

1. Report on non-financial issues

Business model

The TAKKT Group specializes in the B2B distance selling of business equipment. The companies and brands operate in attractive markets and focus primarily on the sale of durable and less price sensitive equipment as well as special items that are needed regularly to corporate customers in various industries and regions. The product range on offer largely comprises consumer goods that companies use in the context of their business activities. The TAKKT companies deliver pallet lifting trucks to German automobile suppliers, computer cabinets to Swiss mechanical engineering companies, custom-printed advertising banners for trade shows, shipping cartons to European industrial companies and food service equipment to commercial kitchens in the US.

At the beginning of 2022, TAKKT adapted the organizational structure. The former Omnichannel Commerce, Web-Focused Commerce and Foodservice Equipment & Supplies segments will be distributed to operational, customer-focused divisions and various Group functions.

TAKKT is therefore represented on the market with three divisions from this year: Industrial & Packaging (I&P), Office Furniture & Displays (OF&D) and Foodservice (FS). Each division will offer a product portfolio that is precisely coordinated to the customer target groups of industry/logistics, service providers and HoReCa (Hotels, Restaurants, Catering). Basing the organization on product categories and sales markets makes it possible to realize larger sales potentials. Market- and customer-facing functions such as sales, marketing, e-commerce and product range will be at the heart of the work in the divisions.

At TAKKT, profitable growth and sustainability go hand-in-hand. In 2011, the company-wide sustainability organization SCORE (SUSTAINABLE CORPORATE RESPONSIBILITY) laid the foundation for coordinating measures for sustainable corporate management across all businesses and implemented them in the day-to-day business.

In 2021, we updated SCORE and anchored it to an even greater extent in the functions and business units. Whilst the overall responsibility for the significant sustainability topics continues to lie with the Management Board, the management of the TAKKT divisions and companies is responsible for the specific sustainability goals, projects and results of their divisions and thus the company. At the operational level, the SCORE officers at the TAKKT companies coordinate the implementation of the respective sustainability projects with the corresponding functional areas, evaluate their progress and are responsible for the data recording, validation and transfer. TAKKT Group Sustainability assists them in translating the Group-wide goals into company-specific projects, coordinates the exchange of knowledge and is responsible for combining the sustainability key figures gathered throughout the Group.

With the help of SCORE, the Group-wide management, implementation and progress measurement of the TAKKT sustainability strategy is thus ensured. More detailed information on the corporate management practices relating to environmental, employee and social issues as well as the respect for human rights can be found in the TAKKT Sustainability Report, which can be downloaded from the company's website.

Reporting framework

TAKKT's sustainability reporting and TAKKT's sustainability strategy are based on the recognized framework of the Global Reporting Initiative (GRI). The company-specific measures, key figures and goals that were defined on this basis, together with compliance management, correspond to the relevant disclosures in the five aspects of

environmental issues, employee issues, social issues, respect for human rights and combating corruption and bribery, and are therefore part of this non-financial statement.

Environmental issues

Supplier assessment

TAKKT is not exposed to any noteworthy dependency risks in respect of individual suppliers. The company has a fragmented pool of suppliers and can use alternative suppliers at short notice for almost any product and ensures that this situation remains the status quo also in the long-term. For TAKKT as a retail company, the procurement of goods is already an important part of the value chain. For this reason, TAKKT pays a great deal of attention to sustainability in the supply chain. In this regard, TAKKT cooperates with the internationally recognized EcoVadis platform. The screening process makes it possible to transparently map the relevant aspects on sustainable trade in our suppliers' business models and, at the same time, identify development potentials. Through regular repeat audits, TAKKT aims to measure supplier progress and improvement. The four areas that EcoVadis analyzes are environment, social conditions, ethics and supply chain. TAKKT's product managers can view the results in the online portal and they can then make suggestions for improvement to suppliers and draw up development plans.

By 2025, the goal is to increase the purchasing volume from sustainability-certified suppliers to 80%. Since 2016, we have been continuously expanding the share of sustainability-certified suppliers with the result that we already procured 49.6% of the purchasing volume from suppliers certified by EcoVadis in 2021.

Due to the four areas analyzed – environment, social conditions, ethics and supply chain – the topic of supplier assessment is also relevant for the aspects of employee issues, respect for human rights and combating corruption and bribery.

Sustainable products

As a retail company, we can make the most impact when we make our product range even more sustainable in collaboration with our suppliers and business partners. As a foundation for strategic decision-making and the development of new offerings, we created a new product classification system in 2021, which we use to measure the sustainability of our products and make them visible: the "enkelfähig" rating. Products are evaluated individually against significant sustainability criteria and are awarded the label "enkelfähig" when they reach a defined score threshold.

Taking into account the differences in the product portfolios and the business models, we started with implementing the Group-wide "enkelfähig" rating in 2021. The sustainability performance of more than 1 million products is thus gradually being reviewed. This data basis allows us to actively manage the product portfolio according to sustainability criteria and to meet our customers' expectations in a precise way. We aim to generate a share of 40% of our revenue with "enkelfähig" products in this way by 2025.

The share of revenue that we have generated from sustainable products in accordance with the former classification (products with high energy efficiency, reduced emissions and from recycled or degradable materials) amounted to 11.7% of overall revenue in 2021.

Resource efficiency

Printed advertising materials such as catalogs continue to be an important medium for addressing customers in the course of direct marketing. At the same time, they are responsible for a large part of TAKKT's carbon

emissions. By systematically expanding our e-commerce activities and shifting our marketing budget from print advertising to online marketing, TAKKT is reducing its paper consumption and saving resources. In 2021, TAKKT consumed 2.4 kg of paper per order and has reduced its paper consumption for printed advertising by 67.1% per order since 2017.

In addition, the company aims to continuously improve its use of resources in business operations. Modern environmental management systems and corresponding certifications are the fundamental bases for this. In 2021, ten important TAKKT companies had an environmental management system certified according to ISO 14001 or EMAS.

Carbon emissions

The single-stage TAKKT distance selling model provides clear advantages compared to brick-and-mortar retail systems. With the omission of additional transport stages, shipping routes are optimized and emissions minimized. The customer benefits from high goods availability, short delivery times and timeliness. Nevertheless, TAKKT continuously works on further reducing the use of resources at all value added stages and to act in the most environmentally-friendly manner possible.

TAKKT campaigns actively for the conservation of natural resources and climate protection. An important starting point for targeted improvement measures has been the recording of carbon emissions since 2010.

We have set ourselves the ambitious goal of becoming carbon-neutral by 2025 with respect to our direct and indirect emissions arising from, for instance, the consumption of electricity, heat and steam (Scope 1&2 emissions). In doing so, we not only take responsibility for our share in the impacts along the value chain, we also see our action as an opportunity for significant cost savings in the face of increasing energy prices. We laid the foundation for our path to climate-neutrality in 2021 by balancing the greenhouse gas emissions of all TAKKT business units according to the GHG protocol standard for the first time.

Based on the results of the climate balances, we are already implementing the first projects and measures to sustainably reduce the carbon emissions generated. Especially in marketing and logistics, which represent the larger drivers of emissions in our business, we compensate for the carbon emission generated by supporting certified climate protection projects. This resulted in 100% of our paper-based and printed advertising materials and webshops being climate-neutral in 2021.

At the same time, TAKKT's aim is to ensure that product shipping is as environmentally friendly as possible and cooperates with several logistics partners to make deliveries climate-neutral. In 2021, 91.1% of parcel deliveries and 77.2% of cargo deliveries were carried out climate-neutrally in Europe and the USA.

Energy consumption

To further reduce energy consumption and limit harmful emissions, TAKKT focuses on areas that represent the largest possible saving and development potentials. Among other things, these are identified by the introduction of certified energy management systems. A significant component of these certifications is the establishment of a continuous improvement process. Certified energy management systems according to ISO 50001 were introduced in seven important companies in 2021. TAKKT also intends to use these systems to significantly reduce the energy consumption at German and US locations by 2025 in order to reach the goal of climate-neutrality in Scope 1&2 by 2025.

Employee issues

Diversity

TAKKT is convinced of the added value of mixed management teams and sees it as a Group-wide task to ensure equal opportunities for women and men in their career development across countries and across divisions. The aim of the activities is to increase equal opportunities through a series of measures. This includes even greater objectivity in the recruitment process with the intent of increasing the share of women in management positions to at least 45% by 2025. From 2026, we will aim for a share of women of 50% or more. For internal talent promotion programs, targets have been set for the share of female participants and female successors will also be explicitly taken into account in our succession planning. Furthermore, a better work-life balance, among other things with the development of childcare offers and works agreements regarding remote working, should create an appropriate gender balance. In a first step, the share of women in top executive positions increased from 10% to 18.6% between 2016 and 2021. To realize the goal of a share of women in management positions of more than 45% by 2025, TAKKT will further drive initiatives to promote diversity and gender equality in the years to come.

Social issues

Social commitment

For TAKKT, social commitment is an important component of responsible actions. The company regards itself as a part of society and thus a driving force for local projects. Besides organizations and institutions that engage in ecological and social issues, the company in particular promotes voluntary commitments by its employees. With paid leave of absence, they have the opportunity of supporting projects materially and with ideas. In 2021, 81.8% of employees had the opportunity of taking paid leave for voluntary commitments. In fact, 11.3% of employees participated in local volunteering projects.

Respect for human rights

Guidelines and obligations

Observing legal and contractual obligations as well as ethical principles is of the highest priority for TAKKT. To ensure this and to assist employees in their daily work, the company adopted a revised TAKKT Code of Conduct in 2014. It is based on the company's values and the principles of the United Nations Global Compact and other international standards. An update is planned at the latest by 2023 to adapt our Code of Conduct to the new legal and ethical challenges in everyday life.

As a large retail company, we, in particular, take responsibility for our partially highly complex supply chains. After all, the working conditions and the impacts on the environment in raw material extraction, product manufacture and sales concern us all.

In preparation for the German Supply Chain Due Diligence Act, we are forming an interdisciplinary team comprising Compliance, Purchasing and Sustainability, among others, which will enable us to make sustainability and risks in our supply chain transparent across functions and to manage them. We will anchor the holistic responsibility for the topic of human rights at both holding company and division level. This will ensure full compliance with and implementation of the human rights charter to be published for all TAKKT subsidiaries. Within this context, a transition will be made to concrete risk management on the basis of the comprehensive risk analysis. In this way, measures specifically adapted to each supplier's risk profile will be developed to eliminate or reduce any risks identified, and their implementation status will be regularly monitored. This is how we ensure and take responsibility for a continuously improving supply chain.

In addition to all the precautionary measures, there is the possibility of reporting transgressions in the supply chain via a complaints mechanism, which can be reached 24 hours a day. In this way, we ensure that incidents can be addressed promptly.

Combating corruption and bribery

Compliance management

TAKKT's company values provide orientation and form the foundation of cooperations within the company as well as the cooperation with business partners. Responsible management of the company (corporate governance) is an elementary principle of TAKKT. For this reason, we expressly acknowledge the objectives of the German Corporate Governance Code. Handling business risks in a responsible way is one of the requirements of good corporate governance.

Extensive Group-wide and company-specific reporting and control systems are available to the Management Board and the management, which make it possible to record, evaluate and manage these risks. Observing legal and contractual obligations within the context of proper business management is of the highest priority for TAKKT. TAKKT is subject to various compliance requirements in the areas of competition law, capital markets and data protection, among others. Non-observance of the Group-wide compliance principles (e.g. in the area of competition law or capital markets) may lead to significant legal consequences (e.g. legal proceedings, exclusion from public procurement processes) and resulting financial effects (e.g. fines, loss of revenue due to reputational damage) and ultimately have a negative effect on the result.

To counter this risk, the company has a centralized compliance management function that is audited by the departments and the Compliance Officer. Thanks to these measures, any violations can be identified quickly. Besides the existing TAKKT values, the TAKKT Code of Conduct and the TAKKT Compliance Management Guideline (e.g. on anti-corruption and anti-discrimination), TAKKT has also established a whistleblower hotline at an external service provider, which employees can use to anonymously report compliance violations to the extent legally permissible. TAKKT has also further developed the former system, which was used to train employees on compliance-related issues via an electronic platform and issue them with a certificate on successful completion of a test. If needed, further training on key compliance issues is offered.

2. EU taxonomy reporting

Introduction

As part of the European Green Deal, the EU Taxonomy Regulation creates an EU-wide framework that aims to support financial market actors in assessing to which extent certain economic activities can be classified as sustainable. This should, on the one hand, promote investments in more sustainable technologies and industries and, on the other hand, further increase the transparency and comparability of sustainability reporting. To this end, the EU has defined six goals, which capital-market oriented companies are to use to report their contribution based on three key performance indicators: Turnover, capital expenditure (CapEx) and operational expenditure (OpEx).

Pursuant to Article 8 of the Regulation (EU) 2020/852 dated June 18, 2020 and the delegated acts dated June 4, 2021 and July 6, 2021, TAKKT is for the first time obligated to report on sustainable economic activities based on the classification system of the EU Taxonomy.

For financial year 2021, only the relevant economic activities that are eligible for the taxonomy in relation to the environmental objectives 1 “Climate change mitigation” and 2 “Climate change adaptation” are initially to be reported on. A list of activities in various sectors, which have the potential of making a significant contribution to the respective environmental objective was determined for each environmental objective. If an economic activity in this list is named, it may be potentially taxonomy-eligible. For this purpose, a review is carried out to determine whether the legislative description provided corresponds to the actual economic activity. The extent to which taxonomy-eligible activities are actually aligned to the taxonomy (in their compliance with certain technical screening criteria targets) will be reported on from next year.

Methodology of the impact analysis

To determine the taxonomy-eligible activities, a cross-functional team was set up at TAKKT, in which the Group Sustainability and Group Accounting departments were represented in the core team.

In a first step, all the economic activities relating to Annexes 1 and 2 of the delegated act of Regulation (EU) 2020/852 were analyzed to determine whether they are at all relevant for an examination to determine taxonomy-eligibility. In a second step, these taxonomy-relevant activities were examined to determine their potential taxonomy-eligibility. For the activities identified as taxonomy-eligible, corresponding key performance indicators were gathered via the accounting systems and supplementary information was obtained from function-specific contact persons in the business units.

Double counts were avoided by taking into account either clearly attributable postings to the respective accounts or data collections from the respective functions of the business units. The two data collection methods were not combined per activity and business unit so that there could be no overlaps.

With respect to environmental objective 2 “Climate change adaptation”, no taxonomy-eligible revenue, operating expenses or capital expenditure was identified at TAKKT.

For environmental objective 1 “Climate change mitigation”, no taxonomy-eligible revenue was identified at TAKKT.

When determining taxonomy-eligible capital expenditure (CapEx) and operating expenses (OpEx), at least 90% of taxonomy-relevant capital expenditure and operating expenses were taken into account according to materiality aspects.

Taxonomy-eligible activities

Capital expenditure and operating expenses can be taxonomy-eligible if either the capital expenditure is incurred in direct connection with actual or future expected income from taxonomy-eligible revenue (Options A and B of the definition in Annex 1 of the delegated act of EU Regulation 2020/852) or if they are incurred in connection with “enabling activities” through the purchase of taxonomy-eligible third-party goods or services (Option C). As TAKKT itself does not generate any taxonomy-eligible revenue, only the latter definition is relevant for TAKKT. For environmental objective 1 “Climate change mitigation”, the taxonomy-eligible operating expenses (OpEx) and capital expenditure (CapEx) for financial year 2021 in relation to the following activities were identified:

5.5	Collection and transport of non-hazardous waste in source segregated fractions	OpEx
6.5	Transport by motorbikes, passenger cars and light commercial vehicles	CapEx, OpEx
6.6	Freight transport services by road	CapEx, OpEx
7.3	Installation, maintenance and repair of energy efficiency equipment	OpEx
7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	OpEx
7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	OpEx
7.7	Acquisition and ownership of buildings	CapEx, OpEx
8.1	Data processing, hosting and related activities	CapEx, OpEx
9.3	Professional services related to energy performance of buildings	OpEx

Results

On the whole, the following shares of taxonomy-eligible capital expenditure and operating expenses in all the capital expenditure and operating expenses relevant for the taxonomy for financial year 2021 were determined:

	Taxonomy-relevant* In EUR'000	Taxonomy-eligible In EUR'000	%	Not taxonomy-eligible In EUR'000	%
Revenue	€1,117,972	€0	0%	€1,117,972	100%
Capital expenditure	€26,884	€10,658	40%	€16,226	60%
Operational expenses	€9,708	€2,000	21%	€7,708	79%

*The taxonomy-relevant capital expenditures correspond to all additions to non-current assets. Operating expenses relevant to the taxonomy relate to direct, non-capitalized costs, which relate in particular to building renovation measures, short-term rental, maintenance and repair of property, plant and equipment.

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TAKKT AG
Management Board

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