

KUKA

Thinking Forward

_Sustainability
Report 2021



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About this report

With this Sustainability Report, KUKA AG is once again accounting for the company's economic, ecological, social and societal responsibility. Our target audience is comprised of our employees, customers and shareholders as well as analysts and investors, suppliers, non-governmental organizations, politicians and authorities as well as interested members of the public. We would like to inform the aforementioned parties about the measures we are taking to implement responsibility and corporate sustainability throughout our processes, products, the supply chain and towards our employees.

This report was created in accordance with the "Core" option of the GRI Standards. In preparation for this, we validated the key sustainability topics for KUKA in an updated materiality analysis. According to the amended sections 289b et seq. of the German Commercial Code [HGB] (CSR Directive Implementation Act/CSRRUG), publicly traded companies in Germany are obliged to publish a non-financial statement or a separate non-financial Group report. KUKA is complying with this obligation in the non-financial report within this document.

The non-financial report can be identified by the dark gray background of the pages and the "Non-financial report" label. The non-financial report was submitted to KUKA AG's Supervisory Board for examination and was approved.

The reporting period corresponds to the 2021 fiscal year (January 1 to December 31). The information relates to all affiliated companies of KUKA AG that are included in the [KUKA Annual Report](#). Any deviations have been identified as such. This report was published in German and English at the end of April 2022. In the future, it will continue to be published annually in April.

Management Board interview for Sustainability Report 2021 “Thinking Forward”

The motto of the current KUKA Sustainability Report is “Thinking Forward”. As CEO, what do you associate with this term – and how does it fit in with KUKA?

Peter Mohnen: Sustainability also means taking a long-term view: making decisions today that must be tenable and justifiable in the future. Thinking and acting forward is especially important for a technology company like KUKA, because we are active in complex areas of the future such as robotics and AI. Let us take, for example, our largest development project at the moment, the new iiQKA operating system, with which we are making robotics and automation simpler and more intuitive: as part of this “Mission 2030”, we are thinking forward, considering how we will work and live in the future – and aligning our products and solutions accordingly.

So sustainability and technology go hand in hand – you can’t have one without the other?

Peter Mohnen: Exactly. New technologies such as digitalization, robotics or AI are able not only to make our lives and work easier, but also to support us on our way to a more sustainable future. For example, CO₂ emissions can be reduced thanks to digitalization. Smart intralogistics avoids empty runs and optimizes routes, a digital twin for planning a system saves resources, and an intelligent building saves energy. As an innovation company, KUKA is on the lookout for ever more sustainable solutions. This is how we help our customers to leverage technologies in order to save resources.

Alexander Tan: And more and more people are operating in an increasingly automated environment; after two years of the coronavirus pandemic we are seeing that more than ever before. Factories and logistics facilities worldwide need robotics and automation. This of course offers great business opportunities for KUKA – but obviously not only for us. By taking over dangerous or stressful tasks, robots can provide better working conditions. And automated logistics can ensure the supply of important goods.

When more and more people work with robots, and automation is required for many daily processes, that also entails responsibility. How does KUKA handle this responsibility?

Peter Mohnen: As a global automation company, we naturally have a corporate and social responsibility. Furthermore, the requirements in terms of sustainability are also becoming greater. We also see this when talking to customers. Sustainability is a necessary requirement that we wish to address in all areas. To this end, we work together with our customers on solutions – and also closely involve the KUKA family.



» Sustainability must be lived throughout the entire company. «

What does this involvement look like in concrete terms?

Peter Mohnen: Sustainability must be lived throughout the entire company. For this reason, we asked our employees for their views in 2021. Which topics are particularly important to them, and where do they see the greatest opportunities? The results were very impressive and fill me with confidence. We also conducted a materiality analysis, thus defining our key sustainability topics for the coming years. We are in a very clear position in this respect.

What topics has KUKA defined here?

Alexander Tan: The focus is on climate protection and climate risks, employee responsibility and development, efficient and responsible products and solutions, and responsible procurement. These aspects were mentioned particularly frequently by employees. We are therefore focusing primarily on these topics at KUKA and developing specific goals and measures for achieving them.

Let's take another look at the motto "Thinking Forward": Where is KUKA headed in terms of sustainability?

Peter Mohnen: Sustainability is increasingly also a social mindset. We at KUKA also intend to and will play our part in the coming years and actively work on changes, because the challenges are enormous. For example, we want to ensure that each new robot consumes less energy than its predecessor model. However, there is still a long way to go, and we need to improve in many areas. That's why it is so important to me that everyone pitches in – irrespective of department or hierarchy.



Company and strategy

KUKA is a global automation corporation with sales of around €3.3 billion and 14,128 employees. As one of the world's leading suppliers of intelligent automation solutions, KUKA offers customers everything they need from a single source: from the component, such as robots or automated guided vehicles (AGVs), to cells and to fully automated systems and their networking in markets such as automotive, plastics, metal, general industry, consumer goods, e-commerce/retail and healthcare. Sustainability is a challenge both for our customers and for our industry itself. Both sides are challenged to make contributions to climate protection while managing the basics, such as advancing digitalization, workforce development, and human rights due diligence in the supply chain.

- ▶ Corporate profile
- ▶ Our strategic high-priority markets
- ▶ Corporate governance with responsibility
- ▶ Sustainability management at KUKA
- ▶ In dialog with society
- ▶ Significant risks and effects
- ▶ Results of the materiality analysis

Corporate profile

For over 100 years, KUKA has been committed to making life and work easier for people. We have a passion for automation. KUKA is one of the world's leading specialists in automation. We support our customers in the holistic optimization of their value creation by providing comprehensive automation and digitalization know-how. In 2021, KUKA generated revenues of €3.3 billion (2020: €2.6 billion) with 14,128 employees (2020: 13,700). The

global technology corporation operates in more than 50 countries in Europe, the Americas and Asia.

The company offers its customers everything they need from a single source: from the core component – such as robots, automated guided vehicles (AGVs) and other automation components – to production cells, turnkey systems and networked production with the aid of cloud-based IT tools. Through its advanced automation solutions KUKA contributes to increased efficiency and improved product quality for its customers.

Industrie 4.0 – the next stage of the Industrial Revolution – is bringing digital, networked production, flexible manufacturing concepts and logistics solutions, as well as new business models to the fore. With its decades of experience in automation, in-depth process know-how and cloud-based solutions, KUKA ensures its customers have an edge on the competition. The strategic markets include the automotive, electronics, consumer goods, e-commerce/retail and healthcare industries.



€ **3.3**
billion revenue



14,128
employees

Corporate structure

The organizational structure comprises five divisions: KUKA Systems, KUKA Robotics, Swisslog, Swisslog Healthcare and China. KUKA Aktiengesellschaft, headquartered in Augsburg, is the Group's holding company and is responsible for corporate tasks within the group of companies. The business activities of the divisions are operationally coordinated by the respective managers, who in turn report to the Management Board. With the exception of the China business segment, the segments operate globally and are supported by their local establishments and regional subsidiaries in both their sales efforts and their assembly and field service work.



KUKA Systems division

The Systems portfolio covers the entire value chain of a system: from individual system components, tools and fixtures to complete turnkey systems. From traditional body-in-white production in the automotive industry, through battery production plants in the electromobility sector to initial non-automotive projects: the goal is the efficient design of production processes by means of adaptable, modular and automated manufacturing and logistics processes. Systems works together with its customers on flexible, scalable concepts and solutions for the factory of tomorrow. As an automation specialist for hardware and software solutions, Systems provides impetus for the digital factory.

Markets in Germany and elsewhere in Europe are served from the headquarters in Augsburg, while the Greater Detroit area in the USA is responsible for the North/South America region, and Shanghai in China manages the Asian market. In Toledo, USA, KUKA Toledo Production Operations (KTPO) manufactures the Jeep® Gladiator for Chrysler under the terms of a pay-on-production contract.

KUKA Robotics division

The core component for automating production processes is provided by the Robotics division: industrial, collaborative and mobile robots – along with the robot controller, software and digital services for the Industrial Internet of Things. The broad product portfolio – ranging from traditional 6-axis robots to DELTA and SCARA robots – covers payload ranges from three to 1,300 kilograms. In addition, the Robotics portfolio includes robot-based, modular manufacturing cells for a wide range of applications. This enables KUKA to meet the various requirements of its customers optimally. Robotics also offers comprehensive support services. Customers can attend technical training and professional development courses in KUKA Colleges at more than 30 sites worldwide. Most robot models are developed, assembled, tested and shipped in Augsburg. The control cabinets are produced in two Hungarian plants, in Taksony and Füzesgyarmat.

KUKA Robotics is continuously expanding the range of products so as to offer customers from all kinds of sectors the solutions that are appropriate for them and to allow even small and medium enterprises to use robots economically.



Research & development activities have an important role to play here. The trend is also towards robots that are simple to program, flexible to deploy and easily integrated and networked. Enhanced with mobility and autonomous navigation, robots are being transformed into flexible production assistants that are becoming more and more intelligent.

KUKA's new products and technologies open up additional markets and create new applications for robot-based automation. Robots will play a key role in the factory of the future. By taking these measures, industrial nations will be able to expand their competitiveness and, at the same time, mitigate the effects of demographic change on the labor market.



Swisslog division

With its Swisslog division, KUKA is tapping the growth markets of e-commerce/retail and consumer goods in the field of intralogistics. Based in Buchs, Aarau in Switzerland, Swisslog serves customers in over 50 countries worldwide.

The division implements integrated automation solutions for forward-looking warehouses and distribution centers. As a general contractor, Swisslog offers complete turnkey solutions, from planning through to implementation and service, employing data-driven and robot-based automation in particular. Swisslog offers smart technologies, innovative software and adapted support services to improve the long-term competitiveness of its customers in the logistics sector. By combining Swisslog logistics solutions with the robotic automation solutions of the other divisions of the Group, KUKA offers new possibilities of flexible automation along the entire value chain.



Swisslog Healthcare division

The Swisslog Healthcare division (HCS) develops and implements automation solutions for modern hospitals. The aim is to boost efficiency and increase patient safety. With the aid of process optimizations in the field of medication management during and after in-patient treatment, hospital staff and pharmacists can gain more time for personal care and consultation. At the same time, the use of automation solutions can reduce the incidence of medication errors.

China division

The China segment comprises all business activities of the Chinese companies in the Systems, Robotics, Swisslog and Swisslog Healthcare divisions. In addition to KUKA industrial robots, automation solutions such as warehouse management systems and automated solutions for the healthcare sector are developed, offered and marketed in China. Industrial robots are manufactured at the locations in Shanghai and Shunde and sold on the Chinese market. Furthermore, new robot models, such as the SCARA and DELTA robots, have been developed in China.



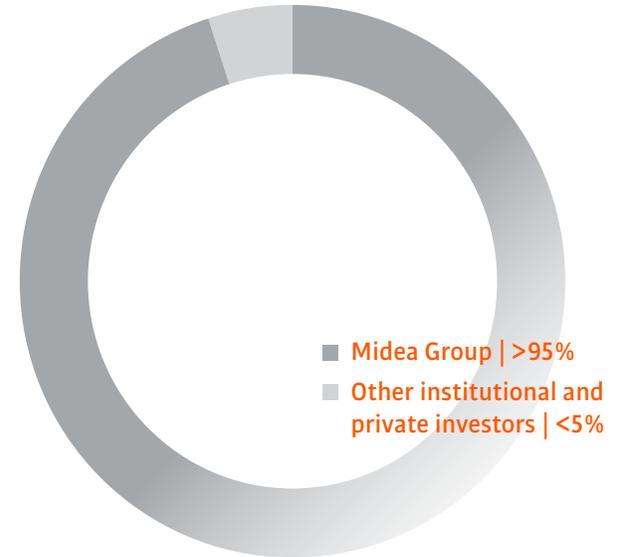
Shareholders

At the end of 2021, KUKA AG had a market capitalization of around €2.9 billion (2020: €1.6 billion). Shares are held by both institutional and private investors. At the end of 2021, around 95 percent of the shares were held by Midea Group and around 5 percent by other institutional and private investors. The shares of Midea Group Co., Ltd. are held through its subsidiaries Guangdong Midea Electric Co., Ltd., Midea Electric Netherlands (I) B.V. and Midea Electric Netherlands (II) B.V.

As the majority shareholder, Guangdong Midea Electric Co., Ltd. ("Midea") informed KUKA AG on November 23, 2021 of its intention to initiate a so-called squeeze-out process and delist KUKA AG. Specifically, Midea submitted a formal request in its letter pursuant to section 327a para. 1 sentence 1 AktG that the Annual General Meeting of KUKA AG resolve to transfer the shares of the remaining shareholders (minority shareholders) to Guangdong Midea Electric Co., Ltd. in return for an appropriate cash compensation. Furthermore, Midea pledged to support

KUKA in their joint long-term growth plan, and in particular to uphold the production site in Augsburg until at least 2025, to keep Augsburg as the leading R&D center for KUKA until at least 2025, and to increase the annual R&D budget by at least 15 percent by 2025 compared to 2021.

Based on Midea's support of the joint growth plan and after a thorough review of Midea's commitments, the Management Board and Supervisory Board decided that a stock market listing for KUKA in Germany was unnecessary, as KUKA has not refinanced itself via the capital market since the acquisition by Midea in 2016. It is planned for the transfer resolution to be adopted at KUKA AG's next Annual General Meeting. Against the background of the transfer request, the Annual General Meeting is to be held in May 2022. Under the terms of the agreement signed between Midea and KUKA in 2016, no control agreement is being concluded and KUKA's headquarters will remain in Augsburg.



Our strategic high-priority markets

KUKA's most important markets are in Europe, the Americas and Asia.



Automotive/Tier 1

The automotive industry has always been of great importance to KUKA and remains a key pillar. It is a very important driver of technology and innovation and has been in a period of transition for some time. Established concepts and business models are undergoing major changes in terms of the way vehicles are developed, built, sold and used. KUKA will continue to grow around the world with its expanding portfolio of automotive and tier 1 customers and support them as a partner in automation, digitalization and electrification.

Electronics

The electronics industry is one of the most diverse sectors in the present-day industrial landscape. It includes the production of household electrical appliances, cutting-edge technologies such as semiconductors or solar cells, and industrial electronics. The most important submarket with the highest revenues is the 3C market (computers, communications and consumer electronics).

Metal & Plastics

Entry into robot-based automation in emerging markets often starts with arc welding applications. Robots are used not only for welding applications and machine handling, but also for a wide range of other tasks, for example polishing or processing, due to their comprehensive functionality. This also opens up new growth opportunities in saturated industries.

E-commerce & retail

Electronic commerce results in large quantities of varied goods being sent to consumers via goods distribution centers. Fast and correct order fulfillment is crucial for

profitable operations and can only be achieved in the long term through automation. The e-commerce segment is therefore an important sales market for smart logistics concepts based on intelligent software and combined with innovative, robot-based automation.

Consumer goods

Robots have been efficiently and successfully supporting the production of fast-moving consumer goods (FMCG) for many years, especially in the food and beverage industry, but also in shoe or textile production, cosmetics and pharmaceuticals.

Healthcare

The healthcare sector is one of the most important growth markets of the future. Demographic change, medical innovations and the development of healthcare systems in emerging countries, as well as the shortage of skilled workers and the increasing cost awareness of healthcare facilities, are creating a need for new solutions. The automated supply of medication can be part of the solution to the challenges in the healthcare sector: The aim is to boost efficiency and increase patient safety. With the aid of process optimizations in the field of medication management during and after in-patient treatment, hospital staff can free up more time for patient care. At the same time, the use of automation solutions demonstrably reduces the incidence of medication errors.

KUKA Medical Robotics offers a comprehensive portfolio of robotic components for integration into medical technology products. Applications for KUKA robots range from X-ray imaging to radiation therapy, patient positioning and robot-based assistance systems for surgical procedures in operating rooms, or as a supporting partner in the field of rehabilitation.

Corporate governance with responsibility

As a German stock corporation, the statutory rules impose on KUKA AG a dual corporate governance system comprising a Management Board and a Supervisory Board. The members of the Management Board share the responsibility for company management. The CEO coordinates the work of the Board; he is responsible for representing and leading the Board in its cooperation with the Supervisory Board and its members.

The Management Board of KUKA AG consists of the Chief Executive Officer (CEO) Peter Mohnen and the Chief Financial Officer (CFO) Alexander Tan. The compensation report of the Management Board is published on the KUKA website.

The Supervisory Board of KUKA AG has twelve members pursuant to the Articles of Association. In accordance with the German Co-Determination Act, six members are appointed by the shareholders and six by the employees. Four Supervisory Board mandates were held by women in 2021. The ratio of women on this board is thus 33 percent. The Supervisory Board is elected every five years, the next elections being scheduled for 2023. The responsibilities of the Supervisory Board include the appointment of members of the Management Board as well as their supervision and the provision of advice. The Chairman of the Supervisory Board, Dr. Andy Gu, coordinates the work of the Supervisory Board. Furthermore, the Supervisory Board and the Management Board regularly inform themselves about key topics. The compensation of the Supervisory Board is also published on the KUKA website.

The Supervisory Board has formed five committees. An overview of them is provided on page 6 et seq. of the [Annual Report](#). Environmental and social issues impact many topics, and these are dealt with by the Supervisory Board, both in the Audit Committee and in other individual committees responsible.

In its corporate governance, KUKA follows the guidelines of the German Corporate Governance Code with the exception of recommendation B.1 on diversity in the composition of the Management Board. The Corporate Governance Statement is published on the KUKA Website. The objective is to continuously enhance the trust in corporate governance by combining sustainable corporate control and the necessary transparency.

Sustainability management at KUKA

For KUKA, sustainability means responsible corporate action towards the environment, our employees, customers, investors and our social environment. The goal is the continuous and sustainable further development of the company in view of dynamic changes in the economy, environment and society. With our sustainable management (ecological, social and economic), we simultaneously help our customers to implement and achieve their sustainability goals, thereby establishing important conditions for our economic success.

Various departments in the company monitor and analyze these changes in terms of how our business activities impact the corresponding issues and, conversely, how external trends impact KUKA. We also monitor changes in the legal framework that affect sustainability factors so that we can respond with appropriate measures as required. Accordingly, sustainability management is carried out by, for example, Facility Management, Procurement, Human Resources or other divisions depending on the issue.

At Group level, the Corporate Social Responsibility department in the External Accounting department works with the various divisions to formulate, among other things, Group-wide goals and strategies. The aim is to identify opportunities and risks at an early stage in order to develop appropriate measures. The departments report to the members of the Management Board within the scope of management reviews.

The Sustainability Report with integrated non-financial report pursuant to the CSR Directive Implementation Act is prepared on behalf of the Management Board and approved at a Management Board meeting. After a preliminary review of the non-financial report by the Audit Committee of the Supervisory Board, the final review is carried out by the Supervisory Board.



In dialog with society

KUKA is in regular contact with various sectors of society. In some instances, these may have quite different perspectives and demands on the company and may, under certain circumstances, impact KUKA's reputation. Our key stakeholders are customers, business partners, suppliers, but also investors and shareholders as well as media representatives, the public and our employees.

Communicating openly with these stakeholders is important to KUKA, because this forms the basis for mutual understanding and acceptance of the business decisions. The respective divisions are responsible for communicating with the various stakeholders. We have been collaborating closely with various customers for many years, for example through implementing technical innovations in industrial production within the scope of joint projects. Purchasing is the point of contact for suppliers, HR for employees, and the Press department for media representatives. The Investor Relations department is in direct contact with investors and analysts. Sustainability rating agencies are served by the Management Systems department. Since 2008, KUKA has regularly participated in the CDP (formerly Carbon Disclosure Project), which analyzes information relating to climate and water risks from a financial perspective. In 2021, KUKA's rating was C in both the Climate Change and Water Security categories.



The allocation of the added value in KUKA Group to the key stakeholders may be noted from the [Annual Report](#).

International cooperation

KUKA is a member of numerous organizations and initiatives and is active in their working groups in some cases. Within the German Mechanical Engineering Association (VDMA), for example, these include the Corporate Responsibility and Public Relations working groups, the battery production specialist department and the Robotics + Automation association.

KUKA is also active in various OPC UA (Open Platform Communications – Unified Architecture) working groups. OPC UA offers the technologies required for achieving the

goal of networking in factory and process automation, as envisaged in the concept of Industrie 4.0. Together with other companies, KUKA is working on standards that will form the basis for unified global communication between devices and machines in the future. It is useful and necessary to help shape such future international standards, firstly because Germany is one of the world's leading markets in the field of mechanical engineering and the manufacture of automation components, and secondly in order to secure Germany's viability as an industrial location. Other associations of which KUKA is also a member include the Federation of German Industries (BDI), EUnited (European Engineering Industries Association), euRobotics, the International Federation of Robotics (IFR), Association for Advancing Automation (A3) and the Robotic Industries Association (RIA).

Significant risks and effects

Risk management

The Management Board has implemented a comprehensive corporate risk management system to systematically and continuously identify, evaluate, manage, monitor and report the internal and external risks to which its divisions and subsidiaries are exposed.

Identified risks – including risks arising from sustainability issues – are assessed throughout the Group according to their potential impact on the company's business development and the achievement of corporate targets (such as revenues and EBIT). This also applies to changes in the legal framework that influence sustainability factors. The analysis is performed qualitatively and, if possible, quantitatively, taking into account the probability of occurrence. The risk management system is subject to a monthly reporting process (risk inventory) which involves identifying new risks and carrying out a follow-up

assessment of existing risks. The information collected in this way is summarized in a monthly risk report to the Management Board.

The managers of the divisions and subsidiaries are directly responsible for the early identification, control and communication of risks.

Impact on the economy, environment and society

KUKA's products and solutions make an important contribution to the economic growth, technological progress and improved working conditions of its customers. For this reason, KUKA considers itself to be a partner to its customers and a responsible employer for its workforce and their families.

KUKA protects the environment through the careful use of natural resources and an effective environmental management system. Applicable laws and regulations are always observed. KUKA takes this responsibility seriously and is also aware of any negative effects that may be associated with its own actions and which could have consequences for the economy, environment and society as well as for the company and its employees if they do occur.

Material sustainability topics

Sustainability stands for the consideration of economic, ecological, and social or societal aspects. In order to be able to reconcile this with a corporate strategy, the topics relevant to our industry and to us as a company must be identified. In this context, we also take into account the demands placed on us from outside the company.

In the year under review, KUKA once again addressed the topics that are material to sustainability management and sustainability reporting. With the new analysis, we have pursued the goal of combining the different requirements for materiality according to the respective definitions in the German CSR Directive Implementation Act (CSR-RUG) and in the Sustainability Reporting Standards of the Global Reporting Initiative (GRI). At the same time, we aimed to survey and take into account current stakeholder expectations. The topics discussed were also checked to ensure that they no longer had any “blind spots”, even from different perspectives, and that they were complete and resilient in line with external

requirements. Desktop research tools, interviews and workshops were used for the analysis. The results are reflected in this report. Based on the results, strategic directions are to be defined and a sustainability program adopted in 2022.

Based on the desktop research and a subsequent initial review for practicality, a shortlist of eleven topics emerged. These were subsequently discussed in workshops with specialists and in individual interviews, and further validated in an online employee survey. Following this, the list of topics was reduced to nine. In conjunction with a critical review of their business relevance, four topics remained of key importance: “Climate protection and climate risks” as a central environmental topic, “Efficient and responsible products and solutions” from the economic topic area, and “Responsible procurement” and “Employee responsibility and development” from the social and societal area. As an important cross-departmental function, the topic of “Good Corporate Governance” forms the basis for the other material topics.

Results of the materiality analysis

Material topics	Concerns according to CSR Directive Implementation Act	Material impacts internal and external to the company	GRI Standards
Climate protection and climate risks	Environmental concerns	External	GRI 302: Energy GRI 305: Emissions
Efficient and responsible products and solutions	Social concerns	External	GRI 302: Energy GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling GRI 418: Customer Privacy
Employee responsibility and development	Employee concerns	Internal	GRI 401: Employment GRI 402: Labor/Management Relations GRI 403: Occupational Health and Safety GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity
Responsible procurement	Human rights	External	GRI 204: Procurement Practices GRI 303: Water and Effluents GRI 306: Waste GRI 308: Supplier Environmental Assessment GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labor GRI 409: Forced or Compulsory Labor GRI 414: Supplier Social Assessment
Good Corporate Governance	Anti-corruption	Internal	GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior



Compliance

KUKA's Corporate Compliance Program provides a basic framework to ensure that its employees behave in a manner that complies with laws and regulations. Our compliance structure is based on fundamental ethical values and is intended to protect our economic values. This also applies to product safety. It is our aim to protect our customers against risks and damage caused by our products, both in terms of their health and also with regard to data protection issues. We thus create a safe and secure environment for customers, employees and our company.

- ▶ Tough on corruption and bribery
- ▶ Corporate compliance as a foundation
- ▶ Guidelines for product safety
- ▶ Reporting according to the EU Taxonomy Regulation

Tough on corruption and bribery

Even though our market environment is subject to dynamic changes worldwide, our fundamental ethical standards and the associated internal rules remain unchanged. As a foundation for our business activities, we have anchored our core values in rules. They are included in our Corporate Compliance Program and thus an integral part of our daily business decisions. Our core values are:

- » Respect for ethical principles as a core element of business
- » Compliance with applicable laws and regulations as well as our core values and internal guidelines
- » Maintaining a working environment characterized by good cooperation and ensuring equal treatment of all employees

- » Transparency in decision-making processes and maintaining a high level of integrity
- » Ensuring the health and safety of employees in the workplace

Corruption and bribery must be systematically combated for both legal and ethical reasons, and sanctioned where necessary. Cases of corruption entail reputational risks for our company and can result in fines, claims for damages or exclusion from public tender procedures.

In competition with other companies, KUKA prohibits any form of corruption and demands abidance by the principles of fair competition. This self-image is a fundamental part of our corporate culture. It includes not participating in price fixing and other anti-competitive practices.

Compliance structure

The Compliance department falls within the remit of the CEO of KUKA Aktiengesellschaft. The Chief Compliance Officer is responsible for the compliance program and its operational implementation. Moreover, the senior executive levels are involved in the operational implementation as part of their leadership responsibility; this responsibility devolves to all management levels. In order to implement compliance together with all employees and external partners, we apply various processes and measures. All of this forms our Compliance Management System (CMS).

Corporate compliance as a foundation

Compliance with legal framework conditions and internal guidelines is firmly rooted in the Corporate Compliance Program. The content of this program – which is also the foundation of the CMS – is laid out in our Corporate Compliance Manual. This includes the most important points of contact as well as the 16 compliance-specific corporate policies which establish the rules of conduct, cooperation and personal commitment and framework for KUKA's business operations.

The Manual constitutes the basis of the CMS. It is available to all employees via the company-wide intranet and is accessible to the public on the company's website. The Manual is revised as necessary to adapt it to current requirements. In 2021, for example, we updated the corporate policy "Foreign Trade Law and Export Control" and reviewed the other corporate policies to ensure they are up to date. In the year under review, we additionally developed a corporate policy on the code of conduct for suppliers. This deals with the obligations of suppliers with regard to environmental protection, labor rights and human rights.

Another foundation for the CMS is an internal database in which compliance inquiries and issues are systematically recorded. It is regularly evaluated in order to draw conclusions on the effectiveness and need for adaptation of the CMS.

Online and classroom training

In order to train employees in compliance issues, training measures are an inherent feature of the CMS. They are provided in various formats. These include computer-supported learning methods (e-learning) and worldwide classroom training on selected topics as required on specific occasions. Participation in the "Corporate Compliance" e-learning program is mandatory for all employees and is confirmed with a certificate after successful completion. Both new and existing employees are invited to take part in the e-learning at regular intervals. All employees are urged to refresh their compliance know-how on a regular basis.

E-learning programs are used to teach the core values as well as fundamental compliance skills and codes of conduct. Available in 13 languages, the program has a modular format and is geared to specific target groups.

» Participation in the "Corporate Compliance" e-learning program is mandatory for all employees. «

In 2021, a new module was added to the e-learning program, the need for which arose from revision of the Risk Map. The use of e-learning modules is to be expanded in the future as well, this method having proved its worth in the training concept.

For employees who are unable to participate in the e-learning program, offline training material is available. It is aimed, for example, at employees in Production and Logistics. The content and language have been adapted to this target group. If required, additional classroom training is carried out.

In order to sensitize new employees to compliance as soon as they join the company, the topic is presented during the so-called Onboarding Days at selected locations.

Proven communication channels

It is important to us that employees can report suspected compliance violations without fear of negative consequences. If a violation is suspected, employees have various communication channels at their disposal. They may report concerns to their manager, the HR department or Compliance Officers who are deployed on site and regionally. If an employee chooses to make an anonymous report, the suspected violation may be disclosed to the ombudsperson, who has no position in the company and is therefore independent. The ombudsperson forwards the issues to the Compliance Officer, in anonymous form if so desired. The communication channels which are currently in place also proved effective in 2021. During the fiscal year, KUKA Group became aware of 25 potential compliance incidents (2020: 23). These were carefully processed and, if necessary, appropriately sanctioned.

The reporting system had already been evaluated with regard to the requirements of EU Directive 2019/1937 in the previous year and a certain need for adaptation had been identified. It has not yet been transposed into German law; until then, we are aligning our work with the requirements of the EU directive. During the course of 2022, in accordance with the EU directive, KUKA is supplementing the existing reporting system with a web-based solution which can be used to report suspected compliance violations anonymously worldwide.

Further training of compliance experts

KUKA has been working closely with the Center for Professional Development and Knowledge Transfer (ZWW) at the University of Augsburg for many years. As in previous years, KUKA once again offered to host the Company Campus Days of the “Compliance Officer (univ.)” certification course in 2021. The course gives participants an insight into how compliance is implemented in practice at an industrial company.

It was not possible to hold the events on site at KUKA due to the restrictions resulting from the coronavirus pandemic, but employees from the Compliance organization were available for digital exchanges.



SDG 4.3:
Equal access to affordable technical, vocational and higher education



SDG 8.8:
Protect labor rights and promote safe and secure working environments



SDG 10.3:
Ensure equal opportunity and eliminate discrimination

Guidelines for product safety

To make our systems and products as safe as possible, we focus on quality. From production, purchasing or quality management to service and sales: safety is our duty – even after delivery and installation of our products and systems. That is why KUKA already works vigorously during the development phase of new products on excluding product defects or operating errors to the fullest possible extent. All details and responsibilities are explained thoroughly in the KUKA Product Safety policy.

KUKA frequently sells to system integrators, companies that install our products at the end customers' facilities. KUKA is thus often unaware of the purpose and location of the individual robots, and in such cases only comes into contact with the robot again via Customer Service, for example during routine maintenance. Here, the service technicians pay attention to potential safety risks and other servicing-relevant aspects.

If safety risks requiring measures to be taken are detected in robots that are already installed, processes and procedures are clearly defined. Additionally, we monitor social media to see if content is shown here that demonstrates risky or incorrect use of our products. Any risks identified are reported directly to the Product Compliance department. In the event of a safety risk being identified, we actively approach the customer. With the

aid of worldwide product monitoring and the experience we have gained over the years, as well as by tracking, and in some cases actively participating in, the activities of standards working groups, we are able to prepare our products for a future state of the art at an early stage. For example, we were able to present the 2021 amendments to EN ISO 619 (safety requirements for continuous handling equipment and systems) and EN ISO 528 (safety requirements for rail dependent storage and retrieval equipment) to 148 employees in the Planning and Engineering departments at KUKA.

The two standards referred to here are the most important harmonization regulations for the products of KUKA subsidiary Swisslog. Although their application is not expected to be mandatory until 2023 or 2024, all affected products are already to be aligned with the future state of the technical standards from 2022 onwards. The two standards were presented in a total of eight events. At the same time, preparations began for the new EN ISO 10218-1 standard (safety requirements for robots), amendments to which will affect large parts of our Group-wide portfolio. We presented this standard in four workshops with 87 participants in Germany and China in 2021. Another safety-related focus of Swisslog in the fiscal year was the roll-out of the Safexpert risk assessment tool in the EMEA region.



> 3,000

robot training courses at KUKA locations worldwide

One aspect that we are considering against the background of increased networking in the future is the principle of “security by default” or “privacy by default”. Here KUKA configures the factory settings in our products or other applications in such a way that users and their data are protected without any corresponding settings having to be made to this effect.

Our customers and business partners learn how to safely handle and program robots and cells in user training courses at KUKA Colleges around the world. In addition to the expert operation of the machines and components, the aim is to prevent accidents and increase work safety for the customer. In 2021, over 3,000 robot training courses were held at KUKA locations worldwide. For courses that did not require practical training on the robot, the proportion of events conducted digitally increased due to the pandemic.

Monitoring and training

The Product Compliance department at KUKA regularly monitored compliance with the Product Safety policy during the year under review, checked any deficiencies and successfully remedied them. In addition to the safety aspects, the policy also addresses various product labeling requirements, which are playing an increasingly important role in opening up new markets and eliminating trade obstacles in global supply chains. The product directives of the European Union, particularly the Machinery Directive, which applies to all industrial robots and production systems, play a key role in this, as do the market-specific certification and licensing requirements, for example those for the North American or Asian markets.

KUKA ensures the effective fulfillment of these requirements through continuous training of the employees, deployment of internal and external specialists, as well as cross-departmental reviews at various times during production and before the market entry of products. In fiscal year 2021, a total of 489 KUKA employees received product safety training in 27 courses. Due to the pandemic, training courses were held online. We had good experience with this in the year under review: the format is well received and is to be maintained in the future.

We have also created internal expert working groups in order to intensify the exchange of experience among product safety experts within KUKA Group.

» In fiscal year 2021, a total of 489 KUKA employees received product safety training in 27 courses. «

Tax compliance

KUKA underscored its Group tax strategy in 2021 with a corporate policy on tax compliance. KUKA strives to comply with the tax law obligations applicable worldwide while observing its corporate values and upholding social and ethical responsibility. A Tax Compliance Management System (Tax CMS) ensures that the tax obligations of Group companies are met and that integrity standards are maintained by adopting appropriate measures – such as efficient, high-quality and reliable expertise, processes, systems, methods and controls. The Tax Compliance policy defines the framework for these activities and governs the corresponding responsibilities.

Information security and data protection

KUKA is committed to protecting the information processed by our customers and ourselves. To this end, we have incorporated the issues of information security

and data protection into the product development cycle as fixed elements and take them into account with the goals of “security by design” and “privacy by design” when developing the hardware and software for our products.

KUKA has implemented globally applicable policies on information security and data protection; these provide a uniform level of protection and are based on internationally recognized standards (for example ISO 27001, EU GDPR). Our employees are able to contact the responsible departments at KUKA directly in the event of queries or incidents. In addition to the personal points of contact, general e-mail accounts can also be used for these topics.

Information security and data protection affect all KUKA employees. For this reason, in addition to the extensive internal regulations, there is also a mandatory online training course on data protection in six languages: German, English, French, Portuguese, Hungarian and Chinese. All employees are required to undergo this training each year.

Since mid-2019, an online training course on information security has also been available in German, English, French, Portuguese and Chinese. This too must be successfully completed by all employees every year. For employees who do not have access to a PC, corresponding classroom training is available. Specially tailored training courses have been created for groups of people who are confronted with particular requirements regarding information security or data protection (for example information security for developers, data protection for HR employees).

We also addressed phishing prevention with a two-stage training campaign in 2021. Despite technical safeguards, employees may occasionally receive fraudulent e-mails that can cause damage. In anonymized tests, we raised awareness of this growing trend and the associated dangers.

Reporting according to the EU Taxonomy Regulation

As part of the action plan for financing sustainable growth in the European Union, the EU Taxonomy Regulation aims to redirect capital flows towards sustainable investment. The Taxonomy Regulation is a classification system with technical requirements for economic activities that are of particular importance for the transformation to a climate-compatible and sustainable economy. Consequently, only a selection of economic activities is included in the Taxonomy. Thus, if the economic activities included in the Taxonomy comply with the requirements there, they contribute to the transformation or are compatible with the EU's environmental objectives. The EU Taxonomy itself is still being developed: by early 2022, the technical screening criteria were available for two of the six EU environmental objectives in total – namely for (a) climate change mitigation and (b) climate change adaptation. The requirements for the other EU environmental objectives are still being prepared.

Although the Taxonomy is not yet complete, certain companies in the EU will be required to provide initial information as of the 2021 reporting year in accordance with the Taxonomy Regulation.

As a company that is required to publish a non-financial statement in accordance with section 289b of the German Commercial Code (HGB), KUKA AG is also affected by the EU Taxonomy Regulation. In its first year of taxonomy reporting, KUKA must therefore disclose whether it had taxonomy-eligible revenues (turnover), capital expenditures (CapEx) and operating expenses (OpEx) – and if so, to what extent. To this end, we examined the extent to which Annex I on climate change mitigation and Annex II on climate change adaptation (Delegated Regulation 2021/2139) define economic activities with which KUKA generates revenue in accordance with IFRS 15. The first step was to examine the total revenue at KUKA Group. Amounting to €3,286.2 million in fiscal year 2021, this is to be regarded as the basic population (denominator) (see [Annual Report 2021](#)). The audit revealed that KUKA

did not generate any revenue from taxonomy-eligible economic activities.

We also assessed the extent to which KUKA has made investments that relate to the purchase of products from taxonomy-eligible economic activities and that enable KUKA to carry out activities with lower CO₂ emissions or to reduce overall greenhouse gas emissions. The audit revealed that KUKA invested in charging stations for electric vehicles in fiscal year 2021. The production of charging stations for electric vehicles is taxonomy-eligible (Delegated Regulation 2021/2139, Annex I, Activity 7.4), and the charging stations contribute to reducing greenhouse gas emissions. The investment amount was approximately €103,000 (equivalent to 0.08% CapEx), which reflects the numerator. The denominator of capital expenditures (CapEx as defined by the EU Taxonomy) includes additions to intangible assets, property, plant and equipment and right-of-use assets in accordance with IFRS 16 before depreciation, amortization and changes in valuation.

Finally, we assessed the extent to which KUKA had operating expenses that relate to the purchase of products from taxonomy-eligible economic activities and that enable KUKA to carry out activities with lower CO₂ emissions or to reduce overall greenhouse gas emissions. Research and development costs, renovation measures, maintenance and repair costs as well as other measures contributing to the maintenance and operation of property, plant and equipment were recognized as OpEx, as defined by the EU Taxonomy and thus as the basic population. Not included were research and development expenses, which are reported in capital expenditures, personnel expenses and the financial result. The audit revealed that KUKA did not incur any taxonomy-eligible operating expenses in fiscal year 2021.

Sales revenues

Economic activities	Revenue in € millions	Revenue share in %
A. Taxonomy-eligible activities		
Revenue from taxonomy-eligible activities	€0	0
B. Non-taxonomy-eligible activities		
Revenue from non-taxonomy-eligible activities	€3,286.2	100
Total	€3,286.2	100

Capital expenditures

Economic activities	CapEx in € millions	CapEx share in %
A. Taxonomy-eligible activities		
Investments for electric charging stations	0.1	0.08
B. Non-taxonomy-eligible activities		
CapEx for non-taxonomy-eligible activities	136.4	99.92
Total	136.5	100

Operating expenses

Economic activities	OpEx in € millions	OpEx share in %
A. Taxonomy-eligible activities		
OpEx for taxonomy-eligible activities	0	0
B. Non-taxonomy-eligible activities		
OpEx for non-taxonomy-eligible activities	343.0	100
Total	343.0	100

The fact that KUKA does not have any taxonomy-eligible economic activities in its core business means that our activities are not particularly relevant for achieving the European environmental objectives – first and foremost decarbonization by 2050. This also means that only a few revenues and capital expenditures are taxonomy-eligible. Irrespective of this, KUKA wants to and will make substantial contributions to climate and environmental protection.

Ecological responsibility

An intact environment and responsible use of natural resources are important prerequisites for long-term business success. However, the ever more acute climate crisis, polluted air, increasingly scarce resources, escalating waste problems, contaminated soil and water, and the loss of biodiversity speak for themselves. As an industrial company, KUKA wants to make a measurable contribution to the reduction of environmental pollution.

- ▶ Environmental protection in the company
- ▶ Systematic energy saving
- ▶ Conserving resources

Environmental protection in the company

Operational environmental protection has always been of great importance at KUKA. In particular, we want to make an active contribution to climate protection, because CO₂ emissions are the most significant cause of climate change. Mindful of our responsibility for climate protection, and also in the interests of efficient production, we therefore aim to keep our carbon footprint at all production locations to an absolute minimum.

Another factor that affects the environment is waste. Surface waters and soils may be adversely affected by illegal disposal or unforeseeable accidents. KUKA takes wide-ranging preventive measures to ensure that such potential environmental impact is minimized as far as possible.

Environmental issues are continuously taken into account and evaluated by the environmental management team together with the employees responsible. Most of our production locations work according to internationally recognized management standards related to environment (ISO 14001), energy (ISO 50001), quality (ISO 9001) and other industry-specific regulations, for example VDA 6 Part 4.

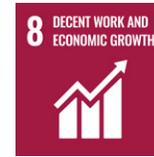
With Guidelines for Quality, Health, Safety and Environmental and Energy Management we have established specific procedural instructions relating to all management standards. Responsibility for the cross-location environmental management system lies with the Management Board of the Group.

Environmental management focuses on energy consumption in production, and waste and water management at the production locations. Energy consumption gives rise to CO₂ emissions. This includes electricity and heat, but also the vehicle fleet and logistics. Environmental management takes all of these factors into consideration and strives to find ecologically efficient processes and potential alternatives at the crucial points.

The immediate goal of environmental management at KUKA is to avoid or limit the harmful effects of our locations on people and the environment. Regular internal and external audits ensure that we maintain our high level of protection. In areas where we identify weaknesses, we systematically adjust accordingly. In 2021, as in previous years, we had no significant incidents to record.

Contribution to the UN development goals

Environmental management at KUKA contributes to the achievement of several goals or targets of the United Nations' Agenda 2030. In particular, this relates to the following UN Sustainable Development Goals (SDGs):



SDG 8.4:
Improve resource efficiency in consumption and production



SDG 12.2:
Sustainable management and efficient use of natural resources

SDG 12.4:
Environmentally sound management of chemicals and all wastes

SDG 12.5:
Substantially reduce waste generation



SDG 13.2:
Climate change measures and strategies



Systematic energy saving

With our certified environmental and energy management systems, we ensure that negative impacts of our energy consumption are kept as low as possible and continuously minimized.

However, saving energy does not only make sense for ecological reasons. Energy costs are a significant cost factor in every industrialized country. At its production locations in Germany, KUKA analyzes energy consumption with the aid of a state-of-the-art software tool. Detailed analyses – for example of the paint shop, individual assembly areas or production machine units – help us to initiate and implement improvements as needed. In Augsburg alone, data are collected with the aid of meter installations at around 700 measuring points, around two-thirds of which are electricity meters. All data are recorded centrally and made available to the locations involved for

the introduction of further optimization. Environmentally friendly and energy-saving effects are also taken into account when purchasing new components.

KUKA is one of 33 companies and six research institutes participating in the “DC Industry 2” project of the ZVEI, funded by the German Federal Ministry for Economic Affairs and Climate. In this project, the partners are testing the supply of power for industrial plants via a direct current (DC) grid, which reduces the conversion losses of alternating current (AC) and is thus significantly more efficient. Until now, it has been necessary to use individual AC/DC converters for each device in a production system – in this project, by contrast, there is a single central converter for an entire production shop. The efficiency potential is enormous and can make a significant contribution to revolutionizing industrial

» Detailed analyses help us to initiate and implement improvements as needed. «

power supply in terms of sustainability. The considerably lower power consumption combined with increased supply stability can save resources and reduce industrial emissions. Furthermore, electric drives can also feed their braking energy back into the DC supply system without converting it into heat via braking resistors and releasing it unused. By incorporating storage devices in the DC grid, peak loads can be reduced and the DC grid can continue to operate during AC-side power outages.

Apart from future customer applications, KUKA is gaining experience by converting its own “Smart Production Center”. This matrix solution also uses a new 5G mobile network instead of W-LAN for data transmission. Mobile communications prevent network overload and thus function with less interference.



Group-wide energy-saving measures

Other measures to reduce our power consumption include the ongoing conversion of lighting to LED; automated shutdown of machinery; demand-oriented, automated control of heating, ventilation and air-conditioning systems; regulation of light intensity depending on daylight; modern, energy-efficient air compressors and refrigeration systems; installation of programmable thermostats and temperature adjustment of the water heater. Last but not least, we are also raising employee awareness of the need to use energy responsibly, for example by offering them the opportunity to compare their own energy consumption in the plug-in hybrid vehicles used as company cars in Germany with the company average.

With the building refurbishment at the Augsburg site in 2021, KUKA expects to achieve annual thermal energy savings of up to 100,000 kWh. Measures designed to achieve these savings include insulating the roof, replacing outdated air heaters with ceiling-mounted radiant heating panels, and using advanced measurement and control technology. Additionally, an older decentralized refrigeration system has been decommissioned and connected to the KUKA refrigeration network. Finally, implementation of a New Office concept with desk sharing has resulted in improved utilization of office space, enabling the removal of two less efficient office containers.

In 2021, KUKA Systems North America was also active in converting to LED lighting. All production areas – with a floor space of more than 152,000 square meters – were equipped with the energy-saving lights, in addition to three floors of office space covering more than 4,000 square meters. In Slovakia, a KUKA Systems office building inaugurated in September 2021 was built to an ultra-low energy standard of class A1. The building, featuring charging stations for electric vehicles in the parking lot, replaces a smaller and less energy-efficient building.

Energy consumption

By means of a global project for collecting all energy data, KUKA pursues strategic environmental and energy goals. These are primarily the reduction of energy consumption, CO₂ emissions and waste volumes, as well as the research and development of sustainable products and technologies. At the production locations, we evaluate data using energy management, set detailed consumption targets and develop measures for reducing consumption.

In Augsburg, we have achieved a significant reduction in CO₂ emissions since 2015 through the use of district heating. We also meet the requirements of the latest version of the German Energy Saving Ordinance (EnEV) in terms of energy efficiency and the requirements of the Renewable Energies Heat Act (EEWärmeG) for new and existing buildings. The modernization and increase in efficiency of the entire heating system have also resulted in additional savings in consumption and thus in the operating costs.

Energy consumption¹

in MWh	2019	2020	2021
Electricity	48,379	44,701	48,531
Heat	34,607	33,992	42,752
Total	82,986	78,693	91,283

¹ KUKA's largest production locations in Europe, North America and Asia (Augsburg, Bremen, Obernburg, Shanghai, Kunshan, Füzesgyarmat, Taksony, Sibiu, Sterling Heights and Toledo locations).

At an increasing number of locations, we are using environmentally friendly green sources to cover a share of electricity requirements (EE-01). Further sites were added in 2021. Compared to the average electricity mix in Germany, purchasing green electricity enables us to save around 6,000 tonnes of CO₂ annually. At the Augsburg location, we produce around 25,000 kWh of solar power annually.

Nevertheless, at 28,368 tonnes in 2021, the CO₂ emissions at our largest production locations were higher than in the previous year (2020: 27,569 tonnes). 6,005 tonnes are attributable to direct emissions (Scope 1) and 22,363 tonnes to indirect energy-related emissions (Scope 2). CO₂ emissions thus increased by 487 tonnes (Scope 1) and 312 tonnes (Scope 2) compared with the previous year.

Overall energy consumption at KUKA's largest production locations also increased in 2021. This was due, on the one hand, to the significant increase in production volume. On the other hand, the number of employees has grown. Furthermore, new buildings were put into operation.

Logistics and transportation

KUKA is also contributing to the reduction of emissions and increased electrification in conjunction with the vehicle pool. The proportion of hybrid and electric vehicles in the company vehicle pool at the German locations is being successively raised and the charging infrastructure is being expanded. The Augsburg site now has more than 50 charging stations to provide employees, customers and project partners with sufficient charging options.

Other KUKA locations in Germany and internationally are also expanding their charging options each year, thus making their contribution to an environmentally friendly transformation in transportation. At locations in the United Kingdom, legal requirements regarding the maximum fuel consumption of company cars are driving the expansion of electromobility. At locations in Switzerland and Sweden, for example, new vehicle policies ensure that CO₂ emissions of our vehicle fleet are being reduced ever further.

Conserving resources

Within the framework of the environmental management system, KUKA also considers the development of waste and wastewater volumes, adopting measures to reduce them. With forward-looking environmental management, we are thus able to make measurable contributions to the conservation of resources.

Waste management

In the area of waste, KUKA made progress particularly in terms of quality in 2021. Additional waste fractions ensure even greater separation of production waste at KUKA, enabling high-quality recycling on the part of our recycling service providers. In 2021, more than 80 percent of the hazardous waste generated at the Augsburg location was recycled. Also in 2021, we developed a new waste concept for the Augsburg location, which is to be introduced in 2023.

When packaging our products and components in Augsburg, we use eco-friendly returnable packaging instead of disposable packaging in order to reduce packaging waste. The waste generated at our major production locations in 2021 amounted to 6,793 tonnes (2020: 5,689 tonnes).

The contact restrictions during the coronavirus pandemic made it necessary, among other things, to offer more takeaway food and drinks at the Augsburg location. We were able to reduce the increased volume of waste that initially resulted by switching from disposable tableware to reusable packaging with a deposit system.

However, total waste generation continued to rise in 2021. This was primarily due to our increased production volume. Moreover, some old machines were disposed of and replaced by newer ones.

Water management

KUKA obtains the water required for production and administration primarily from the local water supply systems. In Germany, the supply is from the municipal water mains; at the foreign locations, water is supplied by public or private utilities. For parts of the building cooling system in Augsburg, around 250,000 m³ of water are taken from three production wells and used for cooling. The water heats up, but does not come into contact with products, and the same quantity is then returned to the groundwater. Wastewater is returned via the local networks and in the quality stipulated by the local authorities.

Waste generation and disposal¹

in tonnes	2019	2020	2021
Non-hazardous waste	6,774	5,177	6,134
Hazardous waste	704	512	659
Total	7,478	5,689	6,793

¹ KUKA's largest production locations in Europe, North America and Asia (Augsburg, Obernburg, Bremen, Sibiu, Füzesgyarmat, Taksony, Sterling Heights, Toledo, Kunshan, Shanghai).

Water consumption is measured according to the environmental management specifications. Based on these data, we develop specific saving measures that have both environmental and cost benefits. Various saving measures have been implemented in the production shops and office buildings, for example.

At our largest sites, water consumption per employee was down slightly on the previous year at 11.3 m³/FTE. Total water consumption increased slightly to 96,150 m³ (2020: 93,355 m³), due, among other things, to increased building floor space, employee numbers and production volumes.

Conservation of resources in buildings

By means of continuous improvements to its building stock, KUKA has been able to reduce its heating requirements at the Augsburg location by around 2% annually over the past six years. Besides energy-efficient new buildings, existing buildings are also being gradually renovated. In addition to the energy-efficient renovation of a building in Augsburg (see above), the energy supply of the buildings is also being increasingly centralized. The expansion of the energy duct is continuing until 2022 in order to connect additional buildings to the district heating and cooling network.

The measurement, control and regulation technology of the buildings is also being successively renewed and optimized. This allows energy flows to be provided in line with demand and enables us to uncover further optimization potential in order to increase efficiency still further.

Conservation of resources is also a high priority in our existing buildings. At the hot beverage vending machines, for example, many KUKA employees in Augsburg contribute to environmental protection by using their own drinking vessels. Here, the vending machines automatically detect whether people are using their own vessels. Beyond this, the disposable cups still present have been replaced by paper cups, for which an environmental fee of

» The new Swisslog office building in Dortmund was awarded a Gold Certificate by the German Sustainable Building Council. «

50 cents is charged. This is used to purchase paper cups as well as reusable cups. In 2021, an estimated 165,000 disposable cups were saved in this way.

At Swisslog in Dortmund, a new office building was completed and occupied in 2021. The building bears the Gold Certificate of the German Sustainable Building Council (DGNB). Among other things, the lighting consists solely of LED cells controlled by motion detectors. In 2022, a photovoltaic system with an output of 120,000 kilowatt hours is being put into operation on the roof of the test center. Work has also begun on replacing the vehicle fleet with hybrid vehicles and installing charging stations for electric cars.



Efficient products and solutions

Products and systems from KUKA are synonymous with innovation, quality and efficiency. We know from our own production operations that energy is a significant cost driver, both for us and our customers. In addition to functionality and procurement costs, the operating costs of a robot or system are becoming increasingly important decision-making criteria for our customers, especially in countries and regions with high energy prices. Beyond this, however, KUKA is working jointly with other companies and researchers on the working world of tomorrow, which will be characterized by interaction between humans and machines.

- ▶ Cutting costs with energy-efficient products and solutions
- ▶ Energy efficiency in robotic products
- ▶ Energy efficiency in plants and systems
- ▶ World of work of the future
- ▶ Digitalization and information security

Cutting costs with energy-efficient products and solutions

Energy-efficient robots and systems are an important lever for reducing energy consumption in our customers' applications. For this reason, customers expect energy-efficient products and solutions from us. The Research & Development department at KUKA is implementing these requirements and specifically working on new products with lower energy consumption compared to predecessor models. KUKA thus offers a wide range of energy-efficient solutions.

Thanks to their efficiency, KUKA robots and systems help our customers to save costs, while at the same time contributing to the conservation of resources and combating climate change. In our experience, energy costs account for at least 40 percent of the total cost of ownership (TCO) for production systems, for example. These customer requirements and benefits, as well as the awareness that less energy consumption also means

lower CO₂ emissions, have made the issue of "Efficient and responsible products and solutions" one of the four material topics at KUKA from a sustainability perspective.

In order to further develop this approach and convince more customers to operate energy-efficiently, we have joined various industry initiatives and working groups.

With technical means such as an optimized energy model in the case of newly developed robots, the upgrading of welding processes, preconfigured "ready2_use" applications and large-scale automation solutions for warehouse logistics, we have recently launched groundbreaking innovations that reduce the energy consumption of our products. In 2021, we also launched products that support energy-efficient business: the KR CYBERTECH nano and the new KUKA iiQoT software platform. In our own research and development as well as in cooperation

with renowned partners from industry and research, we systematically address customer requirements and are continuously working on solutions with the objective of reducing consumption still further.



Energy efficiency in robotic products

From the perspective of customers in all manufacturing companies wanting to operate sustainably, the energy consumption of an industrial robot is a factor that is not to be underestimated. This is because energy consumption is not only linked to costs, but also to the CO₂ emissions associated with energy production. By contributing at the same time to cost reduction and climate protection, “eco-efficiency” is thus becoming increasingly important – not least because, as a result of efforts at EU level within the framework of the European Green Deal, the contribution of industrial products and processes to sustainability will in the near future become a criterion playing a decisive role in decisions regarding credit lines for the purchase of products.

KUKA attaches great importance to eco-efficiency in the new development of a robot system. Robots are issued with a certificate in accordance with the AIDA procedural instruction relating to the energy consumption of industrial robots and can thus be compared with competitors. Furthermore, most newly developed robot systems are equipped as standard with an optimized energy model, making it possible to determine energy consumption for a wide range of applications without the need for additional peripheral equipment. This applies to both ongoing operation and simulation. It opens up a wide range of possibilities for further reducing and optimizing the energy consumption of the application in question.

With this commitment, we are doing our part to achieve the UN Sustainable Development Goals (SDGs), in particular target 7.3 (“Double the rate of improvement in energy efficiency”).



7 AFFORDABLE AND CLEAN ENERGY
SDG 7.3:
 Double the rate of improvement in energy efficiency

New environmentally friendly products in 2021

When upgrading an existing robot series, improving the energy efficiency is also a focal point. This is one of the most clearly measurable advantages in comparisons with predecessor models. In 2021, we launched the new generation of the KR CYBERTECH nano series. The product family is used for low payload tasks in such areas as handling, loading and unloading, testing, inspection, adhesive bonding or sealant application in automotive assembly lines. Here, the new robot generation is not only considerably faster, more agile and more precise than its predecessors. It also features a two-digit percentage decrease in power consumption, a long service life and the lowest maintenance requirements in this payload class. This reduces the total cost of ownership and makes the KR CYBERTECH nano a more economical and environmentally friendly robot overall.

In combination with a system of 3D scanners, the KR CYBERTECH also won the German Innovation Award 2021. The system inspects finished automotive components at the end of assembly lines – without any cameras at all, however, as is usually the case. Cameras are often prone to errors due to factors such as stray light, contrasts and reflections. The 3D inspection technique without cameras works regardless of lighting conditions and is thus much more reliable.

Another new product with a positive sustainability footprint is the KUKA Picus 2 – a small, fully automated rotary friction welding machine (in friction welding, high-strength metal parts are joined without a weld seam by means of frictional heat). Thanks to the integrated robot, it is extremely compact and so versatile that it can also support the automotive industry in the transition to electromobility without the need to purchase new machines for every product changeover.

Eco-efficiency and cost-effectiveness can also be a product of reliable and troublefree operation. If optimized, this can significantly improve the sustainability of a robotic application. This is ensured, for example, by the iiQoT software platform launched at the end of 2021. The name is derived from ii = industrial intelligence, iQ = intelligent capability, and IIoT = Industrial Internet of Things. KUKA iiQoT provides important condition data

for an entire robot fleet in real time, not only in the form of visualization, but with supplementary orientation parameters to make it easier to interpret messages and correct any errors. The application thus facilitates remote monitoring of robotic systems, covering the hardware, software and controller. In this way, the system minimizes downtime, maximizes operating time and also ensures more energy-efficient operation through smooth processes. This added value is supported through functions currently under development such as energy and cycle time monitoring as well as predictive maintenance. Predictive maintenance will initially be based primarily on KUKA expert knowledge and will be supplemented with AI methods in the medium term. The aim is to increase the service life of the robot system as well as to optimize maintenance cycles and spare parts requirements.

With iiQKA.OS and iiQKA.ecosystem, KUKA has begun to rethink the interaction between people, robots and software solutions. Thanks to intuitive use, programming and configuration becomes possible even for newcomers to automation. In this manner, small and medium-sized enterprises, for example, receive help in alleviating the shortage of skilled workers. In 2021, customers were already able to demonstrate that untrained employees can unpack the systems, put them into operation and program their first applications in less than 90 minutes – thus cutting the time requirement for newcomers from

days to just a few hours. The open interfaces will make it possible to connect various energy optimization solutions quickly and easily in the future. In 2022, the first commercially available robot systems will enter the market. In the medium term, the entire robot portfolio will be supported by iiQKA.



Energy efficiency in plants and systems

KUKA offers industrial robots in numerous variants with a wide range of payload capacities and reaches. The spectrum of products also includes the appropriate robot peripheral equipment – from linear units to end effectors and on to controller software. KUKA thus offers solutions for a wide variety of manufacturing processes at maximum speeds behind safety fencing as well as in mobile solutions or direct interaction between people and machines in human-robot collaboration (HRC).

KUKA additionally offers customers tailored complete solutions for automating manufacturing processes, covering all activities from planning and design through to the implementation of automated production systems. The expertise lies in automating individual production processes such as welding and joining, processing various materials and integrating different production stages to form a fully automatic system. Here, KUKA is able to offer its customers alternative energy-efficient solutions.

Optimization of logistics centers

KUKA also implements automation solutions for forward-looking warehouses and distribution centers. Swisslog, a business segment of KUKA, is an expert in the implementation of automated warehouses and distribution centers. It has created its own energy efficiency label, GreenLog, for its customers (more information [on the Swisslog Homepage](#)).

Energy consumption is an increasingly important criterion in complex logistics applications with many individual automated processes. Significant savings can be achieved by improving energy management for entire plants or subsystems. For example, the power requirement peaks that occur when shuttles or stacker cranes start to move can be considerably reduced by sequencing the start times. Brake energy recovery also helps to balance out peaks in power demand at the start of motion. Energy efficiency gains like these can be simulated in advance, enabling customers to participate in determining their own ecological footprint in various scenarios.

On account of the coronavirus pandemic and the associated travel restrictions, Swisslog has commissioned many of its customers' facilities and systems remotely. This was made possible through the use of cutting-edge technologies. At the same time, this new service has resulted in less travel and thus reduced energy consumption and emissions. KUKA also enables the virtual commissioning of systems. In 2021, for example, the new simulation software KUKA Sim 4.0 was introduced for this purpose. Details and processes can be realistically simulated and then transferred to the actual system controller without in-depth programming knowledge on the part of the customer.

In 2021, Swisslog implemented a new flagship distribution center in England for a major food company using state-of-the-art automation technology. The 638,000-square-meter facility uses advanced robotics, automated sorting systems and smart analytics to ensure fast and efficient distribution of products. This involves handling a large volume of food products with the highest throughput of any of the customer's warehouses worldwide. The speed and efficiency of the warehouse ensures fresh food all the way to supermarket shelves.

»» Swisslog has created its own energy efficiency label, GreenLog, for its customers «

World of work of the future

The digital transformation of the economy is an unstoppable process that forms the basis of KUKA Group's business. In a nutshell, it involves transferring the knowledge of mechanical engineering to the digital world. In the context of this dynamic and innovation-driven market environment of industrial automation and digitalization, the share of robotics in industry is increasing year by year. In Germany, for example, the number of industrial robots per 10,000 employees was at a record 371 units in 2020 – the highest figure in Europe. Robot density has doubled worldwide in a matter of five years.

We are aware of the social responsibility that this change entails. After all, increasing automation is transforming the world of work. This development is not always viewed positively since robots and automated industrial processes can create the impression that human labor is of less worth. It is true that certain job profiles which were common decades ago are in many cases no longer to be found. At the same time, however, new jobs have been created in areas that were previously unknown.

Good work – with robots

Today, robots perform many tasks, but they cannot carry out an entire qualified occupation. They are incapable of creativity, intuition and the ability to execute several tasks consecutively or to multi-task. Robots, however, complement humans, taking on jobs that are usually simple, repetitive, physically demanding or even pose a health hazard: tasks that humans would prefer not to perform themselves, or which they are physically not even able to carry out. With our automation solutions, we support our customers and their employees in equal measure.

In the Good Work Charter of the EUnited Robotics European Engineering Industries Association, of which KUKA is a member, the European robotics industry presents its vision of good work in the future. In doing so, it identifies ten focus areas where action is needed and argues for a transition to an era of digitalization and automation that should be actively shaped and must place people at the center.

Focus 9 "Sustainability" is about using resources efficiently in light of the growth of the world's population. The charter argues that intelligently automated production can make a decisive contribution to minimizing the consumption of energy and natural resources – moving to a largely carbon-neutral economy in the future.

As a member of the Learning Systems Platform (Plattform Lernende Systeme) funded by the German Federal Ministry of Education and Research, KUKA is working on integrating artificial intelligence (AI) into the working world of tomorrow. With its nearly 200 members, the platform develops positions on the opportunities and challenges of AI in various working groups and identifies potential courses of action for using it responsibly. KUKA is a member of Working Group 2 "Future of Work and Human-Machine Interaction".

In addition to the environmental benefits, there are also social opportunities that are addressed by several of the focus areas in the Good Work Charter.





These opportunities include qualification (each machine needs to be operated and maintained) and the inclusion of physically disabled people – with the aid of robotic assistants or exoskeletons. Robots in medical technology, for example, provide precision support from diagnosis and surgery right through to therapy, avoiding errors and thus helping human patients directly. For the care sector, KUKA offers the PeTRA robotic assistant. In this human-machine interaction, the robot carries out the physically demanding chores such as patient transport. In several development stages, PeTRA is intended to enhance patient mobility – from autonomizing a wheelchair or walker to assisting a patient in walking freely.

Progress through cooperation

The capability of networking different machines is the basis for a successful fourth industrial revolution. KUKA is a founding and board member of the “Open Industry 4.0 Alliance”. The objective is to enable up to 80 percent of a manufacturing company’s machines to communicate with each other in a smart factory. In doing so, location-specific isolated solutions must be overcome in order to give a decisive boost to integrated digital transformation in industry.

The companies in this alliance have committed themselves to implementing uniform standards for integrated communication between machines and also between the different software solutions of the companies involved. Among other things, the framework includes agreement on existing industrial communication standards such as IO-Link, OPC UA or NAMUR.

In some cases, cooperation networks are industry-, technology- or market-specific. For this reason, KUKA is also active in other networks. For example, KUKA sits on the advisory board of MindSphere World e. V., founded by Siemens, and is a founding and board member of Industrial Digital Twin Association e. V., a cooperation between VDMA, ZVEI and Plattform Industrie 4.0. In these networks, KUKA strives to improve efficiency and the use of energy and resources.

In 2021, KUKA joined the AI Living Lab (KI Reallabor) cooperation initiative founded by the Industrial Automation Division of the Fraunhofer Institute of Optronics, System Technologies and Image Exploitation (Fraunhofer ISOB-INA). Here, ten partner organizations are working to better leverage the potential of artificial intelligence. With the help of the KUKA KR CYBERTECH, production began on a “smart” cup – a reusable cup made of organic plastic (without petroleum) which has its own recycling loop.

In the KIVI project, KUKA is helping to develop an AI toolbox that will make it possible to predict the service life of robot components. The project is funded by the Bavarian Ministry for Economic Affairs, Energy and Technology. The aim is to increase system availability, make production processes more efficient and conserve resources (the latter due to the longer operating life of the robots). The findings will be incorporated into the development of iiQoT (see above) in the medium term in order to generate further added value through AI.

The topic of sustainability and climate change has also shaped the in-house work of the Corporate Research department/Technology Innovation Center since 2021 and was one of four focal areas during the KUKA Technology Innovation Week. The goal is to support new business with new technologies – for example, robots and automation solutions with a significantly smaller environmental footprint.

Digitalization and information security

The global megatrends of digitalization and automation are changing the working world – particularly during the coronavirus pandemic. Job requirements and descriptions are changing. New and often interdisciplinary qualifications are needed. Some established occupational profiles will become less important and new ones will emerge. Employees at our own company and also those of our customers will have to be prepared for this.

With its products, KUKA is a driving force behind automation and technological progress and is an innovation leader in Industrie 4.0. KUKA is involved in various different committees to help shape digitalization and the world of Work 4.0.

Digitalization is undoubtedly accompanied by new uncertainties related to application risks, and we have to make higher demands on the safety of products, processes and information. The legislature has regulated the application safety of robot-based automation solutions, and KUKA conscientiously implements the corresponding requirements. We therefore also involve our suppliers. Thus, we can ensure that all Group companies worldwide achieve the same standard in the market.

The KUKA Product Safety policy serves to implement the product compliance requirements, including safety aspects, and centrally regulates the necessary requirements, tasks, activities and responsibilities. The policy is managed by the central Product Compliance department, which reports to the head of the Legal department. Customers learn how to work safely with the robots and program them at our KUKA College.

KUKA also sees its responsibility as an innovation leader in the protection of customer and employee data. For this purpose, a global data protection management system is in place to systematically organize, implement and monitor the high data protection requirements. New data protection regulations in the European Union, China, Brazil and the USA in recent years show that KUKA is on the right track here.

In our cooperation with automotive customers, we additionally use the Trusted Information Security Assessment Exchange (TISAX), an industry-specific standard for information security, about which we hold online training courses in several languages. Our information security management system was last certified by TÜV Rheinland

in 2021 at various international locations in accordance with TISAX criteria. Further locations are being prepared for TISAX certification in the coming years.

Data protection

KUKA has been working closely with many customers for a number of years and attaches great importance to protecting its customers' data. That is why KUKA has a globally uniform minimum standard in place for handling corporate and personal data.

Customer data are protected, for example, from unauthorized access and misuse, being processed in a CRM system that only a small number of authorized employees have access to. This has paid off: in the current year under review, once again, no infringements of customer privacy or loss of customer data were reported to us.



Sustainable supply chain

Suppliers can have a major impact on a company's sustainability footprint. After all, a company's sustainability performance is often only as good as that of its supply chain. By instilling a common understanding of quality and responsibility between client and contractor, and by delegating monitoring duties to the business segments and regions, we are able to shape our supply chain on the basis of sustainability criteria. By systematically anchoring sustainability criteria in our procurement processes and corresponding audit procedures, we are also meeting the increasing regulatory obligations in this area.

- ▶ Supply chain responsibility
- ▶ Local procurement

Supply chain responsibility

Globally oriented supply chain management that is aligned with the principles of sustainability is a key factor for success at KUKA considering the fact that qualitative, ecological and social risks taken by our suppliers can have a direct impact on our customers' satisfaction.

We are always talking to our suppliers about ways to minimize potential risks. After all, the impact that our supply chain has on our own sustainability performance grows in direct proportion to the increase in the quantity of outsourced products and services. Depending on the division, the scale of the impact felt at KUKA can be significant.

KUKA is preparing to be in a position to meet the new regulatory requirements when the reporting obligation under the German government's Supply Chain Due Diligence Act starts in 2023. However, we are aware that despite all supplier management measures, the supply chain is still exposed to human rights risks. Even proven processes and management systems cannot fully cover all risks. However, high standards are important to us, particularly in view of our global growth strategy.

The systematic integration of sustainability and compliance into operational processes is continuously being driven forward in supply chain management. Since the introduction of the supplier portal at the end of 2021, we have been able to carry out a direct check of the essential requirements in the registration process – such as currently valid environmental certifications, consent to the Code of Conduct for Suppliers, hazardous materials management – before accepting a supplier.

Ecological and social factors

In order to establish basic requirements for minimum standards and norms within our global supply chain network, KUKA works with a binding Code of Conduct for Suppliers. This is aligned with KUKA's corporate values and contains, among other things, core elements relating to environmental protection, product quality/safety, data protection and information security, as well as the promotion of human rights, including good working conditions. Other essential components include compliance with and

dissemination of the contents of the Code of Conduct by suppliers to their subcontractors. Environmental aspects are ensured, for example, in the supplier questionnaire, by means of relevant certificates and checks in the area of material compliance.

The responsible KUKA employees are trained with regard to the meaning, scope and implementation of the core contents defined in the Code of Conduct for Suppliers via their respective segments. New employees – especially in Purchasing – are also made aware at an early stage of the importance of ecological and human rights due diligence at KUKA.

Segment-specific responsibility

The processes and responsibilities pertaining to supply chain management are clearly defined at KUKA. Our overall business is divided into individual business segments, each with its own responsible management bodies. These report directly to the Management Board, so that segment-specific requirements can be implemented within the associated functions while at the same time maintaining close coordination between the specialist departments.

In the Robotics business segment, Supply Chain Management with its Order Management, Planning, Logistics, Purchasing and Supplier Quality Management departments is responsible for the procurement of products and standard solutions. There is close coordination between this department and the corresponding functions of other segments, such as China, for example. This is the only way to systematically tap into opportunities at a global level while taking the local circumstances into account. The Robotics segment has procurement departments at all of its production locations. The ratio between strategic and operational contents may vary depending on the main business focus.

At KUKA Systems, the regional companies in Europe, North America and Asia use their own purchasing processes and corresponding reporting lines. In all regions, the compliance-related requirements for suppliers are firmly rooted in the Purchasing Terms and Conditions, which also relate to human rights.

At Swisslog, procurement consists of Divisional Purchasing (management and central procurement services), Production Purchasing (purchasing for in-house production) and Project Purchasing (project-specific purchasing services).

The business activities of the Systems, Robotics, Swisslog and Swisslog Healthcare divisions at the Chinese subsidiaries are bundled in the China segment. China is thus closely intertwined structurally with the corresponding business segments (Systems, Robotics, Swisslog and Swisslog Healthcare) as required by the products and solutions to be delivered to various customer groups. There is no separate description of supplier management in this report considering the fact that the processes used by the divisions around the world are organized in a similar way.

Local procurement

KUKA has more than 10,000 suppliers worldwide across all segments. Wherever possible, preference is given to regional suppliers from the vicinity of our respective production plants. As general rule when selecting suppliers, we place a priority on checking the quality, reliability and conditions. In the China segment, the local supplier base is being continuously expanded. Here, right from the outset of a project, local procurement strategies are incorporated into all new developments geared specifically towards the Chinese market. In this way, we are contributing to a continuous further reduction in long-distance transportation and the associated environmental impact.

Due to the high quality requirements and the frequently highly demanding technical specifications, it is rarely the case that our requirements can be met with standardized catalog goods. This is beneficial in terms of sustainability standards in the supply chain. For example, many special configurations entail a correspondingly high development effort, and the origin of the required components is already very transparent for quality reasons alone. In addition to standard industrial sheet metal, electronic parts, cables and hoses, we purchase specialized gear units, motors, castings and structural parts, for example, for the robot mechanics.

Sustainability goals

With its commitment to ecological and social criteria in the supply chain, KUKA also wants to contribute to achieving the human rights-related targets of the United Nations Sustainable Development Goals (SDGs). For us, these are the following targets in particular:

- » **SDG 8.5:** Achieve full and productive employment and decent work, and equal pay for work of equal value
- » **SDG 8.7:** End modern slavery, human trafficking and child labor
- » **SDG 8.8:** Protect labor rights and promote safe and secure working environments

At KUKA, so-called conflict minerals (raw materials from conflict areas) may at most be contained in purchased components. No direct procurement of non-certified melts is carried out. In order to avoid minerals from high-risk areas, KUKA regularly surveys its suppliers. In doing so, we comply with the recommendations of the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”.



SDG 8.5: Achieve full and productive employment and decent work, and equal pay for work of equal value

SDG 8.7: End modern slavery, human trafficking and child labor

SDG 8.8: Protect labor rights and promote safe and secure working environments



Requirements at KUKA Systems

The contracts, audit specifications and self-disclosure questionnaire for suppliers of KUKA Systems deal with issues of legal compliance, occupational health and safety, environmental protection and adherence to human rights. They require suppliers to prove that they employ internationally recognized management systems such as ISO 9001 and ISO 14001 or adhere to comparable standards.

To prevent human rights violations including child labor and forced labor, suppliers attest by signing the General Terms and Conditions of KUKA Systems North America that they comply with the Fair Labor Standards Act. Similarly, suppliers in China undertake to adhere to the compliance specifications that are firmly anchored in the General Terms and Conditions of KUKA Systems China.

KUKA Systems in Europe conducts a risk analysis every two years for strategically important suppliers. In 2021, more than 20 suppliers were audited, and management system certificates were evaluated at the date of expiry. Random audits are performed in Europe every year. There were no anomalies in 2021.

Auditing of suppliers at Robotics

The KUKA Robotics segment implements a large number of measures to ensure that sustainability management extends to the supply chain. The main production locations, for example, are certified to the international environmental management standard ISO 14001. In accordance with the specifications of national requirements, this applies analogously to energy management and occupational health and safety management.

Our key suppliers are encouraged to observe and heed the specified environmental goals. According to the contractually agreed performance requirements, for instance, they are obliged to use environmentally-friendly products and energy-efficient processes both for their own services and for ancillary services provided by third parties. Before entering into cooperation, an on-site audit is always carried out at relevant suppliers. In addition to content-related focal points such as quality, costs, delivery capability or process reliability, environmental risk avoidance and compliance issues are also addressed. Further audits can be arranged if critical performance metrics suggest that these are necessary.

Continuous improvement of the supply chain with regard to process optimization and quality is always carried out in close cooperation with quality, environmental and energy experts. Findings from audits, such as corrective and preventive actions, are regularly analyzed and processed. The Supplier Quality Team continuously audits

the supplier base pursuant to clearly defined priorities and cycles. As in the previous year, Internet-based solutions were predominantly used in 2021 due to pandemic-related travel restrictions. However, on-site visits to suppliers remain an essential component of supplier management and are used preferentially in consultation with our partners where general regulations permit.

» Continuous improvement of the supply chain is always carried out in close cooperation with quality, environmental and energy experts. «

Among other things, our audits relating to environmental, labor and occupational health and safety standards assess how materials are stored, used and disposed of, how waste separation and cleanliness are handled and what condition the machinery is in. The focus is on avoiding risks associated with the use of so-called substances of very high concern (SVHCs) and potential conflict minerals in our products. These substances can be harmful to human health, have a negative impact on the environment or encourage human rights violations.

»» Swisslog was recognized in 2021 by the online platform IntegrityNext for its commitment to sustainability and its efforts with regard to a sustainable supply chain. «

The Material Compliance Coordinator, a function established in the field of Quality Management, deals extensively with the use and avoidance of SVHCs and conflict minerals in the components of our robots. A supplier portal set up in 2021 was launched in September, initially for the German locations with purchasing departments. This will allow the audit processes to be more systemized and adapted to the German Mineral Resources Due Diligence Act (MinRohSorgG), which has been in force in Germany since 2021.

Assessment procedures at Swisslog

At Swisslog, the Purchasing Strategy, Purchasing Governance and Supplier Management policies also apply in addition to the KUKA Group Guidelines on Quality, Health, Safety and Environmental Management.

The sustainability rating is carried out with the systematic support of an online platform. This system was introduced in order to be able to process the supply chain more efficiently with regard to sustainability criteria. A large number of our main suppliers of direct material are already registered. The next step is to invite other main suppliers of indirect material to register. Overall, the goal

is to increase the registration rate in order to be able to verify compliance with supplier requirements better.

Swisslog was recognized in 2021 by the online platform IntegrityNext for its commitment to sustainability and its efforts with regard to a sustainable supply chain, certifying compliance with the following standards: a) environmental protection (ISO 14001), b) human rights and labor, c) health and safety (ISO 45001), d) responsibility in the supply chain, e) energy management (ISO 50001), and f) diversity and inclusion.

Sustainability aspects are taken into account by means of price-performance ratings for the purpose of comparing offers and selecting suppliers when awarding contracts. Audits (on-site and online) are used to monitor critical aspects continuously, discuss them with suppliers and thus close gaps and improve the sustainability/CSR scoring. There were no significant anomalies in 2021.

As part of their mandatory self-disclosure, suppliers must provide Swisslog with information regarding the use and sources of potential conflict minerals (tin, tungsten, tantalum and gold) in their products, including information on recycled minerals or scrap. Swisslog will push this even harder in 2022 and seek discussions with the suppliers concerned.

Assessment procedures at Swisslog Healthcare

The KUKA Group Guidelines on Quality, Health, Safety and Environmental Management and the Purchasing Strategy, Purchasing Governance and Supplier Management policies also apply to Swisslog Healthcare. Here, too, the Production Purchasing and Project Purchasing departments are responsible for supplier evaluation. Project Purchasing at Swisslog Healthcare is divided into four regions: Europe, Americas, China and Rest of Asia.

Among other things, the requirements on sustainability, occupational health and safety, and compliance are reviewed as part of the supplier selection process. These are important factors when approving suppliers. Suppliers are evaluated using a supplier performance rating system on a quarterly basis or upon completion of a project, as appropriate. Swisslog Healthcare has a procedure for auditing the quality management of suppliers. In addition to the standard audits for existing suppliers, six full assessments of potential new suppliers were performed in 2021.

COLLABORATION
The power of team spirit for the
success of our customers



Responsible employer

As an automation corporation, KUKA specializes in future-oriented technologies. Our working environment is shaped by our customers' expectations with regard to sustainability, efficiency and cost aspects. We are meeting these challenges with forward-looking human resources work. As a company in a state of continuous change, our corporate values, quality-driven training and education, and our commitment to diversity are essential constants. In health management, we were able to focus again on targeted preventive work in 2021 despite the coronavirus pandemic.

- ▶ Responsibility as an employer
- ▶ Employees: challenges and opportunities
- ▶ Vocational training in a future-oriented industry
- ▶ Leadership and values
- ▶ Diversity as a success factor
- ▶ Occupational health and safety

Responsibility as an employer

KUKA is shaping the workplace of the future. With our technologies, we have a formative influence on many different sectors. Just like our customers, we also have to address the challenges of digitalization. We are continually advancing digital processes and preparing our employees accordingly through structured training and continuing education. This is why, as one of the key topics of the materiality analysis updated in 2021, “employee responsibility and development” is a top priority for KUKA. The measures in the area of human resources are intended to create added value for our company and be designed in an intuitive and modern way to ensure our future viability as an automation specialist.

Challenging projects, agile teams and an international setting offer plenty of room for shaping these future topics and people’s personal careers at KUKA. Our success is founded upon productive and motivated employees. They are key to dealing with the changes our customers experience and to opening up new markets for robot-based automation.

With regard to the coronavirus pandemic, KUKA continued its proven precautionary measures in 2021 in order both to protect the health of employees and their families as well as to mitigate the impact on business development. A coronavirus task force managed a hygiene and safety concept in line with the development of the pandemic situation and provided information on the current impact.

As part of our site concept in Augsburg, we have designed new offices and a new production hall in order to create a modern, professional working environment for our employees.

With the New Office concept, we also want to meet the challenges of hybrid forms of work and desk sharing as well as to establish a suitable framework for flexible work arrangements.

»» As one of the key topics of the materiality analysis updated in 2021, “employee responsibility and development” is a top priority for KUKA. «

Human resources management

The Corporate Human Resources (CHR) department reports directly to the Chief Executive Officer and, together with our experienced Centers of Expertise, is responsible for all strategic HR processes worldwide. We manage these processes via a globally and regionally differentiated HR business partner organization, taking business-relevant specifics into account. Local HR departments and highly effective Shared Service Centers are responsible for efficient and legally compliant implementation.

The interests of our employees are safeguarded by means of a number of contracts and guidelines: in Germany, for example, through collective bargaining agreements, local works agreements and the so-called “delegation of entrepreneurial duties”. We do not collect data on the proportion of employees worldwide covered by collective bargaining agreements. Moreover, the company has its own target agreements and working time regulations, Guidelines for Personnel Policy and for Quality, Health, Safety and Environmental Management. Our Integrated Management System (IMS) describes and governs principles, organizational structures, tasks, processes and responsibilities.

Broad support

KUKA is striving to further improve its attractiveness as an employer. This includes a high-level training and continuing education package, diversity and equal opportunity, measures to improve the balance between work and family life, high occupational health and safety standards, and health and sports offerings. Diversity within the company is governed, among other things, by the corporate policy “Principles of cooperation within KUKA Group” as part of the [Corporate Compliance Manual](#). In Germany, KUKA is also a signatory to the “Diversity Charter” and is thus publicly professing to the company’s commitment to diversity and a prejudice-free work environment.

KUKA measures the success of these measures, for example, on the basis of incoming job applications, especially for key and critical positions, as well as through employee satisfaction surveys.

Employees: challenges and opportunities

Our success is founded on committed and creative employees. They work on challenging projects in an international setting that gives them plenty of room for shaping these future topics and their personal and career development.

As an integrated and global solution provider, KUKA is working on new concepts to further develop the in-house working environment. Site concepts are used to implement modern forms of cooperation in the buildings, such as the “Denkergarten” (Thinkers’ Garden) in the Development and Technology Center in Augsburg or the new Education Center.

As of this year, we have also been working increasingly in “New Office” concepts that, among other things, make use of desk-sharing models. We are continually advancing digital processes and training our employees accordingly. In 2021, KUKA started implementing the New Office concept in Augsburg. This is an activity-based desk-sharing model that serves to optimize the use of space and available workplaces while addressing the needs of the respective departments. “New Office” will be implemented in large areas of KUKA AG and KUKA Deutschland by the 2nd quarter of 2022. A total of around 1,100 office employees will be affected in the first implementation phase. We are aiming for an over-occupancy of 0.8 – in other words, 100 employees share 80 workplaces. Occupancy varies from department to department.

Work and private life

At many locations, KUKA offers flexible working times to allow work and private life to be better combined. For example, our employees at the German sites may work part-time, use flextime arrangements or work from home (teleworking). In 2021 as well, the “reduced full-time” model is being continued in accordance with the IGM collective bargaining agreement, which offers an entitlement to reduce working hours down to 28 hours per week for a period of between six months and two years and includes a right to return to the collectively agreed full-time level of 35 hours per week. The collective agreement “Option T-ZUG” was also continued in 2021. This includes, under certain conditions, the right to choose between a collectively agreed additional payment of 27.5 percent of a monthly salary, payable once a year, and conversion thereof into six to eight additional days off for full-time employees working shifts, with children or relatives in need of care. Employees covered by collective bargaining agreements at all KUKA locations in Germany also benefited from the “time instead of money” option. Internal job opportunities for management positions with a part-time option of at least 32 hours per week have been offered in Augsburg since 2021.

At our headquarters in Augsburg, the non-profit association Orange Care e. V. founded by KUKA employees offers a daycare center with a capacity for 30 children. KUKA’s family-friendly HR policy has been recognized with the “berufundfamilie” (work-life balance) audit seal of approval since 2010; this was last audited and confirmed within the framework of a dialog procedure in 2020. Both mothers and fathers take advantage of parental leave.

» As of this year, we have also been working increasingly in “New Office” concepts that, among other things, make greater use of desk-sharing models. «



Coronavirus pandemic and working from home

As a result of the worldwide coronavirus crisis, working from home became the norm for a large part of the workforce again for a number of months in 2021, insofar as their tasks permitted this. Personnel development provided tools and information to help employees cope with the situation in the best possible way – for example, by supporting managers in the challenge of “virtual leadership”.

The basic concept of working from home has already been in place at KUKA in Augsburg for more than ten years, the details being regulated by a separate company agreement. This was revised and newly adopted in 2021. It has expanded the options for mobile work, for example, and enlarged the framework for home working hours in order to further improve the work-life balance. Other companies of the KUKA Group also make use of working from home and other flexible forms of work.

Increasing employer attractiveness

KUKA is committed to further improving the company’s attractiveness as an employer. Through a positive image within and outside the company as well as through measures to promote the attractiveness of the location, we want to retain talent in the company and attract

Employees by age group and gender¹

	2019	2020	2021
Under 35 years	5,442	5,164	5,241
36 to 55 years	6,707	6,633	6,794
Over 56 years	1,906	1,924	2,066
Total	14,055	13,721	14,101
Female	2,679	2,634	2,810
in %	19.1	19.2	19.9
Male	11,376	11,087	11,291
in %	80.9	80.8	80.1

¹ Group-wide, December 31. Active personnel excluding casual workers, student trainees, apprentices, interns, dormant jobs and employees exempted from normal duties.

high-profile applicants to KUKA. Success is measured on the basis of incoming applications, especially for key and critical positions.

KUKA has a continuously high demand for graduates, but also for students – for internships and research work among other things. In addition, KUKA needs skilled workers to meet future challenges. This contrasts with a demographically driven decline in the supply of experienced qualified personnel in many regions. For this reason, KUKA adapted its employer branding in 2021. The focus has been placed on the basic idea that KUKA will be a credibly attractive employer for people outside of the company above all if existing employees themselves are



also convinced by the company. Opportunities to shape the future together are at the forefront in this context. KUKA employees are united by a passion for technology and a determination to take responsibility for the innovations of tomorrow.

Hence the claim for a uniform global employer branding image: “Imagine. Creating the future”. It evolved from a combination of the results of various employee surveys as well as the corporate and brand values.

Satisfaction surveys

Employee satisfaction surveys are a good indicator for evaluating the success of employer attractiveness measures. An anonymous survey of managers on their satisfaction with the personnel work of the Human Resources department at the Augsburg site revealed a predominantly positive picture. Half of the KUKA managers participated. Based on the managers’ responses and suggestions, project teams were established within the HR department. The teams address the digitalization and streamlining of processes as well as recruiting and the employer branding associated with this.

Another survey in November 2021 was related to our employees’ satisfaction with their IT equipment and IT services. Almost 1,800 employees worldwide (just under 13 percent of eligible staff) took part – an increase of

around two percent on the previous year. The survey results showed a high level of overall satisfaction and a slight increase compared to the previous year.

Positive business development under difficult general conditions

Despite the difficult economic environment, KUKA was able to report positive business results in 2021. The business situation developed well, customers realized projects postponed from the previous year, and general demand for automation picked up again.

Measures to safeguard employment, such as short-time working, were still continued in the first half of 2021, but were successively reduced to individual areas due to the improved order situation. The business situation improved significantly in the second half of the year, and short-time working was finally ended in this period.

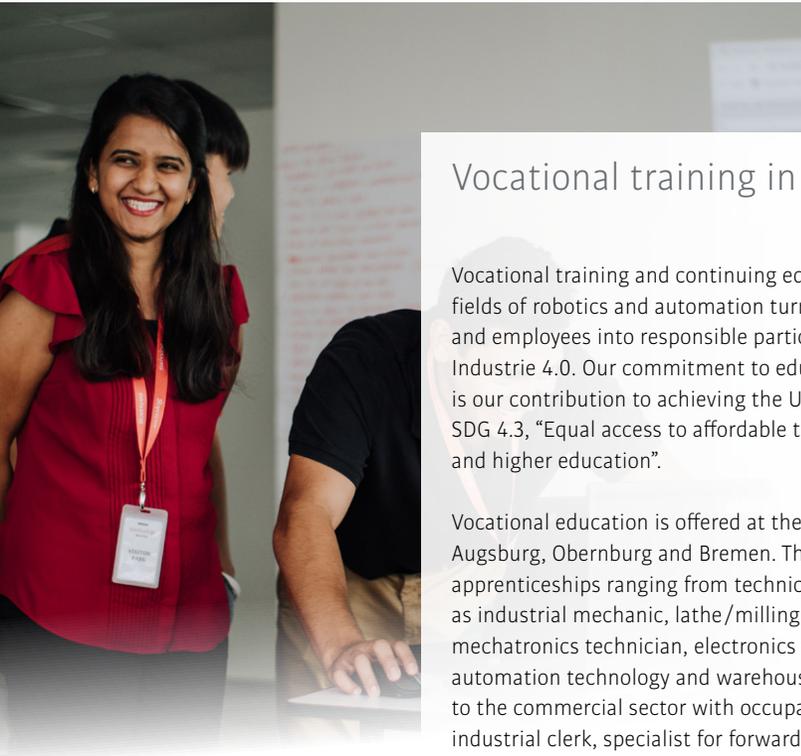
As part of structural adjustments, around 170 jobs at the Augsburg site were cut in a socially responsible manner in 2021 within an efficiency program. This mainly involved employees entering partial retirement, terminations by mutual agreement, or resignations by the employees themselves. In such cases, the workforce is informed at an early stage and in accordance with legal requirements. The positive business development and the company’s strategic orientation have led to a noticeable improvement

in capacity utilization at KUKA, which is why the job cuts were significantly lower than originally announced. In the medium term, KUKA expects that robotics and automation solutions will be in greater demand as a result of the experience gained from the coronavirus crisis and that the automation market will continue to gain momentum.

Employees by region and employee turnover¹

	2019	2020	2021
Europe/Middle East/Africa	8,999	8,585	8,662
Americas	2,935	2,794	2,977
Asia/Pacific	2,121	2,342	2,462
Total	14,055	13,721	14,101
New hires	1,710	1,497	2,442
Employee departures	2,110	2,852	2,068

¹ Group-wide, December 31. Active personnel excluding casual workers, student trainees, apprentices, interns, dormant jobs and employees exempted from normal duties.



Vocational training in a future-oriented industry

Vocational training and continuing education in the fields of robotics and automation turn junior KUKA talent and employees into responsible participants in shaping Industrie 4.0. Our commitment to education and training is our contribution to achieving the UN Development Goal SDG 4.3, “Equal access to affordable technical, vocational and higher education”.

Vocational education is offered at the German sites in Augsburg, Obernburg and Bremen. The Group offers apprenticeships ranging from technical professions such as industrial mechanic, lathe/milling machine operator, mechatronics technician, electronics technician for automation technology and warehouse logistics specialist to the commercial sector with occupations such as industrial clerk, specialist for forwarding and logistics services, IT specialist and technical product designer. KUKA apprentice graduates are consistently top of the class at vocational schools and at Chamber of Industry and Commerce final examinations. In the Bavarian-Swabian region, KUKA Augsburg is among the top ten of the approximately 5,000 regional training companies.

KUKA trains in line with requirements. On completion of their training, our apprentices are qualified specialists immediately ready for their jobs and with whom future projects and new technologies can be quickly implemented.

At KUKA College, KUKA also trains “robot trainers” who in turn instruct customers on handling robots. After a training period of up to three years, the trainers are endowed with a broad range of technical know-how for maintaining and programming robots as well as teaching skills for the transfer of knowledge.

When it comes to the vocational training of young people, KUKA offers apprentices not only specialist know-how, but also an opportunity to learn in an intercultural setting and to think and act globally on a Group-wide scale. We attach great importance to familiarizing apprentices with the international strategy of the Group at an early stage.

KUKA has a state-of-the-art education center at the Augsburg site, where the KUKA College for the training of employees and customers is housed along with Personnel Development with the premises of the KUKA Academy and the HR Development team.



SDG 4.3:
Equal access to affordable technical, vocational and higher education

Thanks to great discipline on the part of the apprentices, it proved possible to maintain training operations in 2021 despite the coronavirus pandemic. Here, the investments made in digitalization in recent years have benefited the apprentice training operations: all apprentices and students are equipped with iPads or laptops as well as with modern learning software. Tools such as the “Apprentice Cockpit”, which can be used to digitalize report books, assessment sheets or transfer plans, enhance this digital approach. Microsoft Teams and cloud-based work are also essential components of Apprenticeship 4.0 at KUKA. All apprentices were able to complete their final examinations in 2021 with great success and were taken on by the company.

Offerings with external partners

In addition to the traditional apprenticeships, KUKA offers a dual, training-integrated degree course at the University of Augsburg with the aim of attaining a Bachelor's degree. In addition to the dual integrated study course for mechanical engineering, mechatronics and electrical engineering, the disciplines of business administration, information technology, technical information systems and business information systems are also available to choose from. KUKA Assembly & Test GmbH in Bremen also offers dual integrated studies courses in mechatronics and mechanical engineering in cooperation with Bremen University of Applied Sciences.

With regard to continuing education, KUKA cooperates with renowned universities in Germany such as the Technical University of Munich. We also work together with universities, such as the Massachusetts Institute of Technology (MIT) in the USA or the University of Twente in the Netherlands, in various international research and development projects. Since 2017, KUKA has been a business partner in the Finance & Information Management (FIM) program of the Universities of Augsburg, Bayreuth and Munich (TU). The Master's program is part of the Elite Network Bavaria and combines information technology, business information systems, operations research and financial mathematics. As a business partner, KUKA is not only involved in the selection process of the students, but the company also offers individual, practice-oriented research projects, mentoring and internships.

KUKA normally attends numerous university contact fairs each year and appears at many graduate fairs. Due to the pandemic, these activities had to be canceled in 2021.

At the Augsburg location alone, KUKA trained around 180 apprentices and dual degree students in 2021. Throughout Germany, the total was around 260. This number also includes the apprentices of our external partner organizations. KUKA offers bookable training modules for these partners. In the year under review, around 160 people also took part in internships or completed their theses at KUKA. The popular taster placements had to be canceled once again in 2021 because of the pandemic. KUKA is also a member of the "Fair Company" initiative and attaches great importance to fair opportunities for interns.

Continuing education online in many cases due to pandemic

As part of the continuing education programs at KUKA Academy, we accompany and support KUKA employees in their personal and professional development. Our diverse range of continuing education courses includes standardized seminars such as IT training and language courses

 KUKA trained around 260 apprentices and dual degree students in 2021. «

as well as special technical training for a wide variety of areas in the company. Seminars to promote personal and social skills, in particular communication and intercultural training, as well as global leadership circles complement our continuing education measures which we offer internationally, taking decentralized requirements into account.

Due to restrictions related to the coronavirus pandemic, the focus of the seminars offered by the Academy was already on online programs in 2020. Our e-learning offering was expanded further in 2021. 44,083 WBT (web-based training) modules were successfully completed. In Germany, 2,857 employees took advantage of 336 in-house continuing education events, resulting in a total of 2,295 participant days. In addition to that, 257 persons took part in 21 workshops within our global leadership programs.

At Swisslog, the global "Controls Software" trainee program was also switched to virtual training. In the twelve-month program, the trainees explore the life cycle of control software at Swisslog – from the concept to implementation and customer service. The Automation Academy at Swisslog Healthcare in the USA has a "Solutions Experience" facility, consisting of hardware, software applications and analytics.

Leadership and values

The high level of commitment, engagement and innovation of KUKA employees is firmly anchored in our leadership culture. The workforce is united by a common understanding of fundamental values, principles and corporate culture, and we place great importance on our managers serving as an example in this respect. Managers thus have great responsibility and influence corporate culture and in-house interaction to a large extent.

The most important “Leadership Behavior” principles are also part of the performance management for the executive management team, with the expectation that they will model this code of conduct. Within the framework of global feedback initiatives for senior management, employees can provide their managers with feedback on leadership behaviors and thus initiate targeted development measures. The “Leadership Behavior” principles thus have a high level of visibility and form the basis for the global talent management system.

Talent management provides a foundation for structured succession planning for key positions in the company across the globe. In 2021, 47 new employees were added

to the talent pool, comprising 129 talents worldwide, as part of a structured identification process. Individual development plans as well as specific measures for personal and professional skills development are agreed with all of them. Beyond this, an individual, virtual coaching program with an external cooperation partner was continued very successfully for 116 employees in 2021.

Worldwide objective

The KUKA “Leadership Behavior” principles are part of the management development program. This is intended to further strengthen their shared understanding worldwide. The continuous exchange of ideas across national borders is an important aspect of our leadership culture. In addition to regular management calls, at least one global management meeting is held each year, at which all KUKA managers exchange experiences and develop concepts together. Due to the coronavirus pandemic, this meeting was held virtually in 2021.

Living values at Swisslog Healthcare

Due to their specific field of business, certain company values and the way they are lived out may differ in individual KUKA business segments. At Swisslog Healthcare, for example, commitment, clarity, competence and collaboration are considered to be the four core values worldwide. As elsewhere in the KUKA world, managers are required to set an example regarding these values and to explicitly encourage their employees to participate in forums where the values are communicated and put into practice.

One strategic focus of the Human Resources department at Swisslog Healthcare is on linking the onboarding program and performance management to the personal development of employees. The four core values of the company are closely linked to this. The objectives include enabling employees to gain new perspectives, to place individual strengths in the context of the company, to discover potential for themselves and to initiate new ways of thinking.



Diversity as a success factor

The diversity of our workforce is a source of creativity and innovation at the company and thus an important business success factor. That is why it is also part of our corporate culture to live and promote diversity. Regardless of their origin, gender, age, disability, religious views or sexual orientation, KUKA employees are valued equally. Our aim is to create a work environment that is characterized by acceptance and tolerance and is free of prejudice. This is why our compensation system does not differentiate between the sexes, because the equal treatment of all employees means that compensation is based solely on performance and competence.

Global KUKA diversity principles and diversity action week

As a signatory to the Diversity Charter, KUKA has also anchored the topic within the structure of the company. Diversity and appreciation are included in the corporate policy “Principles of cooperation within KUKA Group” as part of the [Corporate Compliance Manual](#). Diversity aspects are taken into account when new policies and processes are created. In doing so, we are also fulfilling our intention to achieve UN Development Goal SDG 10.3, “Ensure equal opportunity and eliminate discrimination”, within our sphere of influence.

Our diversity principles, which are valid worldwide, emphasize KUKA’s positive attitude toward diversity within the company, as well as clear expectations on the part of the Management Board, Corporate Human Resources and the management of all segments. The principles are intended to ensure equal rights, equal opportunities and respect for all, and help to prevent discrimination. Any violations will be rigorously sanctioned. A diversity manager coordinates the relevant issues. The document signed by top management and an accompanying presentation were communicated globally throughout the company through various internal channels to mark Diversity Week 2021.



On the occasion of the 9th German Diversity Day of the “Diversity Charter” on May 18, 2021, KUKA drew attention to the topic of “diversity in language” with various activities as part of a second diversity week. Language has a huge impact on how people are perceived. A prerequisite for gender equality is that it also be reflected in language. By using gender-neutral terms, language can be adapted to reality. In this way, appreciation can be shown to each person and social stereotypes can be broken down. Inclusive language is therefore a simple but powerful tool to create an environment where everyone feels respected and safe. Unconscious bias can quickly lead to stereotyping and discrimination in the workplace. KUKA is thus paying greater attention to gender-appropriate language in its internal and external communications in German-speaking countries. As part of Diversity Week 2021, KUKA produced, among other things, a digital brochure for its employees with tips and recommendations on appreciative communication. Employees are thus invited to question the way they habitually speak through numerous practical tips and examples.



SDG 10.3:
Ensure equal opportunity and eliminate discrimination

»» Twelve “Lunch & Learn” events with a total of around 330 participants – a digital exchange can even lead to higher numbers of participants. «

More female employees

KUKA is working on further increasing the number of women in the workforce and in leadership positions.

As at December 31, 2021, the proportion of women on the Group Management Board and the Management Boards of the three German companies (KUKA AG, KUKA Systems GmbH and KUKA Deutschland GmbH) was cumulatively 0 percent (2020: 0 percent). The first management level below that totaled 15 percent women for all three companies (2020: 10 percent), and the second level of management a cumulative 14 percent (2020: 14 percent). The general proportion of women in the workforce in these three companies was 18 percent as at the reporting date (2020: 18 percent).

Worldwide, the general share of women in KUKA Group was 20 percent in 2021 (2020: 19 percent). At the first management level, it was 14 percent (2020: 15 percent) and at the second level 19 percent (2020: 14 percent).

The share of female apprentices for industrial and technical occupations at the Augsburg location was again 13 percent in 2021 (2020: 13 percent). Once again, there were fewer female applicants overall than in previous years. We are also consciously focusing on a continual increase in the proportion of women in the Global Talent Program and in succession planning.

Networking and support

The internal women’s network orangeWIN, which is under the patronage of KUKA CEO Peter Mohnen, promotes women in the company and identifies female talent. Unfortunately, the coronavirus pandemic had a noticeable impact on regularly held events and workshops in larger groups. Nevertheless, the popular “Lunch & Learn” format on cross-divisional specialist topics was continued on a completely virtual basis in 2021. Twelve events took place with a total of around 330 participants, which showed that a digital exchange can even lead to higher numbers of participants.

The local branch of the women’s network in the USA, established in 2019, was also severely restricted by the coronavirus pandemic. A dedicated Microsoft Teams channel has been set up to ensure networking among the participants. More than half of the company’s female employees participated in an event on resilience.

The initiative for a worldwide “Female Innovation Network” (femaleIN) also met with great approval. Founded in March 2021, the network aims to increasingly bring together the competencies of women in the innovation sector.

An internal mentoring program initiated by orangeWIN for the exchange of experiences and the targeted further development of individual strengths was joined by 21 new pairings from different hierarchical levels in 2021 despite the coronavirus pandemic (2020: 4). This means that the level of 2019 (23 pairings) was once again reached – even though the project is now mainly carried out virtually. Thus a total of 82 pairings have so far participated in the program, which was launched in April 2017.

KUKA is also active in external networks, such as the association of women’s networks “Women in Network” (WIN) in Munich and the surrounding area. This currently includes 21 companies whose representatives meet once a quarter (only virtually in 2021). Moreover, KUKA is involved in a network with other Augsburg-based companies from various industries.

In addition, KUKA has been participating in the Augsburg cross-mentoring program since 2011. This program supports young managers with their professional and personal development and is designed as a company-wide program. Two female mentees and one mentor from KUKA participated in 2021. KUKA is also involved in the mentoring partnership MigraNet, which is committed to the professional integration of people with a migrant background. In 2021, two KUKA employees were engaged here as mentors.



Occupational health and safety

Occupational health and safety are an essential requirement for ensuring that business operations run safely and efficiently in manufacturing companies like KUKA. Appropriate management systems and general awareness of occupational health and safety not only serve to protect the health of employees, but also affect the success of our company.

Occupational health and safety belong to KUKA's five core values. We are thus also, within the scope of our influence, committed to achieving the UN Development Goal SDG 8.8, "Protect labor rights and promote safe and secure working environments". Occupational health and safety are firmly embedded in management systems at KUKA Group's main production locations, with certifications in some cases. The locations in Augsburg, Obernburg and Füzesgyarmat (Hungary) have been certified since 2020 according to the international occupational health and safety standard ISO 45001. In the coming years, further locations are to follow. Since 2009, our largest production location, Augsburg, has been certified to OHRIS (Occupational Health & Risk Management) – a Bavarian state management system. The scope has been covered by ISO 45001 since 2020. As a result, approximately 50 percent of the company workforce worked at safety-certified locations at the end of 2021.

Involvement of employees

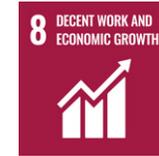
We consider the active participation and involvement of our employees to be a key factor in the success of our measures to increase occupational health and safety. Employees are therefore actively involved in the adaptation and drafting of the risk assessment as well as in the selection of personal protective equipment. Employee representatives also play an active role in shaping ongoing developments in the area of occupational health and safety, for example by actively participating in safety inspections, work committee meetings or helping to design new workplaces.

Internal and external training courses on occupational health and safety are regularly held at KUKA across the globe. All internal and external affected parties are involved, such as the responsible persons at service providers regularly working for KUKA.

The major action areas in the year under review included priority campaigns to raise awareness of occupational health and safety. In 2021, for example, a campaign focused on hand protection was carried out after it was found that about half of workplace injuries are cutting injuries. In Augsburg, an 80-square-meter showroom was

also set up with products for selecting and testing suitable personal protective equipment. It is also used for training to illustrate, in a practical setting and with clear examples, the benefits or possible misuse of protective equipment.

Several times a year, all areas are subjected to inspections related to fire safety and cleanliness regulations. The inspection is usually carried out by a department manager, the responsible safety officer, a representative of the works council and the occupational health & safety specialist. We also procured and implemented hazardous substances software for all German sites in 2021.



SDG 8.8:
Protect labor rights and promote safe and secure working environments

This ensures, for example, that the current safety data sheets are always automatically provided for the responsible persons.

Swisslog conducted a “culture assessment” on occupational health and safety at its European sites in 2021. The purpose of this was to create a uniform understanding of occupational health and safety across all sites within the framework of the new EMEA organization. The weaknesses identified during the assessment have since led to improvement measures, including training for managers, development of a toolkit and harmonization of guidelines.

Positive balance for 2021

Our reporting system at the Augsburg site registers all occupational accidents involving lost time of one day or more (“lost time injury”) as well as near misses and events with a high hazard potential. For these occupational accidents, an immediate incident report must be put in place as quickly as possible, distributed to all responsible parties in the rest of the organization and communicated to the employees affected. A systematic cause analysis is then carried out for such incidents and

appropriate measures are derived. If necessary, new safety standards or a best practice procedure are drafted or adapted to the new findings.

The safety performance indicators recorded across the Group include the LTIR (lost time injury rate). It was 0.6 worldwide in 2021, and thus the same as in the previous year (2020: 0.6). In the reportable accidents at work per 1,000 full-time equivalent employees, which is a common measure in Germany, we may have fared worse in the 2021 reporting year (9.8) than in the previous year (5.7), but still remained below the industry average. The increase in the accident rate is mainly due to the rise in the number of accidents with lost time. However, no new focal points could be identified in this connection. The detailed analyses of the accident causes showed a high level of technical and organizational safety overall. However, there are no new focal points for accidents despite the increase in the number of accidents with lost time. As a key indicator of accident severity, we also track the severity rate (number of lost days per 200,000 working hours), which was 12.8 in the reporting year (previous year: 17.7) and thus developed positively. There have been no fatal industrial accidents across the Group in the last few years.

Preventive healthcare dominated by COVID-19

In 2021, corporate health management at KUKA was again largely dominated by the COVID-19 pandemic. For the phases in which working from home was not already the main focus, the aim was to ensure safe working in the offices and production facilities.

Thanks to increasing routine, however, we have refocused on the preventive healthcare approach that was cultivated at KUKA even before the pandemic. To ensure the physical and psychosocial health of our employees in the best possible way, we take a combined preventive approach with “acute measures” in stressful situations. These include stress and conflict management training, fitness classes, team-building activities, practicing appreciation, soliciting feedback and providing opportunities for constructive criticism as well as individual and group coaching. In cooperation with a health insurance company, various health offerings were revived – such as nutrition days, back training courses, stress management training and also health check-ups. The works council, HR department, company physician and selected managers have also agreed to launch a pilot phase of the corporate health management scheme in Production and Logistics



at the Augsburg site of KUKA Deutschland GmbH. In this pilot phase, employees can actively participate in the selection of possible measures. The roll-out of the corporate health management scheme across the entire site will be decided on the basis of the current coronavirus situation.

KUKA offers a wide range of sports activities. In Germany, for example, this includes participation in the Augsburg Corporate Challenge Run, which was held in a virtual and hybrid format in 2021. KUKA was able to take part via an app and win a number of first places. In the city cycling event in Augsburg, the KUKA team achieved a respectable 6th place with an average of 223 kilometers per team member.

At KUKA Central & Eastern Europe, a “KUKA active” working group has been founded with the aim of promoting employees’ long-term ability to work. The working group organizes company events, occasional small employee gifts and fitness courses (yoga, aerobics), while also offering instruction on how to use our fitness equipment in the in-house fitness center.

In the USA, KUKA offers employees a health program that rewards them for leading a healthy lifestyle. Participating employees can also receive subsidies for preventive healthcare. Throughout the year, there are numerous health improvement events, including virtual health workshops and physical activities. For example, employees were offered support as part of a stress and health management scheme. It was not possible to hold the usual community events in 2021. With an award from the Michigan Occupational Safety & Health Administration (MIOSHA), KUKA Systems North America was recognized by the state for its health management practices in 2021.

In the Asia/Pacific region, KUKA offers country-specific benefits that go beyond the legal requirements. These include annual health checks, health insurance, travel insurance and additional vacation entitlements.

Social engagement

KUKA operates in an innovative industry that has a major impact not only on production, but also on society, our daily lives and the world of work. This is why we promote education and research and are particularly committed to supporting children and young people. We focus our engagement on the locations of our business activities and, in doing so, also consciously establish regional networks. Recognizing the opportunities and risks for our own business, we also aim to heighten the public's understanding of robotics and present possible solutions to a range of challenges confronting society today.

▶ Our commitment to society

Our commitment to society

KUKA is a future-oriented company with a sense of social responsibility. In the communities near our sites, the non-profit association Orange Care e.V., founded by KUKA employees supports social and charitable causes. The main focus of the charitable work is to support projects in the area in which the company is located. First and foremost, Orange Care supports local projects or projects in which our employees are involved.

With its commitment to socially appropriate initiatives and projects, KUKA also wants to contribute to the implementation of the United Nations Sustainable Development Goals (SDGs). The main focus here is on targets SDG 4.7 and 12.8, which address the promotion of sustainable development through information and education. Beyond this, there are targets relevant to climate change mitigation, SDG 13.2 (Integrate climate change measures into strategies and planning) and 13.3 (Improve education and awareness for climate change mitigation and adaptation).

Support for children, young people and families

The non-profit association Orange Care e.V., which was founded by KUKA employees in Augsburg, supports people in need, especially in terms of helping young people and families. The non-profit association has also sponsored a children's daycare center since 2013, which helps to improve the work-life balance of our employees as well as other families in Augsburg. Due to the coronavirus pandemic, maintaining regular operations was a challenge again in 2021 – one that was overcome, however. Investments were made in the maintenance of the outdoor facilities in the reporting year. This included, for example, the replacement of play sand and play equipment as well as the creation and planting of a herb bed.

Beyond this, Orange Care is committed to helping people who have fallen on hard times through no fault of their own, people with disabilities and socially disadvantaged young people. One of the social initiatives supported is Kinderweihnachtswunsch e.V. (Christmas wish association for children). The association provides support for children and young people who live in and are cared for by social institutions in the Augsburg area. Thanks to donations through the association, Orange Care was able to fulfill group wishes.

The close connection between KUKA and Orange Care e.V. was demonstrated once again when old office furniture from KUKA was sold to private individuals as part of a furniture flea market in November 2021 and all the proceeds were donated to the association. The campaign was actively carried out by the Group Works Council and KUKA apprentices.



SDG 4.7:
Promotion of sustainable development through information and education



SDG 12.8:
Promotion of sustainable development through information and education



SDG 13.2:
Integrate climate change measures into strategies and planning

SDG 13.3:
Improve education and awareness for climate change mitigation and adaptation

SPRAY PAINTING FOR SUSTAINABILITY

A group of apprentices from the Augsburg public utility company and KUKA have colorfully explored sustainability as a common theme. In cooperation with the graffiti association “Die Bunten”, the apprentices worked on the motif together in a workshop and then spray-painted a gas pressure regulator station near KUKA headquarters. In addition to the word “Sustainability” in large letters, a streetcar symbolizing environmentally friendly public transport and a KUKA robot arm planting a shrub were also spray-painted on the wall. The idea behind the motif is to show that modern technologies and sustainability can be combined – and that sustainability concerns everyone.



Activities at US sites

Beyond the Orange Care program in Germany, KUKA employees worldwide are committed to social causes. Employees in the USA, for example, support the KUKACARES Foundation. This is a non-profit organization (under Section 501(c)(3) of the US Internal Revenue Code) established by KUKA Systems North America and KUKA U.S. Holdings Company in conjunction with eight of their suppliers. Through events such as charity dinners and golf tournaments, funds are raised to be donated to individuals and families in our site communities who are facing challenges or difficult situations. The recipients can be nominated via the [foundation website](#). Targeted campaigns are also initiated during the Christmas season to ensure that we support those in need at a time of year that is difficult for many people.

Although the coronavirus pandemic prevented the foundation from hosting all of its usual annual events in 2021, it was still possible to hold the KUKACARES Foundation Charity Golf Event in early fall to raise funds for the foundation. The KUKACARES Foundation is active in many areas in the community – from installing medical playground equipment to veterans memorials and on to providing a dream vacation for children with cancer.

Supporting our site communities is an extension of the assistance KUKA employees give each other in the workplace. KUKACARES began by serving our employees and their families and evolved into a comprehensive community outreach program. Internally, KUKA Systems North America and KUKA U.S. Holdings Company awarded 20 scholarships to various relatives of our employees in 2021. In addition to academic achievement, all scholarship recipients were involved in a variety of community activities, demonstrating initiative, passion, integrity, and adaptability.

Finally, in 2021, KUKA USA successfully requested a national recognition day called “National Care for Your Coworker Day”. This acknowledged that it has only been possible to meet pandemic-related challenges because of employee support for one another.

Other events that could be held (again) in 2021 were the Family Summer Picnic, the Farm’tastic Family Fun Day, the Family Baseball Night, the College Football Spirit Day, the Employee Golf Outing, the Christmas Card Design Contest and the Toys for Tots Campaign.

Bringing robotics and automation closer to the public

As every year, KUKA again participated in November 2021 in the [European Robotics Week](#) initiated by the European robotics association euRobotics. During this week of events, KUKA employees have the opportunity to get involved in raising awareness of robotics and automation in the general public. Another aim is to arouse the interest of young people in technology and scientific subjects.

Despite the pandemic-related restrictions, KUKA offered a varied program, including a painting competition and a robotics lecture for children at the Augsburg Planetarium on the topic of “Humans and Machines on Mars – What Robotics can do in Space”. Young people were also able to take a look at production at KUKA during a digital tour of the plant. A digital presentation by a KUKA employee addressed automation in the semiconductor industry, highlighting ways in which robotics and automation can provide a solution to the current global chip shortage. Once again in 2021, some KUKA employees were able to visit schools and childcare facilities despite the restrictions imposed by the pandemic. In this way, they were able to introduce the children to the topic of robotics in an age-appropriate presentation and hand out giveaways.

In Germany, KUKA has been a sponsor of the Herrenberg-Gäu Aerospace Lab e. V. youth research center for many years now. The aim of this non-profit association is to familiarize children – and especially girls – with applied robotics and programming at an early age. They are introduced to technical topics and research in STEM subjects not through isolated activities, but via long-term and individual support in group work – and some have won the “Jugend Forscht” (Young Researchers) competition.

KUKA was also a coach and sponsor of the initiative [Effect to the Power of 100](#) (“Wirkung hoch 100”) in 2021 on the occasion of the 100th anniversary of the Stifterverband für die Deutsche Wissenschaft (Donors’ Association for the Promotion of Humanities and Sciences in Germany). 100 outstanding ideas for better education, science and innovation were networked here with experts and partners to ensure funding and implementation of the projects beyond 2021. This included project ideas for dealing with climate change, a civil protection database and the Berlin Ethics Lab for Responsible AI and Responsible Human-Machine-Interaction. KUKA supported the initiative with €10,000 and took advantage of the events to hold discussions with the participants.

Innovation Award for medical technology

With the [KUKA Innovation Award](#), we raise awareness of innovation through automation and robotics in new fields of activity. Initiated in 2014, the annual contest focused last year on artificial intelligence and the prize of €20,000 was awarded on the occasion of the virtual Hannover Messe in April 2021. The winning team from KU Leuven developed a system that uses artificial intelligence to enhance the productivity of car manufacturers as well as small and medium-sized enterprises by facilitating and expediting the deployment of bimanual robot manipulation tasks.



Appendix

The standards of the Global Reporting Initiative (GRI) support companies in disclosing their sustainability performance in a transparent and comprehensible manner. This serves to fulfill the information needs and requirements of a wide range of stakeholder groups, including investors, policymakers, capital markets and the general public.

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- ▶ Imprint and contact

GRI Content Index

This report was created in accordance with the “Core” option of the GRI Standards.

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GRI 102-42: Identifying and selecting stakeholders	14	
GRI 102-43: Approach to stakeholder engagement	14, 16	
GRI 102-44: Key topics and concerns raised	16, 17	We address the most important topics raised by our stakeholders in our materiality analysis.

GRI Standards	Page	Response/Comment
Reporting practice		
GRI 102-45: Entities included in the consolidated financial statements	3	
GRI 102-46: Defining report content and topic Boundaries	3, 15 – 17	
GRI 102-47: List of material topics	16, 17	
GRI 102-48: Restatements of information		There were no new formulations of information in relation to the previous year's report.
GRI 102-49: Changes in reporting	16, 17	
GRI 102-50: Reporting period	3	
GRI 102-51: Date of most recent report		April 2021
GRI 102-52: Reporting cycle		Annual
GRI 102-53: Contact point for questions regarding the report	73	
GRI 102-54: Claims of reporting in accordance with the GRI Standards	3	
GRI 102-55: GRI content index	66 – 72	
GRI 102-56: External assurance		There was no external assurance on the information in this report.
Material topics		
GRI 203: Indirect Economic Impacts 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	38 – 40	
GRI 203-2: Significant indirect economic impacts	38 – 40	
GRI 204: Procurement Practices 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	41 – 46	
GRI 204-1: Proportion of spending on local suppliers	44	We do not record the proportion of procurement spending on local suppliers, as the effort involved in obtaining the information is not reasonably proportionate to its value.

GRI Standards	Page	Response/Comment
GRI 205: Anti-corruption 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	18 – 22	
GRI 205-2: Communication and training about anti-corruption policies and procedures	20 – 22	We do not collect quantitative data on training measures conducted, as the effort involved in obtaining the information is not reasonably proportionate to its value.
GRI 206: Anti-competitive Behavior 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	18 – 22	
GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	19	There were no legal actions in the period under review.
GRI 302: Energy 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	26 – 30, 32	
GRI 302-1: Energy consumption within the organization	30	
GRI 302-5: Reductions in energy requirements of products and services	34 – 36	
GRI 303: Water and Effluents 2018		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	26, 27, 31, 32	
GRI 303-1: Interactions with water as a shared resource	31, 32	
GRI 303-2: Management of water discharge-related impacts	31, 32	
GRI 303-3: Water withdrawal	32	
GRI 305: Emissions 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	26 – 30	
GRI 305-1: Direct (Scope 1) GHG emissions	30	
GRI 305-2: Energy indirect (Scope 2) GHG emissions	30	
GRI 305-5: Reduction of GHG emissions	30	

GRI Standards	Page	Response/Comment
GRI 306: Waste 2020		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	26,27,31	
GRI 306-1: Waste generation and significant waste-related impacts	31	
GRI 306-2: Management of significant waste-related impacts	31	
GRI 306-3: Waste generated	31	
GRI 307: Environmental Compliance 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	19, 20, 27	
GRI 307-1: Non-compliance with environmental laws and regulations		No such incidents were reported in the year under review. Furthermore, there were no lawsuits pending with regard to non-compliance with environmental laws and regulations.
GRI 308: Supplier Environmental Assessment 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	20, 41 – 46	
GRI 308-1: New suppliers that were screened using environmental criteria	45, 46	
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	45, 46	
GRI 401: Employment 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	47 – 52, 55	
GRI 401-1: New employee hires and employee turnover	52	We do not report on new hires by age group and gender at a global level because the effort required to collect the information would not be in reasonable proportion to its value.
GRI 402: Labor/Management Relations 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	48 – 52	
GRI 402-1: Minimum notice periods regarding operational changes	52	KUKA complies with the applicable legal requirements with regard to notice periods.

GRI Standards	Page	Response/Comment
GRI 403: Occupational Health and Safety 2018		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	47 – 51, 58 – 60	
GRI 403-1: Occupational health and safety management system	58	
GRI 403-2: Hazard identification, risk assessment, and incident investigation	58 – 60	
GRI 403-3: Occupational health services	58 – 60	
GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	58	
GRI 403-5: Worker training on occupational health and safety	58	
GRI 403-6: Promotion of worker health	59, 60	
GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	22, 23, 58 – 60	
GRI 403-8: Workers covered by an occupational health and safety management system	58	
GRI 403-9: Work-related injuries	59	
GRI 404: Training and Education 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	47 – 51, 53 – 55	
GRI 404-2: Programs for upgrading employee skills and transition assistance programs	53, 54	
GRI 405: Diversity and Equal Opportunity 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	47 – 49, 56, 57	
GRI 405-1: Diversity of governance bodies and employees	12, 51, 57	For corresponding information on the Supervisory Board see Annual Report 2021 , p. 6 et seq.
GRI 407: Freedom of Association and Collective Bargaining 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	20, 41 – 49	
GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		We are not aware of any of our business locations where the right to freedom of association and collective bargaining could be threatened. Our suppliers are subjected to extensive reviews before entering into business relationships.

GRI Standards	Page	Response/Comment
GRI 408: Child Labor 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	20, 41 – 46	
GRI 408-1: Operations and suppliers at significant risk for incidents of child labor	42 – 46	
GRI 409: Forced or Compulsory Labor 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	20, 41 – 46	
GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	42 – 46	
GRI 413: Local Communities 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	61 – 64	
GRI 413-1: Operations with local community engagement, impact assessments, and development programs	61 – 64	
GRI 414: Supplier Social Assessment 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	20, 40 – 46	
GRI 414-1: New suppliers that were screened using social criteria	45, 46	
GRI 416: Customer Health and Safety 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	19, 22, 23, 40	
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services		In 2021 there were no legal proceedings with fines for breach of customer safety.
GRI 417: Marketing and Labeling 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	23	
GRI 417-1: Requirements for product and service information and labeling	23	
GRI 418: Customer Privacy 2016		
GRI 103: Management Approach 2016 (including 103-1, 103-2, 103-3)	22, 40	
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	40	

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Forward-looking statements

The Sustainability Report contains forward-looking statements on expected developments. These statements are based on current assessments and are naturally subject to risks and uncertainties. Actual results may differ from these statements.

The German version is legally binding in cases of doubt.

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