainability – and together with the inclusion of sustainability principles in the KION Group Code of Compliance (KGCC), which applies throughout the Group, they shape the actions of every individual in the Group.

In the year under review, work continued on further establishing the details of the current KION sustainability strategy, the main features of which had been approved by the Executive Board of the KION GROUP AG and the Presidents of the Operating Units toward the end of 2020. The most important topics within the strategic dimensions of People, Products and Processes were prioritized to focus the KION Group's activities on the decisive aspects in each topic (Figure 1). Specific, quantitative targets are successively set out for each of these strategy aspects and backed up with corresponding indicators (Table 2).

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.

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For some of the targets developed during the reporting year, the formal approval by the Boards of KION GROUP AG is scheduled for early 2022. These are marked accordingly as an outlook. A binding governance structure was established throughout the Group. A corresponding performance management is to ensure that targets are met. Each strategy aspect is overseen by a member of the Executive Board of the KION GROUP AG, who serves as a sponsor. Responsibilities for meeting the targets are set out, as are information channels, supporting functions and the remits for validating the respective measures.

Table 2: Targets and indicators of KION's sustainability strategy[1], partly subject to approval by the Boards of KION GROUP AG, after the end of the reporting year, scheduled for early 2022 (outlook)

Strategic Topic	Strategy aspect	Targets and indicators	Target Year
Occupational health and safety	Accident frequency KION Group	Reduction of accident frequency rate by 5 % per annum (based on the annual upper limit; long-term: no occupational accidents)	per annum
	Management systems	100 % ISO 45001 certification rate[2] (all sites)	2024
Employer attractiveness	Employee satisfaction	* Increase in employee satisfaction to an engagement score of at least 75 and a participation rate of at least 68 %, as measured by an annual, global employee survey	* 2023
	Minimum working conditions	No cases of non-compliance with KION Group minimum employment standards	ongoing
Product climate change mitigation	Composition of product portfolio	* ITS segment: Strive for an electric-focused portfolio incl. battery and fuel cell-driven products by increasing the share of electric-powered vehicles sold annually to 90%	* 2027
		* SCS segment: Development towards a sustainability focused portfolio: 100% of Dematic's new product / solution portfolio will be measured by sustainability related targets[3]	* 2027
	CO_2 emissions of products and solutions during use phase	CO_2 neutrality of products and solutions during use phase (in metric tons of CO_2e Scope 3 GHG emissions caused by the use of annually shipped KION Group products and solutions)	* 2050
Product efficiency	Efficiency	* ITS segment: Increase in average charging efficiency of vehicles with electric drives	♦
		SCS segment: ♦	♦
Enhancing customers' safety	Product safety	* ITS segment: Average number of selected safety features per industrial truck increased to 4 and an equipment rate with active safety features of 10 %	* 2027
		* SCS segment: Mitigating risks of noise pollution by offering quieter and safer solutions: 20% of Dematic's solution portfolio targeted to operate under 85 dB(A)	* 2027
	Material safety	♦	♦
Climate change mitigation	GHG emissions	30 % absolute reduction of total energy related GHG emissions of own operations in tons of CO_2e (Scope 1, 2, 3.3) compared to 2017	2027

		Absolute reduction in GHG emissions in metric tons of CO2e compared with 2021
		 * Near-term:
		   Scope 1 + 2 by 4.2 % per year
		   Scope 3 by 2.5 % per year
		 * Long-term: net zero, Scope 1, 2, 3 by 100 %
			* 2030
			
			* 2050

	Management systems	100 % ISO 14001 certification rate[2] (all sites)	2024

Environmentally and socially responsible supply chain	Transparency on sustainability in the supply chain	**EcoVadis or equivalent rating**[4] (Corporate Social Responsibility performance) available for:	
		25 % of top spend on strategic suppliers for all OUs	2022
		100 % of strategic and high-risk suppliers	2023
		100 % of direct suppliers	2025
	Minimum sustainability requirements in the supply chain	Definition and communication of **minimum EcoVadis or equivalent score**[4] for all suppliers	2023
		Minimum EcoVadis score mandatory for all suppliers	2027
Sustainable Business Development	Customer requirements	**EcoVadis** "gold" **rating** for all OUs and the KION Group	2027
	Investor requirements	**S&P Global Corporate Sustainability Assessment (CSA) score** ≥ 70 points for the KION Group	2027

1 Status and details in the corresponding subchapters

2 Or equivalent standards

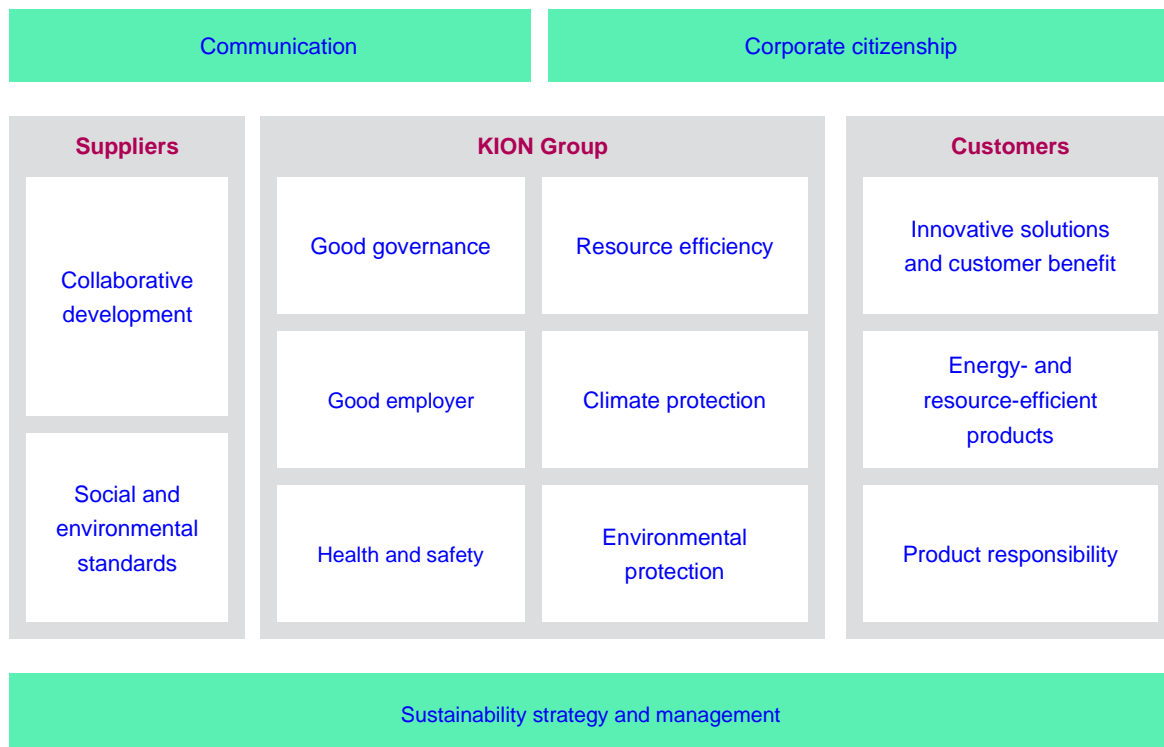3 Defined by internal or international standards, scorecards or certification schemes

4 Group or site rating

* Subject to approval by the Boards of KION GROUP AG, after the end of the reporting year, scheduled for early 2022

♦ In process

The KION Group pursues a systematic Group-wide approach for the operational implementation of both the sustainability strategy and the sustainability program. 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 program with objectives, measures and monitoring (quantitative where appropriate). 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 of the KION GROUP AG. 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 Operating Units may go beyond these standards in their sustainability activities and/or extend them.

The variable remuneration of the Executive Board of the KION GROUP AG and the KION Group management also mirrors the KION Group's sustainability performance. Both the long-term variable remuneration and the short-term variable remuneration of the Executive Board of the KION GROUP AG and the KION Group management are linked to non-financial targets from core areas of the sustainability strategy. In addition to the Lost Time Injury Frequency Rate (LTIFR), of relevance are also targets for the ISO 14001 certification of the environmental management system at the KION Group's locations, the assessment of ESG performance as part of the S&P Global Corporate Sustainability Assessment (CSA) and employer attractiveness as measured by the Employee Survey. Sustainability criteria determine a total of approximately 20 percent of variable short-term and long-term Executive Board and management remuneration. Further details of Executive Board remuneration, including the individual amounts for each member, are presented in KION GROUP AG's separate 2021 remuneration report, which will be made available on the KION Group website.

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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
Social and environmental standards	Good employer	Climate protection	Energy- and resource-efficient products
	Health and safety	Environmental protection	Product responsibility

| Sustainability strategy and management |
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Group-wide materiality analysis

102-43, 102-46, 102-47, 102-49

In 2018, the KION GROUP AG last revised its sustainability approach with a Group-wide materiality analysis for the KION Group (Figure 3). In 2019, this was further detailed. This facilitated the identification of relevant aspects across the Group, 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 topics that emerged from the Group-wide materiality analysis are reflected in the sustainability strategy and its respective strategic target areas. As a result of the further integration of sustainability in the corporate strategy as an individual field of action the core sustainability priorities are also anchored therein.

Figure 3: Findings of the 2018/19 materiality analysis
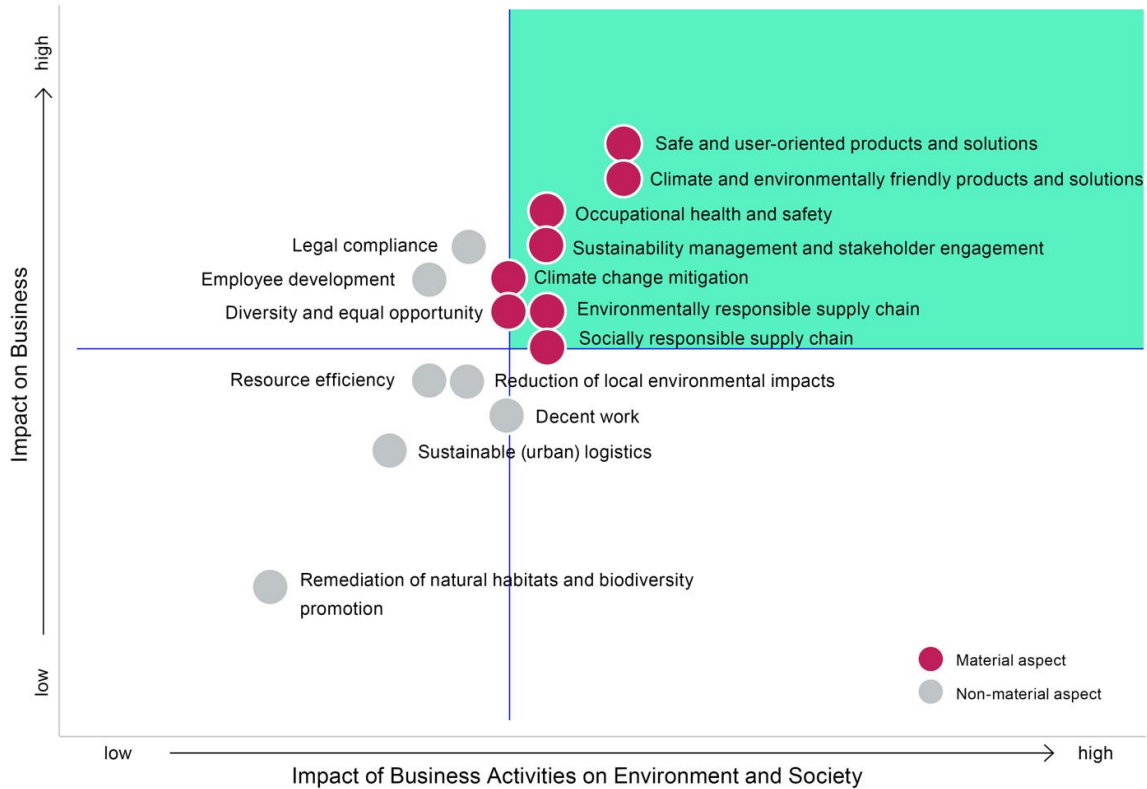
Sustainability performance recognized

✳ **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 specializing in the assessment of suppliers in terms of sustainability. Both ratings were taken into account in the revision of KION's sustainability strategy and serve as the basis for setting out tangible targets and specific indicators. Additionally, the S&P Global CSA is also incorporated into the variable remuneration of the Executive Board of the KION GROUP AG. Up-to-date ratings from CDP, FTSE Russell, ISS ESG, MSCI, Sustainalytics and Vigeo Eiris can also be found on the company website.

Table 3: Strategy aspect customer requirements

Target and indicator	Target year	Status 2021
EcoVadis "gold" **rating** for all OUs and the KION Group	2027	KION Group: silver Operating Units[1]: 2 gold; 1 silver; 2 bronze; 1 unrated

[1] The OU KION ITS EMEA is covered by the assessments of LMH EMEA and STILL EMEA.

Table 4: Strategy aspect investor requirements

Target and indicator	Target year	Status 2021
S&P Global Corporate Sustainability Assessment (CSA) score ≥ 70 points for the KION Group	2027	2020: 53 2021: 57

✳ **102-16, 102-18**

Organization and management

The Executive Board of the KION GROUP AG is responsible for the strategic and operational management of the KION Group. For further information on the duties and the composition of the Executive Board and Supervisory Board of the KION GROUP AG, see the Annual Report 2021 and the KION Group's company website. The KION Group works according to recognized standards of sound, responsible corporate governance. Besides statutory regulations, the German Corporate Governance Code (DCGK) 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 2021 and is available on the KION Group's company website. The KION Group's risk management system is documented in a Group risk management policy. This policy defines tasks, processes and responsibilities and sets out the rules for identifying, assessing, reporting and managing risk. In addition, management systems are available for governance processes in the KION Group, including an internal control system, the compliance management system and the internal audit system. Further information on this can be found in the Annual Report 2021.

Sustainability organization

The KION Group's sustainability approach is characterized by the clear allocation of responsibilities. It falls to the KION GROUP AG Executive Board to make decisions which ensure that the KION Group's commitment to sustainability translates into specific measures. Within the KION GROUP AG Executive Board, the Chief Technology Officer (CTO) is responsible for sustainability. The CTO also manages the KION Group'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 program 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) and EU legislation (for example, EU taxonomy) relating to non-financial reporting and what these require on the part of the KION GROUP AG, as well as additional regulations the Group deems as relevant in this area (see About this report – Contents).

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

Those responsible for the individual action fields manage the corresponding programs, budgets and resources. They are also responsible for implementing the agreed action plans, including their transfer to Operating Units and subsidiaries, together with the respective sustainability coordinators. At the operational level, sustainability programs 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 5). In particular, the KION Group Code of Compliance serves as a Group-wide guideline in that respect.

Table 5: 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
Antitrust Policy	Policy to ensure conduct in compliance with competition and antitrust law for all KION Group employees
Compliance Principles for Independent Partners in KION's Sales & Service Organization	Commits its sales and service partners to upholding the KION Group's compliance principles
Data Protection Policy	Policy on collection and processing of customers', contracting parties' and employees' personal data
Donations and Sponsorship Policy	Regulates the principles of social involvement and sets 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 and employees
Information Security Policy	Policy that sets out the overarching goals for information security within the KION Group
Guidelines for the Avoidance of Conflict of Interest	Sets out principles governing the KION Group's business relationships
HSE Policy	Regulations for occupational health, safety and environmental protection, concerning the entire workforce of the KION Group, customers and the general public
International Minimum Employment Standards	Explanation of fundamental social rights and principles as well as the protection of human rights, for example the exclusion of child and forced labor
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

Compliance

The KION Group stands for consistent adherence to laws, guidelines and voluntary codices. This is ensured via a comprehensive compliance management system that centers 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 Group-wide regulations on various topics covering the entire scope of the KION Group's activities.

Clear rules for correct conduct

The KGCC is a binding framework for all employees. It sets out guidance on correct conduct with each another as well as with customers, business partners and the public. The rules and regulations are available on the KION Social Intranet in 24 languages and are updated as continuously in order to comply with the prevailing legal situation and the current environment of the KION Group at all times. External parties can access the KGCC via the KION Group's website. As a German corporation, the KION GROUP AG is primarily subject to German law. At the same time, the KION Group 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 program is continually updated to include new topics and new priorities. As in previous years, work in 2021 continued on anti-corruption, 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. In the year under review, particular focus was placed on integrating compliance aspects into the internal control system, whistleblower protection and the topic of anti-discrimination.

Compliance organization
✎ NfR: Prevention of corruption and bribery

The Executive Board of the KION GROUP AG bears overall responsibility for the compliance management system in the KION Group. In organizational terms, the compliance department reports to the Chief Financial Officer and is headed by the Chief Compliance Officer. Together with the compliance team, the Chief Compliance Officer is responsible for further developing the compliance management system, providing advice and information on compliance topics, resolving cases of non-compliance and 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. In the year under review, a position was also created with a direct reporting line to the Chief Compliance Officer, who is responsible for the general coordination of all Group-wide compliance processes and projects.

On a quarterly basis, the local compliance representatives report their activities to the compliance department. 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,

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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 in person or by telephone, mail, 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. Since March 2021, there has also been the option to submit compliance-related questions on the intranet or on the KION website via a corresponding tool, and anonymous reports can also be submitted and tracked. The integrated case management system ensures that all reports are taken into account and that each case is processed systematically.

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 penalize 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 KION GROUP AG and its consolidated subsidiaries with the compliance requirements.

In the year under review, the external audit of the compliance management system in the anti-corruption section was completed in accordance with IDW PS 980, based on ISO 19600. In addition to effectiveness, the audit focused on the adequacy and design of the compliance management system. In January 2022 it was confirmed that the measures are effective, in accordance with the principles applied, to identify risks of material non-compliance with reasonable assurance in a timely manner as well as to prevent non-compliance.

Zero tolerance for corruption and bribery

✳ 205-1, 205-2, **205-3**

NfR: Prevention of corruption and bribery

The KION Group expressly supports the fight against any form of corruption and bribery. To this end, it follows a 'Prevent – Detect – Respond' approach. The KGCC 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 (ABC Policy), the KION Guidelines on avoiding conflicts of interest and the KION Group Donations and Sponsorship Policy. The KION Purchasing Policy, which was updated in 2021, also contains a subsection on compliance and anti-corruption.

The ABC 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 an approval process and can be used via the KION Social Intranet as well as on mobile devices. Since it was rolled out across the Group in 2021, its use has been mandatory for all employees with access to the KION Social Intranet. As a result, the IT-based register now covers almost the entire KION Group workforce.

Training on the ABC Policy was also introduced in 2021 via a Group-wide digital learning platform. Evaluating participant data reflects across the Group which people working in the KION Group are

informed about the guidelines set out in the Anti-Bribery and Anti-Corruption Policy. The compliance department receives a daily report on the current status of training activities, allowing it to identify gaps at an early stage and take appropriate action.

Periodic risk analysis

As part of a systematic analysis, the KION Group records and evaluates corruption and bribery risks on a regular basis throughout the Group (including the KION GROUP AG). Non-financial risks that arise on an ongoing basis are screened, evaluated and managed. Adequate measures are subsequently derived to eliminate both process and control weaknesses. The characteristics of the corruption perception index for the respective country, the size and structure of the local purchasing or sales organization 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, including the KION GROUP AG, 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 identified cases of misconduct. 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.

Donations and sponsorship follow clear guidelines

With the revision of the KION Group's Donations and Sponsorship Policy in 2020 existing rules within the Group were standardized. Approval processes for donations and sponsorship activities were also harmonized across KION. Among other topics, the Policy stipulates that every donation and every sponsorship activity must be reviewed and approved in advance by the compliance department.

The KION Group's global sponsorship strategy also centers around supporting social institutions, education and science as well as environmental projects.

With its donations, the KION Group primarily supports social institutions, humanitarian aid projects (including disaster relief), education and science and environmental projects. In 2021, a significant proportion of donations made by the KION Group went toward education. For example, €10,000 was donated to the Institute for Strategic Dialogue to hold the Business Council for Democracy and thus help strengthen democracy in the digital age.

In July 2021, the KION Group provided €1 million in emergency aid to support the German Red Cross (DRK) in tackling flooding in western Germany, thus helping those directly affected on the ground. Several forklift trucks were also loaned to the DRK to assist with logistics on site.

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Data protection and information security

As digitalization and networking continue to gather speed, the importance of a secure IT infrastructure that is reliable at all times is also growing. This serves as an important basis for internal KION processes, as well as for the services that the KION Group offers its customers. At the same time, the threat level is also becoming more acute, as both the number of attacks and their potential to cause damage have increased in recent years. Against this backdrop, the demands placed on the KION Group by customers are also growing, not least with regard to compliance with regulatory requirements.

It follows that data protection and information security are high priorities in the KION Group and both are governed by Group-wide policies. The Data Protection Policy aims to implement technical and organizational measures to protect personal data, while the KION Information Security Policy focuses on safeguarding the confidentiality, integrity and availability of information, as well as on protecting the KION Group from corresponding attacks. The two areas go hand in hand in terms of their practical implementation, as the respective measures and objectives are largely the same.

A range of Group operating agreements and mandatory standards on topics such as IT security in the workplace or the handling of IT systems, e-mail and the Internet are also in place to supplement the two policies. Samples and templates for the day-to-day handling of personal data and sensitive business information are also available.

The policies are regularly adapted to the legal framework. In particular, the European Union's General Data Protection Regulation (GDPR) as well as national laws must be observed with regard to data protection. In order to uphold information security, the focus is not only on the European NIS Directive, which ensures a high level of network and information security, but also on additional national IT security laws, such as the U.S. Federal Information Security Management Act or the relevant security laws in place in China.

It falls to the Operating Units to implement the central requirements. Those responsible for data protection and its coordination in the individual subsidiaries report to the respective management. At Group level, the Group Data Protection Officer reports to the Chief Financial Officer, and the KION Chief Information Security Officer reports to the KION Group's Chief Information Officer who is appointed by the Executive Board of the KION GROUP AG.

In addition to the reporting channels in the general compliance reporting system, a central e-mail inbox is available both internally and externally for any complaints or notifications relating to a possible breach of data privacy. These reports are documented in a traceable manner and their outcome is monitored.

The growing significance of information security

With increasing automation, digitalization and connectivity, information security as well as protecting the KION Group from cyberattacks are more important than ever. Against this backdrop, the KION Group regularly analyzes potential or existing risks to information security. The main risks in this area are phishing attacks, identity theft, extortion attacks using ransomware or corresponding threats to the supply chain. The increased use of teleworking during the COVID-19 pandemic has also created new entry points for attackers who specifically target the hardware used during remote working.

Where the risk analyses identify an IT security risk or where there is deviation from a KION security standard, the risk is described and appropriate action is set out. Once the residual risk has been

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assessed, the risk owner decides on whether to accept the risk. If an IT security risk is accepted, it must be reassessed after one year at the very latest and must be safeguarded by means of renewed risk acceptance.

As part of threat modeling, a threat analysis must also be performed for developed software applications. This involves assessing the impact or extent of a risk for directly or indirectly connected systems. In addition, appropriate protective measures must be identified and tested.

To prevent such attacks, the KION Group relies on an effective cyber defense toolstack. This is implemented and operated by the KION Cyber Defense Center. The KION Cyber Defense Center, which is on call 24/7, handles all identified and reported security incidents.

To heighten the awareness of all employees surrounding information security, the KION Group's IT specialists regularly simulate phishing attacks within the Group, thus highlighting potential threats to the workforce. In addition, more than 31,000 employees were given web-based data protection training in the year under review. Targeted training also took place for specific target groups.

Once a month, a security dashboard is created and presented to the Chief Information Officer and the Executive Board of the KION GROUP AG. This includes the most important information as well as key indicators on security-related incidents and attacks. It also reflects vulnerability management and the results of anti-phishing campaigns. This is supplemented by an internal IT compliance assessment and an overview of the general threat from an external perspective.

Extensive training measures on compliance issues   ✳ 205-2

NfR: Prevention of corruption and bribery

All new employees at the KION Group are 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 live training. The aim is to train all employees regularly on the most critical topics (anti-corruption, avoiding conflicts of interest, antitrust and 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 program was expanded in 2021 to include new e-learning courses on respectful workplace culture (anti-discrimination), conflicts of interest, whistleblower protection and fraud, with a focus on money laundering. Also new to the program are e-learning courses on cybersecurity and antitrust law (the latter from 2022).

In the reporting year, 55,495 participants (2020: 41,061 participants) received a total of over 41,658 online and face-to-face training hours on compliance (2020: 33,000 training hours), primarily on anti-corruption, handling conflicts of interest, respectful workplace culture, money laundering and compliance for management. As such, 40.6 percent of the workforce (2020: 99.5 percent) who received compliance training in 2021 were also trained in fighting corruption.

Stakeholder dialogue

✳ **102-13, 102-40, 102-42, 102-43, 102-44**

Those responsible in the KION Group are in regular dialogue with a wide range of stakeholder groups, either directly, via surveys or at events (Table 6). This makes it possible to identify the KION Group's requirements at an early stage and incorporate them in decision making. The form and frequency of dialogue are adapted to suit particular needs.

Table 6: Stakeholder dialogue

Stakeholder	Format, regularity, topics in 2021
Customers	**Format:** Regular customer visits, service helpdesk, customer audits, external assessments (for example, EcoVadis), complaints management, customer events, participation in trade fairs and in-house exhibitions, consulting, customer publications, Internet, LMH product clinic, image brochures and one-pagers for key accounts, online stakeholder survey, Sustainability Report and sustainability brochures **Regularity:** Continuous/ongoing **Topics in 2021:** Workshops with customers, product features, such as efficiency and emissions as well as safety, service offering, ergonomic design of vehicles and systems, assessment of sustainability performance of sites and organizations
Distributors	**Format:** Distributors' Board, regular meetings (annual kick-off and year-end events) **Regularity:** Continuous/ongoing **Topics in 2021:** Zero Accident philosophy at KION ITS EMEA
Employees	**Format:** Management and employee survey, KEEP employee participation program, suggestion scheme, employee magazine, intranet, online stakeholder survey, Sustainability Report, instruments and committees of co-determination for an in-depth exchange **Regularity:** Continuous/ongoing **Topics in 2021:** Integration of a Group-wide recruitment and training platform, internal communication audits, communication on corporate news and events and employee feedback via internal organizational platforms, measures to promote corporate culture, virtual exchange meetings, internal awards ceremonies, company development, important sustainability topics for KION Group
Financial market	**Format:** Section on Sustainability in the Annual Report, participation in ESG conferences, answering questions in the context of investor discussions and inquiries from financial analysts, assessment by rating organizations, online stakeholder survey, Sustainability Report **Regularity:** Continuous/ongoing **Topics in 2021:** Sustainability management, social topics, environmental protection, important sustainability topics for KION, governance, transparent reporting on ESG criteria (Environment, Social, Governance), e.g. CDP, S&P Global CSA, ISS ESG, MSCI ESG
General public	**Format:** Journal articles, social media, campaign days, section on Sustainability in the Annual Report, Sustainability Report **Regularity:** Continuous/ongoing **Topics in 2021:** 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 **Regularity:** Continuous/ongoing **Topics in 2021:** Energy efficiency, product specifications, product safety, product lifecycle sustainability, due diligence in the supply chain, EU taxonomy
Legislative bodies/policy makers	**Format:** Dialogue with authorities, association work **Regularity:** Intermittently, as required **Topics in 2021:** Authorization, inspections
Local communities	**Format:** Local events such as a forklift truck cup federal state preliminary rounds, Training Day, regular exchange with local authorities at the locations, participating in the local Agenda 21 committee **Regularity:** Intermittently, as required **Topics in 2021:** Corporate citizenship, for example via donations in kind in the event of natural disasters

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	or voluntary social work by employees, especially during the COVID-19 pandemic, social and cultural engagement, products, safety standards, environment, traffic and traffic control
Media	**Format:** Section on Sustainability in the Annual Report, press events, panel discussions, interviews, Sustainability Report, social media **Regularity:** Continuous/ongoing **Topics in 2021:** Sustainability management, social topics, environmental protection, transparent reporting on sustainability, efficient energy systems, safety technology, sustainability activities
Non-governmental organisations	**Format:** Dialogue forums with NGOs (e.g. Linde China) **Regularity:** Intermittently, as required **Topics in 2021:** Volunteering activities for environmental protection and education within and beyond the KION Group
Science and research	**Format:** Collaborations with education institutions, research projects, information days, internships, collaboration with students on dissertations and theses **Regularity:** Continuous/ongoing **Topics in 2021:** Diverse, for example alternative drive technologies
Suppliers	**Format:** Supplier negotiations, supplier evaluation using EcoVadis, supplier audits, online stakeholder survey **Regularity:** Continuous/ongoing **Topics in 2021:** Integration of sustainability-related contract clauses, KION Group Principles of Supplier Conduct, KION Group Code of Compliance, EcoVadis supplier assessments

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 Group's sustainability performance. The Group's key stakeholders are customers, employees, the finance and capital markets (investors, shareholders) and suppliers. In addition, the KION GROUP AG and many of its subsidiaries 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.

EU Taxonomy

Background and objective of the EU Taxonomy

The EU Taxonomy Regulation 2020/852 is a central element of the EU's Action Plan for Financing Sustainable Growth. The aim of the EU Taxonomy is to increase the transparency and comparability of 'environmentally sustainable' business practices and to establish a criteria-based classification system for this purpose. The Taxonomy Regulation pursues the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

For companies, business activities are classified based on defined standards regarding their contribution to the six described environmental objectives. According to the Regulation, business activities are environmentally sustainable if they make a considerable contribution to one of the six environmental objectives, do not significantly impair achievement of the other five goals and, beyond that, comply with the minimum standards for occupational safety and human rights.

The KION GROUP AG is required to report the share of taxonomy-eligible and non-taxonomy-eligible economic activities in total revenue, capital expenditure (Capex) and operating expenses (Opex) for the 2021 financial year in relation to the environmental objectives 1 and 2. This is pursuant to Article 10 and 11 of the Delegated Act supplementing Article 8 of the Taxonomy Regulation.

Results

Analysis of the KION Group's business activities for the 2021 financial year shows the following results.

Table 7: Taxonomy-eligible revenue, capital expenditures (Capex) and operating expenses (Opex) from KION Group's business activities[1]

EU Taxonomy indicators 2021	€ million	%
Revenues		
KION Group total	10,294.3	100
thereof taxonomy-eligible activities	3,271.9	31.8
thereof not taxonomy-eligible activities	7,022.4	68.2
Capital expenditures (Capex)		
KION Group total	982.6	100
thereof taxonomy-eligible activities	586.2	59.7
thereof not taxonomy-eligible activities	396.3	40.3
Operating expenses (Opex)		
KION Group total	169.7	100
thereof taxonomy-eligible activities	141.2	83.2
thereof not taxonomy-eligible activities	28.4	16.8

[1] For general information on revenues, capital expenditures and operating expenses, please refer to the Annual Report 2021, esp. notes to the consolidated financial statements (notes to the consolidated income statement) and combined management report (analysis of capital expenditure)

Determination of taxonomy-eligible activities and key figures

In order to assess KION Group's taxonomy eligible business activities, their contribution to both environmental goals "climate change mitigation" and "climate change adaptation" was considered. An interdisciplinary team analyzed our business activities based on the technical screening criteria of the Delegated Act.

We especially used criterion '3.6: Manufacture of other low-carbon technologies', as there is currently no specific set of taxonomy criteria for intralogistics. The 3.6 criterion relates to technologies that demonstrate substantial life-cycle GHG emission savings compared to the best performing alternative technology available on the market. Within the KION Group, this includes manufacturing of e-trucks and warehouse trucks which significantly reduce GHG emissions due to their electric drives, when compared with conventional engines. Additionally, criterion '3.2: Manufacture of equipment for the production and use of hydrogen' and criterion '3.4: Manufacture of batteries' are also relevant, as they cover the KION Group's production of lithium-ion batteries, fuel cells and hydrogen refueling stations.

The survey of revenue, investment and operating costs was carried out in accordance with the Delegated Regulation on Article 8 of the Taxonomy Regulation and referring to the guidance on applying Article 8 of the Taxonomy Regulation by the Institute of Public Auditors in Germany, Incorporated Association (IDW).

To calculate the proportion of taxonomy-eligible revenue, the global revenue from the sale, rental and used-goods market of the e-trucks and warehouse trucks and the revenue from the sale of lithium-ion batteries, fuel cells and hydrogen refueling stations were taken into account and set in relation to the KION Group's total revenue.

To calculate the taxonomy-eligible share of the capital expenditure (Capex), investments in property, plant and equipment for the production of e-trucks, warehouse trucks, lithium-ion batteries, fuel cells and hydrogen refueling stations as well as investments in their research and development were included. In addition, all investments in the KION Group's own rental fleet of e-trucks and warehouse trucks, as well as procurement leasing, were classified as taxonomy-eligible. This was then set in relation to the KION Group's total capital expenditure.

To calculate the taxonomy-eligible share of the operating expenses (Opex), the material and personnel expenses of producing e-trucks, warehouse trucks, lithium-ion batteries, fuel cells and hydrogen refueling stations were included. Operational research and development expenditure for these products was also considered and set in relation to the KION Group's operating expenditure as defined in the Delegated Regulation on Article 8 of the Taxonomy Regulation.

The environmental objectives and criteria of the Taxonomy Regulation do not currently offer applicable descriptions and assessment criteria for all business activities. For example, there is no basis for including service activities, that enhance the service life of e-trucks and warehouse-trucks would be relevant. Here, the KION Group manufactures spare parts and carries out maintenance, servicing and repair work.

Outlook for the financial year 2022

For fiscal year 2022, also the taxonomy-aligned business activities must be reported. Therefore, the share of the KION Group's business activities to be reported for fiscal 2022 could change based on the rest of the environmental targets. The proportion of business activities deemed to comply with the taxonomy depends in particular on the definition of the technical screening criteria within the Delegated Act. KION Group's business model has not been covered by a dedicated set of criteria to date. For the further evaluation of the business activities previously subsumed under category 3.6 "Manufacture of other low-carbon technologies", a particular challenge arises for 2022, as the technical screening criteria are not defined for specific industries which makes it difficult to interpret the scope and produce the necessary evidence.

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Products, solutions and supply chain

The 'KION 2027' strategy provides direction for strategic development and sets key priorities with the strategic action areas of energy, digitalization, automation, innovation and performance. This year saw the addition of sustainability. In future, how successful a company is will increasingly be measured against the criterion of sustainability. The focus will be both on appropriately aligning the company's own business activities along the entire value chain as well as on designing products, solutions and services for the KION Group's customers in a way that focuses on sustainability. After all, the aim is to meet customer demand for greater sustainability and to do so better than the competition. Accordingly, the KION Group's aim is to make sustainable action, understood both operationally and strategically, a central guiding principle for action within the Group. This position highlights the high priority the KION Group places on sustainability issues, in particular for its products.

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 and the Group-wide sustainability program, two action fields (see chapter Sustainable corporate governance) directly address product-related sustainability priorities.

In the energy and resource efficiency of products action field, the focus is on climate- and environmentally friendly products and solutions characterized by improved energy efficiency, that is a reduction in CO_2 emissions via lower fuel and energy consumption. The action field of product responsibility focuses on the user-oriented, safe and ergonomic use of products and solutions.

In 2021, the KION Group largely completed the revision of its product sustainability strategy for the Industrial Trucks and Services (ITS) segment which began in the previous year. In the Supply Chain Solutions (SCS) segment, this is still ongoing. Now, the common guiding principle is "Our products, solutions and services are high-performing and efficient in use, contribute to climate protection and increase the safety of our customers." Derived from this statement are the three strategic topics on which the KION Group will focus in the area of product sustainability: climate protection, product efficiency and further improving customer safety.

Given their different products and business models, the ITS and SCS segments pursue differentiated approaches in implementing the common guiding principle. To this end, the respective strategy aspects are successively further defined, each backed up by strategic targets and specific indicators (see Tables 8 to 11).

Table 8: Strategy aspect composition of product portfolio

Target and indicator (outlook*)	Target year	Status 2021
* *ITS segment*: Strive for an electric-focused portfolio incl. battery and fuel cell-driven products by increasing the **share of electric-powered vehicles sold annually**[1] to 90 %	* 2027	87.0%
* *SCS segment*: Development towards a sustainability focused portfolio: 100% of Dematic's **new product / solution portfolio will be measured by sustainability related targets**[2]	* 2027	♦

[1] Proportion of electric-powered products in ITS segment in order intakes in terms of units; data source: World Industrial Truck Statistics (WITS)/Fédération Européenne de la Manutention (FEM)

[2] Defined by internal or international standards, scorecards or certification schemes

* Subject to approval by the Boards of KION GROUP AG, after the end of the reporting year, scheduled for early 2022

♦ In process

Table 9: Strategy aspect CO₂ emissions of products and solutions during use phase

Target and indicator	Target year	Status 2021
CO_2 neutrality of products and solutions during use phase (in metric tons of **CO_2e Scope 3 GHG emissions caused by the use of annually shipped KION Group products and solutions**)	* 2050	18.4 million tons[1]

[1] Based on product and purchase data, site- or fuel-based emissions, which partially include projections

* Subject to approval by the Boards of KION GROUP AG, after the end of the reporting year, scheduled for early 2022

Table 10: Strategy aspect efficiency

Target and indicator	Target year	Status 2021
* *ITS segment*: increase in **average charging efficiency**[1] of vehicles with electric drives	♦	♦
SCS segment: ♦	♦	♦

[1] Average charging efficiency of electrified vehicles in the ITS segment sold in the reporting year

* Subject to approval by the Boards of KION GROUP AG, after the end of the reporting year, scheduled for early 2022

♦ In process

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Table 11: Strategy aspect product safety

Target and indicator (outlook*)	Target year	Status 2021
* *ITS segment*: **Average number of selected safety features per industrial truck**[1] increased to 4 and an **equipment rate with active safety features**[2] of 10 %	* 2027	3.86
	* 2027	5.4%
SCS segment: Mitigating risks of noise pollution by offering quieter and safer solutions: 20% of Dematic's **solution portfolio** targeted to **operate under <85 dB(A)**	* 2027	♦

[1] Number of selected safety features ordered by customers in addition to the standard truck (which is safe in accordance with legal requirements), based on the number of sold counterbalanced and reach trucks in the ITS segment, data basis Linde MH and STILL EMEA

[2] Proportion of trucks sold in the reporting period equipped with safety features that actively intervene in operation, based on the number of sold counterbalanced trucks and reach trucks in the ITS segment, data basis Linde MH and STILL EMEA

* Subject to approval by the Boards of KION GROUP AG, after the end of the reporting year, scheduled for early 2022

♦ In process

Product strategy and organization

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

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 and quality assurance have been brought together in a central KION organization headed by the Chief Technology Officer (CTO) of the KION GROUP AG. Further information on research and development in the KION Group can be found in the Annual Report 2021.

The Group-wide CTO organization coordinates and pools development projects set out by the product managements of the Operating Units depending on the needs of their respective markets. Within the CTO organization, the product sustainability department forms an important interface with the KION sustainability management team.

Close involvement of customers in the product development process characterizes 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.

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's highest standards on product safety and ergonomic design enable customers to offer their employees maximum protection and optimize occupational health and safety through ergonomic workflows.

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With the innovative Product Evolution Process (iPEP) for ITS and the Gold Process for SCS, the two segments each have their own product development processes in which sustainability requirements play a key role. These are incorporated at an early stage of development and anchored in corresponding performance agreements known as deliverables.

In the recently revised iPEP, lifecycle management software helps with the implementation of sustainability requirements in the ITS segment by organizing and documenting requirements as well as the achievement of targets.

In 2021, the focus was on further detailing the product strategy, while further improvements in both processes are planned for 2022 to strengthen product sustainability to an even greater degree. This includes revising the guidelines used to check the products for sustainability criteria.

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, solutions and processes. In doing so, the KION Group is pursuing ambitious goals. This includes: to further optimize the External Complaint Rate[1] in the long term, to minimize vehicle downtimes and to strengthen and expand standardized quality assurance processes worldwide. The quality management systems of the KION Group and its Operating Units hold ISO 9001 certification. 83 percent (2020: 78 percent) of all production plants and administrative offices (41 plants including allocated locations) as well as the entire CTO organization are covered by the certification, for instance. As early as the supplier selection process, the KION Group also attaches great importance to quality and reliability and therefore also product safety (see the subchapter 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 cost efficiency (total cost of ownership) with maximum environmental protection. In the SCS segment, the KION Group pursues systematic product development processes to improve the efficiency of its products to an even greater degree. As far as electric drives in the ITS segment 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. For vehicles with combustion engines, the focus is primarily on further reducing emissions limit values.

KION Battery Systems GmbH (KBS) – the KION Group's joint venture with BMZ Holding GmbH – is still in the start-up phase. In 2021, around 4,300 48-volt and 80-volt batteries for counterbalance trucks were already being produced there with single-shift working (2020: 2,605 batteries). Work is currently underway to commission a further, highly automated production line for 24-volt warehouse batteries. Start of Production for this line is scheduled for the beginning of 2022. In parallel, the first used batteries (lease returns) were also reconditioned at KBS in 2021.

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 (see Table 9). This will be measured according to the total greenhouse gas emissions (Scope 3) from the use of the products

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[1] The External Complaint Rate describes the number of complaints made during the first 50 working hours in relation to the number of products delivered to the market under observation.

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and solutions sold each year. With this in mind, there is also a drive to electrify the product portfolio. In the year under review, the electrification rate of products sold in the ITS segment was 87 percent (2020: 87 percent). The aim is for this to reach 90 percent by 2027. In the SCS segment, the electrification rate of available automation solutions is 100 percent (2020: 100 percent). The SCS segment is also planning to explicitly align its product improvements with the criteria set out in the EU Taxonomy.

Last but not least, product efficiency is an important strategic aspect. The KION Group not only wants to offer its customers the most-efficient technology but also to encourage them to opt for this technology. To this end, the indicator 'average charging efficiency of vehicles with electric drives' was developed to improve efficiency in the ITS segment (see table 10).

To further improve efficiency, the KION Group is also taking overarching on-site energy management into account. For example, the ITS segment is developing solutions for the smart connectivity and control of chargers in order to manage the amount of electricity available as efficiently as possible, depending on the area of application. In addition, the ITS segment is working on solutions that enable customers to go beyond the charging infrastructure in their energy management, for example by optimally integrating photovoltaic systems.

The switch from trucks with internal combustion to products with an electric engine is increasing the number of electrical consumers in the customer network in the ITS segment. Given the strong focus on energy management and interface intelligence, the KION Group is taking the next step toward the future together with ifesca GmbH. In doing so, it is ensuring that energy in warehouses can be used more efficiently thanks to artificial intelligence (AI)-based solutions from the software specialist. As part of its growth financing, in 2021, the KION Group acquired a minority stake in ifesca GmbH and at the same time entered into a strategic cooperation.

Activities in the SCS segment focus on improving resource efficiency by reducing and avoiding excess material and waste in the construction of customer installations.

Extensive product lifecycle analyses

The KION Group is also focusing on developing knowledge in the area of lifecycle assessment for all product groups.

Linde has already analyzed representative products along the entire product lifecycle and also carried out an assessment of the entire fleet. The methodology applied is regularly examined by TÜV Rheinland. In terms of greenhouse gas emissions, for example, energy and fuel consumption during the use phase proved to be the biggest emission driver across all product groups. For this reason, the drives' energy efficiency is always of priority, both for combustion engine drives and in the further development of high-performance and efficient electric drive technologies.

In 2021, a corresponding analysis was launched for selected SCS segment products. Lifecycle assessments were prepared for four representative models, each covering the entire product lifecycle (cradle to grave). This analysis also showed that the majority of emissions are caused by energy consumption during the customer's use phase. As such, it is only logical that the promotion of energy efficiency is one of the strategic priorities of the SCS segment, combined with the overall goal of supplying customized solutions of the highest quality.

The SCS segment supports customers through proactive lifecycle planning at system level and drives performance improvements and upgrades on existing systems. As part of this, the SCS segment proactively conducts safety and sustainability audits at customers' sites and develops appropriate solutions and upgrade options that target key areas such as increased efficiency, noise reduction and improved reliability. Broader digitalization is making it easier to track the condition of systems, providing customers with timely solutions for improving their operations. In addition to plant profitability, this usually also improves their performance in terms of sustainability, including customer health and safety, resource productivity and efficiency.

For several years now, the Operating Units in the ITS segment have been offering attractive deals on rental and pre-owned equipment that help customers cut costs while saving valuable primary resources. In the year under review, the KION Group generated around €1,413.2 million in rental and pre-owned equipment business (2020: €1,275.1 million). In 2021, one in six forklifts sold in the company's ITS segment was an item of used equipment. In this way, the KION Group is already playing a part in developments toward a circular economy.

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 equipped with combustion engines.

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 and increased charging efficiency 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, KION ITS EMEA also integrates fuel cells into its industrial trucks explant or offers the "fuel cell ready" option. The aim is to offer practical vehicles with fuel cell technology to give customers an environmentally friendly energy alternative. For example, Linde has one of the largest fuel cell fleets used in production at a German automotive group. STILL currently has Europe's largest fuel cell fleet in operation at a French food company with over 100 industrial trucks.

A number of projects have proven that fuel cell applications can easily handle everyday logistics. Moving forward, the focus falls primarily on vehicles that use "green" hydrogen and thus have a virtually neutral carbon footprint. At present, the limited supply of different fuel cells and the high cost of hydrogen and its associated infrastructure are still restricting the wider rollout.

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, significant energy savings are achievable compared to systems without these characteristics. In this context, a special highlight is the RapidStore UL-1200 series storage and retrieval system. Here, SCS developers, together with external technology partners, have been able to improve energy efficiency by 40 percent. To do so, they rely on the principle of energy recovery: the engines become the generators when the UL-1200 brakes. This energy can then be used for nearby functions, for instance to accelerate a storage and retrieval system.

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2021 milestones

Key milestones were once again hit in the Operating Units and brands in the year under review.

In June 2021, for example, Linde unveiled state-of-the-art electric forklift models (Linde X20 – X35) in the 2.0 to 3.5 metric ton load range. These match the performance of forklifts with combustion engines. The forklift also has a synchronous reluctance motor with lower energy consumption values compared to the predecessor model– another step closer to resource-light intralogistics.

The new LXT and LXW tow tractor and transporter series from STILL, which has been part of our expanded product range since 2021, is also making a strong contribution to more efficient intralogistics. Given the different tonnages involved, dedicated trucks are offered for the respective customer applications. Accordingly, this avoids the use of oversized trucks for lower load runs, which goes hand in hand with an equivalent energy and weight saving. The higher loading capacity of the platform trucks also reduces traffic frequency, thus increasing transport efficiency.

With these different options for energy provision, the need for advice is also growing among customers. Accordingly, the STILL "Energy" webinar was held in September 2021, with a total of 368 external interested parties attending. Customers were given a comprehensive overview of the different energy systems, including lead-acid, lithium-ion or fuel cell systems, and the pros and cons of each system were explained in detail.

In the SCS segment, this year saw another success implemented in the area of energy saving. The introduction of a standby circuit in the event of downtime minimizes energy consumption in the Dematic Multishuttle 2E during these times.

Continuous optimization of drives with combustion engines

At present, no legal measures are in place banning forklifts with combustion engines. Nevertheless, sales figures reveal a clear trend toward electric forklifts, supported by the EU Green Deal and expected higher carbon pricing. For customers in regions where the infrastructure for electric forklift charging is not yet in place, the KION Group continues to offer vehicles with combustion engines.

Alongside its commitment to electric drives, the KION Group is also driving improvements to diesel or liquid gas combustion engine-based solutions, as these are still an important industrial requirement in some areas of application. Here, the focus is on constantly reducing the environmental impact. For many years, industrial trucks of the brands Linde and STILL have been among the lowest-emission trucks available in all load-capacity classes (also see SASB Content Index). The trucks of STILL and Linde in the Operating Unit KION ITS EMEA 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.

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Product responsibility

✳ **403-7, 416-1,** 416-2

⬦ **NfR: Product safety**

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 products are checked for potential improvements in accordance with legal requirements in terms of their health and safety impacts and taking into account experience from previous projects, safety-related incidents and customer surveys. All products must comply with the laws and regulations in the respective countries.

In the reporting year, no incidents were reported in which corresponding regulations were violated. Nor were any significant fines imposed 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 complete. In the other Operating Units, the transition is ongoing.

Overall, the KION Group attaches great importance to material compliance and strives to systematically improve the relevant internal processes. The use of a materials database in research and development is currently under consideration. A database of this kind is used to identify any material risks with regard to usability due to restricted or prohibited substances at an early stage.

Improving customer safety

⬦ **NfR: Product safety**

Customer safety is a top priority for the KION Group. Accordingly, the topic was given high priority in the revision of the KION Group product sustainability strategy. The KION Group aims to entirely prevent serious, or even fatal, accidents at customer. As such, safety features undergo constant development and improvement across both the ITS and SCS segments.

Against this background, two indicators were set out for the ITS segment that provide information on particularly high-value safety features that can be selected by the customer at product level (see Table 11). The first indicator records the number of safety features per vehicle ordered. The second indicator measures the equipment rate of assistance systems that actively intervene in a hazardous situation. Having the appropriate vehicle equipment is particularly effective in preventing accidents resulting in personal injury.

Globally, the respective national laws set the regulatory framework, 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, the Radio Equipment Directive and German road traffic licensing regulations (StVZO).

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To ensure the highest level of safety for both operators and the environment, the KION Group's standards for its own products and solutions 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.

Many of the safety features in the ITS segments are part of the vehicles' standard equipment. Active and passive safety systems offer the best possible protection 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 Motion Detection) and STILL (OptiSafe, OptiSpeed systems, Dynamic Load Control 1/2). A range of safety packages guarantee that the trucks optimally meet the requirements in their respective areas of application.

The latest example of this is the Linde Motion Detection, which was introduced in 2021 for the 1252 series. With this, Linde now offers an innovative assistance system that checks whether any movement can be detected behind the vehicle and subsequently prevents the forklift from reversing from a standstill. Inside the vehicle, the warning is issued via the vehicle display, while an acoustic signal alerts the surroundings to the imminent danger.

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 minimize risks through optimized coordination and control. Even after an intralogistics solution has been installed, the SCS segment supports customers by offering appropriate consulting services where there are any safety optimization concerns.

In the context of materials handling, employee noise exposure poses a major challenge. A corresponding target is currently being developed for the SCS segment. In the year under review, two types of non-contact rollers were developed to reduce noise levels – the Quiet Roller and Quiet SL2. These will be added to the SCS segment's product portfolio by the end of 2022 along with two further noise-reducing products.

In the SCS segment, Dematic has chosen to generally comply with European CE standards, the US UL certification and 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.

Safety training – including during the COVID-19 pandemic

NfR: Product safety

All Operating Units offer their customers comprehensive training measures and product handling instructions. In the ITS segment, the KION ITS EMEA Operating Unit supports customers in analyzing and eliminating safety risks by providing consulting services in the form of the Linde Safety Scan. Since 2017, KION ITS EMEA has conducted a total of 90 Safety Scan projects in Europe.

One of the events held at STILL in 2021 was the webinar "Navigating warehouses safely in an industrial truck," which helped to present the safety solutions available to customers in spite of the restrictions imposed by the COVID-19 pandemic. The live event included over 1,000 participants from 40 countries and saw the presentation of all available safety features. This gave customers significant support in identifying problems in their logistics environment and introducing technical solutions for accident prevention.

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In the SCS segment, Dematic offers customers extensive training and informative sessions on topics such as electrical safety (planned for 2022), height safety, and various other measures. These are carried out by certified training personnel. To meet high demand, there has been a major increase in the number of training courses: While a total of 64 training sessions were held in 2019, their number increased to 155 in 2021, after training sessions were largely suspended in 2020 due to the COVID-19 pandemic.

Ergonomics as a development goal

The KION Group aims to minimize 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 in the ITS segment is constantly being expanded: multi-adjustable workstations with elements such as ergonomically shaped joysticks, height-adjustable seats, suspension of the workstations, displays for visualizing and operating vehicle functions and patented, particularly ergonomic workstations on low-platform trucks – these are all measures designed to contribute to the most ergonomic possible vehicle operation, focused on the perfect interaction between operator and machine.

A particular emphasis of the Operating Units 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 optimizing 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. The best example of this is the new ergonomically optimized and highly dynamic picking station, the development of which was completed in 2021.

✳ **102-9**

Sustainable procurement

The KION Group's purchasing organization 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 €5,087.1 million worth of materials in 2021 (2020: €4,007.7 million). 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 Group forklift truck and warehouse technology equipment in the ITS segment are manufactured by the company itself, specifically the lift masts, axles, counterweights

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and chassis. In the SCS segment, only a few components are manufactured in-house, for example within the production of shelving systems, where predominantly raw metal is used.

Goods from Europe account for the largest share of the KION Group's purchasing volume (2021: 69 percent, 2020: 74 percent), followed by North and South America (2021: 19 percent, 2020 14 percent) and Asia-Pacific (2021: 10 percent, 2020: 11 percent). In compliance with legal requirements, comparable products are always sourced from the country with the most cost-effective package of costs, technology, innovation and performance. Shipping costs and customs duties are also taken into account here. Against this backdrop, the KION Group therefore strives to use local supplier structures to reduce transport distances and optimize the availability of materials and parts. This approach also minimizes the environmental impact of goods in transit.

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 harmonize systems and processes. Further information can be found in the Annual Report 2021 – Procurement risks.

Given the high degree of technical specialization 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 identify potential risks as well as develop and implement concepts that help to safeguard or increase 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.

The KION Group classifies certain parts as critical, including printed circuit boards assembly (PCBA) and corresponding assemblies, as well as components for metal production. Both material categories include electronic components and raw materials, which were subject to global supply bottlenecks in 2021. As a result, both procurement costs and lead times for supply were higher. The KION Group has a range of tools and processes to counteract the impact of this. For PCBA, for example, a corresponding tool provides detailed information on which electronic components are missing for final assembly and what the market situation looks like for the procurement of these components. In addition, the KION Group analyzes where procurement risks exist as a result of individual or sole-source deliveries. The category management team identifies these risks, reports on them centrally, in particular to the CTO and the Executive Board of the KION GROUP AG, and examines appropriate countermeasures, such as the qualification of alternative suppliers.

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Supplier management

✳ **102-16**

✎ **NfR: Socially and environmentally responsible supply chain**

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 (KGCC) and the General Terms and Conditions of Purchase contain specific requirements and rules of conduct for responsible procurement. But the KION Group's Principles of Supplier Conduct 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.

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. For example, since the previous year, the audit questionnaire for suppliers has also included proof of an EcoVadis scorecard. For strategically important suppliers, this is integrated into the evaluation process in the ITS segment so that decisions can take into account sustainability performance and, where appropriate, the scope of necessary improvement measures. In the SCS segment, this step is planned for 2022.

In 2021, the existing procurement guidelines were replaced by a more stringent and comprehensive Procurement Policy that covers all the Operating Units and sets out precise rules for procurement activities. This will also anchor sustainability aspects in information and requests for proposals to a greater extent as well as in contract documents in the future.

Against this backdrop, the non-disclosure agreements (NDAs) used in the SCS segment worldwide were updated in the reporting year, and these now refer directly to the KION Group's code of conduct. The 80 percent of suppliers with the highest revenue have already signed the updated documents. In the ITS segment, suppliers confirm that they are aware of the principles of supplier conduct when they sign the contract.

Each purchasing department is responsible for monitoring compliance with guidelines in its area. Category 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

✳ **308-1, 414-1**

✎ **NfR: Socially and environmentally responsible supply chain**

The KION Group carries out integrity and trade control checks on all new suppliers. Existing suppliers are also checked accordingly. 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, labor 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

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sustainability of their supply chains. As proof of the effectiveness of this strategy, in the financial year 2021, 63 percent (2020: 65 percent) of suppliers reviewed improved their EcoVadis rating compared with the previous year.

Table 12: Strategy aspect transparency on sustainability in the supply chain

Target and indicator	Target year	Status 2021
EcoVadis or equivalent rating (Corporate Social Responsibility performance) available for:		
25 % of top spend on strategic suppliers for all OUs[1]	2022	One OU has already reached the target, the other OUs are still working on implementation.
100 % of strategic and high-risk suppliers[1]	2023	♦
100 % of direct suppliers[1]	2025	♦

[1] Group or site rating

♦ In process

Table 13: Strategy aspect minimum sustainability requirements in the supply chain

Target and indicator	Target year	Status 2021
Definition and communication of **minimum EcoVadis or equivalent score** for all suppliers[1]	2023	♦
Minimum EcoVadis score mandatory for all suppliers[1]	2027	♦

1 Group or site rating

♦ In process

In this context, in 2021 the KION Group began targeting those suppliers whose EcoVadis rating failed to reach a certain score, with some of them asked to submit action plans for each high-risk area. The KION Group has reviewed these with regard to their effectiveness. Other suppliers are already working on measures to mitigate the risks identified as part of their EcoVadis assessment. Furthermore, individual audits were carried out at selected strategic suppliers, with additional audits planned for 2022.

Together with category management, each Operating Unit will also identify their respective strategic suppliers to ensure they can be included in the EcoVadis campaign in 2023. In 2022, the campaign will focus on the Asia Pacific (APAC) region, in particular on the suppliers with the 25 largest purchasing volumes in the region. The local category management will receive the necessary training in this area.

In 2021, the KION Group included a total of 80 additional existing suppliers in the EcoVadis assessment – 44 percent up on the previous year. In 2022, the Group aims to also report on the number of new suppliers covered by an EcoVadis assessment separately. As early as 2020, the global supplier base was assessed and categorized from a sustainability perspective to identify particularly risky suppliers. This involved using 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 categorization into the general risk assessment of series suppliers.

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Respecting human rights and social standards

✳ 407-1, 408-1, 409-1

NfR: Socially and environmentally responsible supply chain

The KION Group Principles of Supplier Conduct comprise the expectation that all suppliers respect human rights and uphold international social standards, including the ban on child and forced labor in accordance with International Labour Organization (ILO) conventions, as well as the enforcement of statutory minimum health and safety standards (see KION Group Principles of Supplier Conduct). 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.

Furthermore, the Group ensures that all new employees are trained in the aforementioned principles. These emphasize the need for ethical procurement and that the KION Group does not work with suppliers who tolerate child labor or other human rights violations.

Employees, business partners and other stakeholders can report any incidents of non-compliance with these principles and rules at any time via the KION Group's anonymous whistleblowing system (see subchapter Compliance). The KION Group was not notified of any significant violations of these principles in the reporting year. Furthermore, the Group 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 labor.

2021 also saw the start of conceptual preparatory work to review internal processes for any possible adjustments needed to meet the requirements of the German Supply Chain Due Diligence Act (LkSG), which will enshrine human rights due diligence in German law from 2023. To this end, among other things, a project team has been set up with representation from the Procurement, Corporate Compliance, Legal, HR, Sustainability and IT departments. The corresponding preparations are set to be completed in 2022.

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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 the entire Group workforce. 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 factors: First, the company intends to minimize 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 chapter Products and solutions).

Five of the KION Group's 14 action fields of the sustainability program focus on environmental aspects (see chapter 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 Units for the KION Group.

Management approach

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

The KION HSE policy, revised in 2021, provides the general guidance for all KION Group HSE activities. The policy is derived from the KION Group Code of Compliance (KGCC). In it, it commits to:

- comply with all national laws, norms and standards relevant to the Group in the course of its global operations,
- cultivate a strong HSE culture,
- systematically improve the efficacy of health, safety and environment management systems on the basis of targets and measures,
- use materials, products and processes that are consistent with best environmental and health and safety practice,
- evaluate the impact on the environment and work systematically to reduce emissions to the environment, waste volumes, and the use of natural resources insofar as possible, as well as to utilize energy, water and raw materials efficiently,
- take responsibility for the health of the workforce, create a safe environment for employees, temporary workers, contractors and guests at company sites, and provide appropriate training.

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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 which can be viewed at any time on the KION Social Intranet and an HSE knowledge platform. The existing standard was revised in 2021 to integrate new methods. The roll-out is scheduled for the beginning of 2022. Moreover, additional HSE regulations have been specifically set out for the Operating Units 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.

An annual management review summarizes the activities carried out by the HSE departments in the KION Group's Operating Units, and a report on progress made in occupational health safety is also published monthly. Not only does this inform management of the progress made, but the reports also serve as the basis for setting appropriate targets and measures which are then incorporated into the HSE audit program.

Internal reporting also forms the basis for the systematic assessment of potential on-site HSE risks (HSE Risk Assessment), which was successfully completed for the first time in 2017. The assessment takes into account the respective focal points of activity on site, the existing facilities and, not least, the management system in place. On the basis of these facts, the KION Group can be classified in the medium risk range for HSE across all industries.

The comprehensive roll-out of a self-assessment tool developed in 2021 is planned for 2022. It will enable the company to check the degree of compliance with the HSE standard at site level. In combination with the Group-wide HSE Risk Assessment, this creates a comprehensive picture of HSE risks and the corresponding risk management at the sites.

HSE management continues to work on converting the measures in place at the sites from a reactive to a proactive approach, for instance by promoting relevant safety behaviors at certain sites. Internal communication plays a key role here: throughout the Group, numerous initiatives systematically train and 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 recognizes the best teams each year. In light of the current situation, communication in 2021 once again 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. For example, the sharing of information is promoted through annual HSE manager meetings, regular conference calls, a Group-wide HSE knowledge platform and regular meetings at the plants and sites.

Group-wide certification is the objective

✳ **403-1,** 403-8

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

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

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quickly if necessary. The assessment results are used to guarantee the targeted further development of activities.

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 15). By 2024, all production plants as well as sales and service locations are to be certified in accordance with ISO 14001 (environmental management) and ISO 45001 (occupational health and safety management) or equivalent systems (Table 14). 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.

Table 14: Strategy aspect management systems (occupational health and safety, climate change mitigation)

Target and indicator	Target year	Status 2021
100 % ISO 45001 certification rate[1] (all sites)	2024	69 %
100 % ISO 14001 certification rate[1] (all sites)	2024	72 %

[1] Or equivalent standards

A Group-wide audit program 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 2021 meant that upcoming audits were primarily carried out in locally accessible units. The changes to the HSE standard will soon be reflected in the audit questionnaire.

Table 15: Environmental management system certification status

Certification rate	ISO 14001[1]		ISO 45001[1]	
	2021	2020	2021	2020
Plants	83 %	76 %	66 %	50 %
Sales & Service locations	70 %	57 %	70 %	47 %
Total (locations)	**72 %**	**59 %**	**69 %**	**47 %**
Total (employees)	**83 %**	**67 %**	**83 %**	**61 %**

[1] Or equivalent standard

Occupational health and safety

✳ **403-1, 403-2, 403-7**

✎ **NfR: Employee health and safety**

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 specialists. 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

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audits. The employees responsible are trained with specific training documents to ensure comparable and quality results.

The KION Group takes a decentralized approach to implementing any measures so as to consider local legal and organizational conditions. As a result, it does not make sense to establish a single uniform Group-wide procedure in all areas. That said, potential for standardization beyond the HSE standard in place – for instance, through the shared use of software solutions – is being examined and utilized wherever possible. 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, they can report to the HSE team or have the option to use the KION Group's whistleblowing system (see chapter Sustainable corporate governance). 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 familiarized 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

✎ **NfR: Employee health and safety**

The Illness Rate[2] and the Lost Time Injury Frequency Rate (LTIFR[3]) are key indicators in the KION Group sustainability program and serve as the basis for defining clear objectives. The LTIFR is to be continuously improved as part of a zero-accident strategy. Each year, the target upper limit is reduced by 5 %. An upper limit value of 3.0 percent (2021) applies to the Illness Rate, and this has already been undercut at Group level for several years. At present, greater attention is being paid to ensuring that this limit is consistently complied with, both at the level of the individual KION Group companies and of its production sites. This is ensured by monthly reporting and inclusion in the annual management reviews. Several sites have also launched specific programs to improve the LTIFR or Illness Rate.

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[2] Calculation based on absence days due to illness and work-related accidents and planned working time of active employees, excluding long-term illness.

[3] Calculation is based on the actual number of lost-time injuries of active employees (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.

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Table 16: Strategy aspect accident frequency KION Group

Target and indicator	Target year	Status 2021
Reduction of **accident frequency rate**[1] by 5 % per annum (based on the annual upper limit (2020: 8.2; 2021: 7.8); long-term: no occupational accidents)	per annum	7.7

[1] Calculation is based on the actual number of lost-time injuries of active employees (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 2021, 271.763 days were lost throughout the KION Group as a whole due to accidents or illness (2020: 253,162), taking the Illness Rate to 2.9 percent (2020: 2.9 percent). At 7.7, the Lost Time Injury Frequency Rate further decreased in 2021 year on year (2020: 7.8). In the year under review, the statistics show a total of 531 Lost Time Injuries (LTI; 2020: 478), i.e. work-related accidents with one or more working days lost. It is with great sadness that we had to record 2 fatalities in 2021.[4] Additionally, 1,380 minor injuries (2020: 1,206) and 172 commuting accidents (2020: 146) 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 51 occupational accidents resulting in the loss of one full working day or more in the year under review (2020: 45).

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 114 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.

2021 saw 99 percent of all employees across a total of 127 reporting units trained in occupational health and safety. The goal is to ensure that all KION Group new-starters receive 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. 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.

Since 2019, the 'Golden Rules of Occupational Safety' have provided KION Group managers with centralized instructions to further improve occupational safety in their area of responsibility. Specific measures taken by the Operating Units and at Group level helped ensure that the 'Golden Rules' were communicated. At the end of 2021, for instance, senior managers each presented one of the rules on the KION Social Intranet as part of a campaign and gave relevant examples from their own area of responsibility.

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[4] In July 2021, a Dematic service technician was attending a customer site in Spain to carry out a repair. During this repair he was seriously injured and later succumbed to his injuries. In December 2021, an external sub contractor fell from the roof while carrying out a repair on a KION building in Germany and was fatally injured. The KION Group takes all fatality cases very serious and in each case carries out a comprehensive investigation and concrete measures to further improve occupational safety, which is our top priority.

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Health protection

NfR: Employee health and safety

403-3, 403-6

In 2021, health protection was again primarily focused on protecting employees from contracting COVID-19. As well as providing general education on the COVID-19 pandemic, efforts centered on establishing control mechanisms and on providing staff with personal protective equipment (PPE) and face coverings. The KION Group also offered extensive testing services and a broad-based vaccination campaign to play its part in the fight against the COVID-19 pandemic.

In addition, targeted, needs-oriented and, where possible, preventative health measures were implemented in almost all Operating Units in 2021, for example at annual health days, which helped raise awareness on the issue of health protection. 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 and training on 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 program 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 92 reporting units had access to a company doctor (75 percent of the workforce). In 104 reporting units, employees were able to benefit from occupational health examinations (82 percent of the workforce). A comparable number of colleagues were offered further voluntary health-related measures (80 percent of the workforce). 68 percent of the workforce were offered health-related training.

Climate protection and additional information

305-1, 305-2, 305-3, 305-7

NfR: Location-specific greenhouse gas (GHG) emissions

Based on the 2018/2019 materiality analysis, the KION Group has identified climate protection as the key environmental issue. The KION Group intends to continue to minimize its contribution to global warming and has dedicated a separate action field in its sustainability program to climate protection.

The KION Group has so far based 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. In the reporting year, a comprehensive revision of the existing climate strategy was started. As a key interim result, a new target was developed that is fully aligned with the criteria of the Science Based Targets initiative (SBTi) for preparing a formal commitment. In addition to an expansion of the scope of the climate targets to include further (indirect) scope 3 emissions, the Net-Zero standard for companies to limit global warming to 1.5 degrees Celsius is taken as a basis. The corresponding resolution by the Boards of KION GROUP AG is scheduled for the beginning of 2022.

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Table 17: Strategy aspect GHG emissions

Target and indicator (outlook*)	Target year	Stauts 2021[1]
30 % absolute reduction of total energy related GHG emissions of own operations in metric tons of CO_2e (Scope 1, 2, 3.3) compared to 2017	2027	28.6 %[1]
Absolute reduction in GHG emissions (scope 1, 2, 3) in metric tons of CO_2e compared with 2021		Base year

* Near-term:
  Scope 1 + 2 by 4.2 % per year
  Scope 3   by 2.5 % per year
	* 2030	

* Long-term: net zero, Scope 1, 2, 3 by 100 %	* 2050 (at the latest)	

[1] Market-based

* Subject to approval by the Boards of KION GROUP AG, after the end of the reporting year, scheduled for early 2022

The Group-wide climate targets also set out clear CO_2 reduction targets for the Operating Units. A data retrieval carried out regularly since 2020 as part of the internal reporting also records the reduction volumes resulting from the implementation of current measures at the different sites. The data retrieval also considers the respective local measures in place. The results from the survey once again confirmed that the KION Group's reduction target, regarding its own activities, is realistically within reach. 80 reporting entities have set specific energy or emissions reduction targets, while 53 have made specific process optimizations, and 28 already use technologies to reduce GHG emissions.

In 2020, a total of 18 initiatives were launched in the KION Group delivering a total annual savings potential of approximately 33,772 t CO_2e[5]. Eight of these had already been implemented by the start of 2021. Further information and details on the respective initiatives can be found in the CDP Questionnaire on Climate Change, which is regularly updated in the mid-year.

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 endeavor 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.

[5] 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.

Table 18: Greenhouse gas emissions

in t CO_2e	2021	2020	Change
Total greenhouse gas emissions (Scope 1, 2, 3.3[1])	232,812	219,527	+6.1 %
(Total GHG emissions, market-based)	(180,654)	(173,374)	+4.2 %
Direct (Scope 1)	110,291	106,880	+3.2 %
Diesel	46,726	47,999	-2.7 %
Natural gas	29,123	26,487	+10.0 %
Coking coal	26,341	22,765	+15.7 %
Gasoline/petrol	5,188	6,095	-14.9 %
Others[2]	2,913	3,534	-17.6 %
Indirect (Scope 2)	90,689	83,400	+8.7 %
(Indirect Scope 2, market-based)	(38,530)	(37,247)	+3.4 %
Electricity purchased	86,859	79,247	+9.6 %
(Electricity purchased, market-based)	(34,700)	(33,094)	+4.9 %
Heating purchased	3,830	4,153	-7.8 %
Other indirect GHG emissions from direct and indirect energy use (Scope 3.3)[1]	31,832	29,247	+8.8 %
Scope 3 emissions from direct energy use	22,256	19,983	+11.4 %
Scope 3 emissions from energy purchased	9,577	9,264	+3.4 %

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).

[1] Scope 3.3: fuel- and energy-related indirect greenhouse gas emissions (upstream)

[2] Oil for heating, ethanol, LPG, Coal, Woodchips, Hydrogen, CNG, LNG

Calculated biogenic emissions (not included in scope 1, 2, 3): 14,624 t CO_2e (2020: 14,729 t CO_2e) from indirect energy and 735 t CO_2e (2020: 662 t CO_2e) from direct energy.

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.

The issue of product-related Scope 3 emissions was given a separate focus in the revised KION sustainability strategy. The Group therefore plans to identify additional measures in this area in the future (see chapter Products and solutions).

The areas of logistics, transport and commuting are seen as less relevant when it comes to the overall lifecycle assessment of the products examined. Nevertheless, the KION Group strives to achieve improvements in these areas as well. Furthermore, 67 reporting units (55 percent of service companies) are working on specific measures to improve their transportation activities, including the optimization of route planning and the use of GPS to avoid multiple trips.

Extensive analyses were launched in 2021 to reduce those emissions that are not directly caused by the KION Group (Scope 3). These will be completed in 2022. Concurrently, a roadmap is being drawn up to facilitate the introduction of specific measures as rapidly as possible. Predominantly, indirect CO2 emissions are generated during the products' use phase as well as in the production

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of acquired goods and services. Based on a materiality analysis for GHG emissions, further Scope 3 categories will be more comprehensively examined in the future. Further activities are based on the results of an initial substantiated estimate (Table 19).

Table 19: Greenhouse Gas Emissions – Scope 3

in kt CO_2e	2021
Significant Greenhouse Gas Emissions Scope 3[1]	**22,537**
3.1 Purchased goods and services	3,704
3.3 Upstream fuel- and energy-related activities	32
3.4 Upstream transportation and distribution	191
3.6 Business travel	4
3.7 Employee commuting	51
3.11 Use of sold products + 3.13 Downstream leased assets	18,365
3.12 End-of-life treatment of sold products	190

[1] Thousand tons of CO_2-equivalent

[1] The GHG emissions determined in other Scope 3 categories are partly based on initial substantiated estimates, and in some cases using projections. In the future these will be more detailed. Expenditure-based methods (3.1, 3.4, 3.6), activity data (3.3), employee data (3.7), life cycle assessment data (3.12) and product and sales data (3.11, 3.13) were used as the basis for the survey in combi-nation with database values and emission factors. Comparative data, expert assessments and the results of ex-isting life cycle as-sessments were used for plausibility checks.

The regular sharing of experiences in the HSE network of experts, as well as measures to raise awareness among the workforce and get them actively involved, also help to anchor the climate goals in the mindset of the entire KION Group workforce and make sure that all employees know what contribution they can make. In 2021, the Group ran local information and awareness-raising activities on energy consumption and emissions in a total of 54 reporting units, reaching 49 percent of the workforce. The focus was once again on the production sites.

The KION Group calculates and presents its greenhouse gas emissions on the basis of the internationally recognized rules of the Greenhouse Gas Protocol (see Tables 18 and 19). 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 2021). Location-based emission factors for purchased electrical energy are based on data published by the German Association of the Automotive Industry (VDA, as at 2019)[6]. The KION Group does not fall within the scope of the EU Emissions Trading System (EU ETS).

In addition to greenhouse gas emissions, the KION Group also keeps an eye on other relevant air emissions (see Table 20).

[6] Updating site-based emission factors requires fundamental changes in the data source, including retroactively recalculating previous reporting years. This is planned for 2022. GHG emissions data within a report (reporting year, previous year, base years) is always determined using a uniform methodology and data base, unless explicitly stated otherwise.

Table 20: Other significant air emissions (direct)

in kg	2021	2020	change
Carbon Monoxide (CO)	958,407	1,003,713	-4.5 %
Volatile Organic Compounds (VOC)	160,879	161,845	-0.6 %
Particulate Matter (PM)	6,853	6,274	+9.2 %
Nitrogen Oxides (NOx)	32,033	27,441	+16.7 %
Others (SOx, Phosphats etc.)	69,994	52,976	+32.1 %

✳ **302-1, 305-1, 305-2, 305-3, 305-7**

Energy use as a main driver

✎ **NfR: Location-specific greenhouse gas (GHG) emissions**

The main driver of greenhouse gas emissions in the KION Group is the use of energy (Table 21). 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 minimizing its impact on climate change. Equally, this is where the greatest potential for environmental cost savings lies. Corresponding environmental certifications at various locations lay the foundation for a continuous improvement process.

To further reduce energy consumption, several Group-wide measures were again continued or newly implemented in 2021. These include optimizations in buildings (e.g. expansion of measuring networks, optimization of lighting and heating systems, energy-based refurbishment), renewals in the vehicle fleet and measures to raise awareness among the workforce.

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. Work is also also underway in other regions to convert the power supply. Solar energy has an important role to play here, for example through photovoltaic systems at the U.S. site in Summerville and in Pune, India.

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Table 21: Energy use

in GJ	2021	2020	Change
Total energy consumption within the organisation (direct and indirect)	**2,271,351**	**2,142,505**	**+6.0 %**
Direct energy use	**1,570,383**	**1,479,836**	**+6.1 %**
By source			
Fuel consumption non-renewable sources	**1,557,492**	**1,470,284**	**+5.9 %**
Diesel	668,441	642,578	+4.0 %
Natural gas	516,541	468,007	+10.4 %
Coking coal	251,656	213,658	+17.8 %
Gasoline	77,091	90,800	-15.1 %
Others (oil for heating, CNG, LNG, LPG, coal, ethanol)	43,763	55,241	-20.8 %
Fuel consumption renewable sources (geothermal, woodchips, biodiesel, bioethanol)	**12,891**	**9,552**	**+35.0 %**
By purpose			
Fuel consumption non-transport	**841,124**	**738,682**	**+13.9 %**
Fuel consumption transport	**729,259**	**741,155**	**-1.6 %**
Indirect energy consumption	**701,313**	**662,933**	**+5.8 %**
Electricity	617,550	579,878	**+6.5 %**
Heating	83,763	83,055	**+0.9 %**
Self-generated energy not consumed	**5,947**	**5,773**	**+3.0 %**
Energy sold	**6,292**	**6,038**	**+4.2 %**
Electricity	5,637	5,390	+4.6 %
Heating	655	648	+1.1 %

Percentage of grid electricity used in relation to total energy consumed: 27.2 %. 19.3 % of total energy consumption are based on renewable sources (12.891 GJ of direct energy, 444.379 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 Units. Irrespective of this, the focus in the field of environmental protection continues to be on implementing the HSE minimum standards and certifications, raising workforce awareness, tracking the relevant environmental indicators, substituting hazardous substances and further developing the HSE system to include the dealer network.

Water and wastewater   ✲ 303-3, 303-4

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. For indicators on water withdrawal and wastewater, see Tables 22 and 23.

Table 22: Water withdrawal

in million liters	2021	2020	Change
Water withdrawal	**583.8**	**472.2**	**+23.6 %**
Municipal water supply	553.2	443.1	+24.8 %
Ground water	19.3	22.8	-15.4 %
Other sources (surface, rain, waste, etc.)	11.3	6.3	+79.4 %

Table 23: Waste water

in million liters	2021	2020	Change
Water discharge	**472.9**	**368.5**	**+28.3 %**
Sewage	472.4	368.0	+28.4 %
Other destinations (or not specified)	0.5	0.5	0.0 %

Waste and recycling

✳ 306-3, 306-4, 306-5

The KION Group intends to systematically reduce the amount of waste it generates (see Table 24). To this end, the KION Group is primarily focusing on its production plants, which naturally generate the largest amount of waste.

Table 24: Waste

in t	2021 Non-hazardous	2021 Hazardous	2021 Total	2020 Non-hazardous	2020 Hazardous	2020 Total	Change Total
Total amount of waste	**63,185**	**13,122**	**76,307**	**52,723**	**12,915**	**65,638**	**+16.3 %**
Waste recovered	**47,593**	**8,795**	**56,388**	**39,121**	**8,928**	**48,049**	**+17.4 %**
Recycled	41,239	7,661	48,900	34,186	7,965	42,151	+16.0 %
Prepared for reuse	5,065	635	5,699	4,100	598	4,698	+21.3 %
Other recovery method	1,289	500	1,789	836	365	1,200	+49.1 %
Waste disposed	**15,592**	**4,327**	**19,919**	**13,602**	**3,987**	**17,588**	**+13.3 %**
Incineration	1,191	1,032	2,223	1,238	898	2,136	+4.1 %
Landfill	4,646	1,232	5,879	4,533	455	4,988	+17.9 %
Other disposal method	**9,755**	**2,063**	**11,817**	**7,831**	**2,633**	**10,464**	**+12.9 %**

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Employees

The KION Group had on average around 38,000 employees in 2021. The Group offers its workforce 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 Group.

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. To this end, the essential topics of HR activities are addressed with the aim of developing an integrated Group-wide approach with uniform standards for strategically relevant issues. Like almost all industrial companies, the KION Group is currently facing the key challenges of finding answers to the demographic change in certain regions and the increasingly fierce competition for qualified young talent.

The Group-wide rollout of a standardized IT system for HR has proven an important basis for efficiently supporting HR work and company management and for better informing managers and the rest of the workforce alike. The system's core components have been in use globally since August 2020 with all modules for talent and performance management as well as for supporting HR development successively introduced in 2021. The final integration of the modules to support recruitment processes and systematized remuneration development will complement the new IT system.

Table 25: Strategy aspect employee satisfaction

Target and indicator (outlook*)	Target year	Status 2021
* Increase in employee satisfaction to an engagement score[1] of at least 75 and a participation rate[2] of at least 68 %, as measured by an annual, global employee survey	* 2023	Engagement score: 74 Participation rate: 64 %

[1] The engagement score is based on two questions: employee satisfaction ("How much do you enjoy working at your company?") and recommendation ("I would recommend my company as an excellent employer."). All ratings are presented on a 100-point scale.

[2] The participation rate indicates how many employees took part in the global survey compared to the total group of respondents.

* Subject to approval by the Boards of KION GROUP AG, after the end of the reporting year, scheduled for early 2022

First global employee survey conducted

The KION Group's first global employee survey was conducted in fall 2021. Until 2019, the Organization Health Index (OHI) survey saw all individuals with disciplinary management roles and senior managers surveyed on the further development of the leadership culture. This time, however, the new survey addressed the entire KION Group workforce for the first time.

The aim is to capture and subsequently act on the input provided by employees around the world in order to anchor the corporate culture throughout the Group, initiate change and generate sustainable growth for the KION Group. At the same time, the survey lays the foundations for measures to improve employee satisfaction, motivation and engagement, making the KION Group an even more attractive employer.

The results of the survey are compared against an external benchmark from other companies. The findings will also serve as a benchmark for subsequent results.

For this first global survey in particular, the aim, as well as the challenge, was to reach all KION Group employees, regardless of whether they work in offices, at the plants or remotely. Particular attention was paid to the content of the questionnaire, which was developed in collaboration with an external service provider and used across the globe in 16 different languages.

Forward-looking staff development: Training in times of digitalization

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 programs. The individual Operating Units and Group companies also offer comprehensive training programs which are targeted at the specific local and regional demands. This also includes training concepts to help prepare for the changes that increasing automation and digitalization will bring.

As a rule, the entire workforce has access to human resource development measures. Targeted support aims to enable all employees to take up and fill suitable positions within the KION Group in keeping with their individual potential and skills. Performance, talent and succession-planning management at the KION Group is based on a standardized Group-wide process, the Organization 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 und Excellence.

❉ **102-16, 407-1, 408-1, 409-1**

Clear employment standards

Across the KION Group, minimum employment standards apply. Based on the Fundamental Conventions drawn up by the International Labour Organization (ILO), these guarantee employees freedom of association and the effective recognition of the right to collective bargaining. They ban forced or compulsory labor as well as child labor 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.

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Table 26: Strategy aspect minimum working conditions

Target and indicator	Target year	Status 2021
No cases of non-compliance with KION Group minimum employment standards	Ongoing	0 cases, target achieved

It falls to the management teams and those responsible in the individual Operating Units 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. Around 40 audits are currently carried out each year. The standards and procedures to be audited are selected on the basis of a risk assessment process used to evaluate the overall risks for the Group.

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 KION Group. As in previous years, no significant incidents were reported in 2021.

Uncompromising respect for human rights

✷ **407-1, 408-1, 409-1**

For the KION Group, respecting human rights is a given. For example, the material requirements set out in the German Supply Chain Due Diligence Act (LkSG) that relate to the KION Group's employees are already largely covered by the Group's minimum employment standards and are audited, as outlined above. Any additions will be made by 2023 on the basis of risk analyses carried out by the KION Group and its Operating Units (for information on human rights in the supply chain, see subchapter Sustainable procurement).

Codetermination

✷ **102-41**

The Group companies reported approx. 24,000 KION Group employees covered by collective bargaining agreements at the end of 2021. The involvement of the workforce in matters of codetermination 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

✷ **102-16, 406-1**

✎ **NfR: Diversity and equal opportunities**

At the KION Group, each and every individual is valued and respected, irrespective of any personal characteristics, such as gender, skin color, 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.

Consistent anti-discriminatory approach

The KION Group has set itself the goal of preventing any form of discrimination within its sphere of influence. Everyone in the Group, the Executive Board, management, executives 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 behavior. Should violations become known, these would be sanctioned according to the legal instruments available locally.

E-learning sessions on anti-discrimination have also been made mandatory to raise workforce awareness on the issue and ensure a respectful workplace culture (see also the subchapter Compliance).

Cross-cultural awareness

The KION Group considers itself a global supplier with intercultural awareness. As in the previous year, this is demonstrated by the fact that by the end of 2021, people from more than 110 different countries were working for the Group. The international nature of the Group is evident not only in the workforce but also at the management level, and the KION Group attaches great importance to this. Wherever possible, local management positions are held by local executives. Furthermore, it seeks to fill an increasing number of Group management positions with international candidates. It also encourages international collaboration through its KION expat program, 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 who require accommodation, supporting reintegration into the workforce and facilitating continued employment in the event of physical disability. The aim is always to keep people with disabilities in work and avoid any further barriers or restrictions.

Strength in diversity

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 programs, KION attaches importance to building teams that are as international as possible. This is because intercultural communication promotes mutual understanding and therefore also helps eliminate diversity-specific obstacles to career development. Because of the COVID-19 pandemic, these programs had to be temporarily suspended or switched to online formats in 2021, although some have since resumed as face-to-face events since September 2021. In addition, programs are supported at the local level which often focus on regional or national specifics. One example here is Dematic's 'Effective Team Leadership' program, which centers around the benefits and the promotion of in-team diversity. Dematic employees also have access to a select range of LinkedIn Learning Courses, covering topics such as diversity, inclusion, dealing with unconscious bias, and cross-cultural communication.

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. In 2017, this was set for the KION GROUP AG with a target date of December 31, 2021. In addition, new targets were set for the two management levels below the Executive Board of the KION GROUP AG, to be achieved by December 31, 2026. Further information, in particular on the targets set and the extent to which they have been achieved, can be found in the Annual Report 2021 in the Corporate Governance Statement section.

Since 2019, the KION Group has also been involved in the German 'Chefsache' network. Under the patronage of the German Chancellor, the network is committed to the issue of equal opportunities and includes executives from business, academia, the media and the public sector. The Chief Financial Officer (Labor Director) has assumed responsibility for this topic on the Executive Board of the KION GROUP AG.

Further information

✳ **102-7, 102-8, 405-1**

In 2021, the KION Group's average number of employees stood at 37,954 people as calculated in full-time equivalents (2020: 35,563; including trainees and apprentices). At the end of 2021, across the KION Group, the number of full-time employees stood at 39,602 (end of 2020: 36,207) and the number of apprentices at 713 (end of 2020: 687). Further information on the structure of the workforce and personnel expenses can be found in Tables 27 to 31 and in the Annual Report 2021.

Table 27: Age structure

	2021	2020
Employees per age group	**100 %**	**100 %**
< 20 years	1.0 %	0.9 %
20–29	17.4 %	16.8 %
30–39	30.2 %	29.6 %
40–49	24.8 %	25.4 %
50–59	20.5 %	21.4 %
60 years and over	5.1 %	5.5 %
60 years and over	1.1 %	-

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

Table 28: Contract type full-time/part-time, gender

	2021		2020	
	Full-time	**Part-time**	**Full-time**	**Part-time**
Total	**97.1 %**	**2.9 %**	**96.2 %**	**3.8 %**
Male	98.7 %	1.3 %	97.9 %	2.1 %
Female	89.6 %	10.4 %	87.8 %	12.2 %

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

Table 29: Contract type indefinite/fixed-term, gender

	2021		2020	
	Indefinite	**Fixed-term**	**Indefinite**	**Fixed-term**
Total	**90.8 %**	**9.2 %**	**91.3 %**	**8.7 %**
Male	91.1 %	8.9 %	91.7 %	8.3 %
Female	89.4 %	10.6 %	89.5 %	10.5 %

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

Table 30: Contract type indefinite/fixed-term, region

	2021		2020	
	Indefinite	**Fixed-term**	**Indefinite**	**Fixed-term**
Total	**96.9 %**	**3.1 %**	**98.0 %**	**2.0 %**
EMEA	**95.9 %**	**4.1 %**	**97.4 %**	**2.6 %**
Western Europe	97.3 %	2.7 %	98.3 %	1.7 %
Eastern Europe	88.1 %	11.9 %	91.1 %	8.9 %
Middle East and Africa	100.0 %	-	100.0 %	-
Americas	**99.9 %**	**0.1 %**	**100.0 %**	**-**
North America	100.0 %	-	100.0 %	-
Central and South America	99.7 %	0.3 %	99.8 %	0.2 %
APAC	**99.4 %**	**0.6 %**	**99.3 %**	**0.7 %**
China	97.9 %	2.1 %	97.0 %	3.0 %
APAC excluding China	99.9 %	0.1 %	100.0 %	-

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

Table 31: Length of service

	2021	2020
Employees per length of service	**100 %**	**100 %**
< 5 years	47.5 %	44.8 %
5–9	17.2 %	19.6 %
10–19	18.7 %	18.7 %
20–29	9.7 %	10.3 %
30–39	5.0 %	5.5 %
40 years and more	0.8 %	1.0 %
not specified	1.1 %	-

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

Annex

Independent auditor's report

✳ **102-56**

The independent auditor's report on a limited assurance engagement of the sustainability report according to section 315b German Commercial Code (HGB), Regulation (EU) 2020/852 as well as on GRI Standards criteria can be found on the KION Group website.

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 21: Energy use
	Percentage grid electricity	Table 21: Energy use
	Percentage renewable	Table 21: 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	Key accident indicators as the basis for clear objectives Number of fatalities: 1 (active employees), 1 (external contractors) Fatality rate[2]: 0.003 (2020: 0)
	Near miss frequency rate (NMFR)[3]	7.3 (2020: 6.1)
Fuel Economy & Emissions in Use-phase	Sales-weighted fuel efficiency for non-road equipment[4]	Diesel: 3,707 l/h LPG: 3,122 kg/h CNG: 3,769 m^3/h
	Sales-weighted emissions of nitrogen oxides (NO_x) 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] Fatalities of active employees in relation to 200,000 actual hours worked

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

[4] The figures relate to the global order intake for the respective diesel, LPG or CNG internal combustion engine products from the ITS segment in the reporting period. This covers all parts of the KION Group's product portfolio that are relevant for the SASB indicator.

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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
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 > AR 2021: Business model and organizational structure
102-3 Location of headquarters	Frankfurt am Main, Germany	
102-4 Location of operations		> AR 2021: Business model and organizational structure > AR 2021: List of shareholdings
102-5 Ownership and legal form		> Company profile > AR 2021: Organizational structure
102-6 Markets served		> Company profile > AR 2021: Company profile > AR 2021: Business model and organizational structure
102-7 Scale of the organization		> Company profile > Further information (Employees) > AR 2021: Business model and organizational structure > AR 2021: Consolidated financial statements
102-8 Information on employees and other workers		> Further information (Employees) > AR 2021: Employees
102-9 Supply chain		> Sustainable procurement
102-10 Significant changes to the organization and its supply chain		> Company profile > AR 2021: 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
> Sustainability performance recognized |
| 102-13 | Membership of associations | Contributions to trade associations: € 4,220 thousand | > Stakeholder dialogue |

Strategy

| 102-14 | Statement from senior decision-maker | | > Foreword |

Ethics and Integrity

| 102-16 | Values, principles, standards, and norms of behavior | | > Organization and management
> Supplier management
> Clear employment standards
> Diversity and equal opportunities |

Governance

| 102-18 | Governance structure | | > Organization and management
> AR 2021: Corporate governance
> AR 2021: Management and control |

Involvement of stakeholders

102-40	List of stakeholder groups		> Stakeholder dialogue
102-41	Collective bargaining agreements		> Codetermination
102-42	Identifying and selecting stakeholders		> Stakeholder dialogue
102-43	Approach to stakeholder engagement		> Group-wide materiality analysis > Sustainability performance recognized > Stakeholder dialogue
102-44	Key topics and concerns raised		> Stakeholder dialogue

Reporting Practice

102-45	Entities included in the consolidated financial statements		> Scope and reporting period > AR 2021: List of shareholdings
102-46	Defining report content and topic Boundaries		> Contents > Group-wide materiality analysis
102-47	List of material topics		> Group-wide materiality analysis
102-48	Restatements of information		> Collection and comparability of data and information
102-49	Changes in reporting	There were no significant changes to the list of material topics and their boundaries compared with the 2020 reporting period. Information on changes from previous reporting periods can be found in the KION Sustainability Report 2020.	> Group-wide materiality analysis > KION Group Sustainability Report 2020
102-50	Reporting period		> Scope and reporting period
102-51	Date of most recent report	The Sustainability Report 2020 was published on April 30, 2021.	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report		> Imprint
102-54	Claims of reporting in accordance with the GRI Standards		> Contents
102-55	GRI content index		> GRI content index

| 102-56 | External assurance | | > Contents
> Independent auditor's report |

GRI 200: Economic

Topic: Economic Performance

GRI 103: Management Approach 2016			
103-1*	Explanation of the material topic and its Boundary	The topic of economic performance was identified as not material in the 2018/19 group-wide materiality analysis and is therefore currently reported by the KION GROUP AG without a detailed description of the management approach. The relevance of the topic will be reviewed in the forthcoming update of the materiality analysis and adjusted if necessary.	> Company profile > AR 2021: Combined management report
103-2*	The management approach and its components		
103-3*	Evaluation of the management approach		

GRI 201: Economic Performance 2016			
201-1*	Direct economic value generated and distributed	• Community investments: € 135 thousand (thereof € 60 thousand in cash contributions and € 75 thousand in working time spent) • Charitable donations: € 1,580 thousand (thereof € 1,525 thousand in cash contributions and € 55 thousand in non-cash contributions) • Sponsoring: € 65 thousand (entirely in cash contributions) • Donations to political campaigns: € 1,000	> Company profile > AR 2021: Consolidated income statement

Topic: Anti-corruption

GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		> Compliance > Zero tolerance for corruption and bribery
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
205-2*	Communication and training about anti-corruption policies and procedures		> Extensive training measures on compliance issues > Zero tolerance for corruption and bribery
205-3*	Confirmed incidents of corruption and actions taken		> Zero tolerance for corruption and bribery

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Topic: Tax

GRI 103: Management Approach 2016			
103-1*	Explanation of the material topic and its Boundary	Taxes were not identified as a material issue in the 2018/19 group-wide materiality analysis and are therefore not currently reported in greater detail by KION GROUP AG. The relevance of the topic will be reviewed in the forthcoming update of the materiality analysis and adjusted if necessary.	
103-2*	The management approach and its components		
103-3*	Evaluation of the management approach		
GRI 207: Tax 2019			
207-1*	Approach to tax	Taxes were not identified as a material issue in the 2018/19 group-wide materiality analysis and are therefore not currently reported in greater detail by KION GROUP AG. The relevance of the topic will be reviewed in the forthcoming update of the materiality analysis and adjusted if necessary.	
207-2*	Tax governance, control, and risk management		
207-3*	Stakeholder engagement and management of concerns related to tax		
207-4*	Country-by-country reporting		

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 (HSE) > Management approach (HSE) > Climate protection and additional information
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 302: Energy 2016			
302-1	Energy consumption within the organization		> Energy use as a main driver

Topic: Water and Effluents

GRI 103: Management Approach 2016			
103-1*	Explanation of the material topic and its Boundary		> Management approach (HSE) > Further information (HSE)
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
303-4*	Water discharge		> Water and wastewater

Topic: Emissions

GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		> Occupational health, safety and environmental protection (HSE)
103-2	The management approach and its components		> Management approach (HSE)
103-3	Evaluation of the management approach		> Climate protection and additional information

GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions		> Climate protection and additional information
305-2*	Energy indirect (Scope 2) GHG emissions		> Climate protection and additional information
305-3*	Other indirect (Scope 3) GHG emissions		> Climate protection and additional information
305-7*	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		> Climate protection and additional information

Topic: Waste

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

GRI 306: Waste 2020			
306-3*	Waste generated		> Waste and recycling
306-4*	Waste diverted from disposal		> Waste and recycling
306-5*	Waste directed to disposal		> Waste and recycling

Topic: Supplier Environmental Assessment

GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		> Sustainable procurement
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. An examination of a separate disclosure of the new suppliers covered by this is pending.	> Supplier assessments

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 (HSE)
103-2	The management approach and its components		> Management approach (HSE) > Occupational health and safety
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 > Occupational health and safety
403-2	Hazard identification, risk assessment, and incident investigation		> Occupational health and safety
403-3	Occupational health services		> Health protection
403-4	Worker participation, consultation, and communication on occupational health and safety		> Success factor: practical relevance
403-5	Worker training on occupational health and safety		> Success factor: practical relevance
403-6	Promotion of worker health		> Health protection
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		> Occupational health and safety > Product responsibility
403-8*	Workers covered by an occupational health and safety management system		> Group-wide certification is the objective
403-9	Work-related injuries	• LTIFR for temporary agency staff: 14.8 (2020: 12.6) • Gross LTIFR[1] = 8.3 (2020: 8.3) [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

Topic: Diversity and Equal Opportunities

GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		> Diversity and equal opportunities > AR 2021: Diversity
103-2	The management approach and its components		
103-3	Evaluation of the management approach		

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GRI 405: Diversity and Equal Opportunities 2016

| 405-1 | Diversity of governance bodies and employees | | > Further information (Employees)
> AR 2021: Diversity
> KION Group Website: Management |

Topic: Non-discrimination

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary		> Sustainable procurement > Clear employment standards > Diversity and equal opportunities
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 | | > Consistent anti-discriminatory approach |

Topic: Freedom of Association and Collective Bargaining

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary		> Sustainable procurement > Clear employment standards
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 | | > Respecting human rights and social standards
> Clear employment standards
> Uncompromising respect for human rights |

Topic: Child Labor

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary		> Sustainable procurement > Clear employment standards
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 | | > Respecting human rights and social standards
> Clear employment standards
> Uncompromising respect for human rights |

Topic: Forced or Compulsory Labor

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	> Sustainable procurement > Clear employment standards
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	> Respecting human rights and social standards > Clear employment standards > Uncompromising respect for human rights

Topic: Supplier Social Assessment

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	> Sustainable procurement
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. An examination of a separate disclosure of the new suppliers covered by this is pending.	> Supplier assessments

Topic: Customer Health and Safety

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	> Management approach (Products and solutions)
103-2	The management approach and its components	> Product responsibility > Improving customer safety
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
416-2*	Incidents of non-compliance concerning the health and safety impacts of products and services	> Product responsibility

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

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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

Andreas Mix

Vice President Sustainability & HSE
Phone: +49 6021 99 2698
Andreas.Mix@kiongroup.com
Sustainability@kiongroup.com

We keep

the world moving.

KION GROUP AG
Corporate Communications
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