

# Corporate Report 2020

## CSR Report

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# CSR

## Report

Corporate Social  
Responsibility

Six chapters examine our contribution  
to sustainable development

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TÜV Rheinland strives to apply gender-neutral language. If only one grammatical form has been used, this has been done exclusively for better readability.

## The focus on sustainability is greater than ever



»The necessity of sustainable business practices became especially clear in 2020. Challenges such as the coronavirus pandemic and the climate crisis cannot be managed effectively without the conscientious interaction of people, technology and the environment. As an inspection and testing group with global operations, we strive to make life more secure and to foster the conditions for sustainable development. Within the framework of our previous sustainability strategy, we achieved progress in many areas. Our new sustainability strategy intensifies our ecological and social commitment. In this way, we aim to better satisfy the principles of the UN Global Compact and the requirements of our stakeholders.«

Dr.-Ing. Michael Fübi  
Chief Executive Officer, TÜV Rheinland AG

## CSR Management

How we let others measure us: Beyond the horizon of the previous sustainability strategy, we are setting ambitious goals to harmonize our growth with social and ecological principles.

Operating according to sustainable business practices means something specific to TÜV Rheinland: We accept responsibility for the quality and integrity of our services, for the people who work for our company, and for the environment in which we live. Sustainability is the foundation of our profitable business growth – especially in challenging times. We want to be the world’s best sustainable and independent service company in the field of testing, inspection, certification, consulting and training – an ambition rooted in our value system and in a binding Code of Conduct that guides each and every employee, and an ambition that we also reinforce through our participation in the United Nations Global Compact. When we signed the UN Global Compact in 2006, we undertook to align our strategies and activities to ten universal sustainability principles. With that same objective in mind, we scrutinize the effects of our business operations against the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015. How our core business helps achieve the SDGs is borne out by selected examples presented in the “Service Responsibility” section. Our guiding principles, our values and our stakeholder initiative-derived obligations are all incorporated into our sustainability strategy, which we intensively revised and

further developed during the year under review (see page 6 ff.). That work is driven by a Groupwide global CSR team headed by the Global Officer Corporate Development. The latter holds a key position with responsibility for both sustainability strategy and Group development and strategy, as well as digitalization and innovation. The Global Officer reports directly to the CEO.

### NETWORKS ON EQUAL FOOTING

We firmly believe that in a globalized world where companies and nations are closely interconnected, the principles of the UN Global Compact cannot be realized without working together. That’s why, in addition to pursuing sustainable development within our own Group, we also promote the idea of socially and environmentally sound business practices outside the company. We have already been involved in the German Global Compact Network (DGCN) for several years now, for example. Learning from one another, spurring each other on, entering partnerships and collaborating with other actors, and thereby achieving shared goals – applying this approach over the past two decades – the DGCN has established itself as an important platform for socially responsible business practices in Germany. As a member of the DGCN, we participate in a cross-industry exchange of ideas and information with other companies, as well as with civil society, scientific and public sector organizations. We discuss strategies →



Dr. Achim Ernst  
Global Officer Corporate Development

»Our new sustainability strategy will enable us to meet our stakeholders’ expectations more effectively, thereby raising our social and ecological engagement to a new level. In this way, we will contribute more toward the achievement of the Sustainable Development Goals.«



### Stakeholders

We define stakeholders as all persons, companies and institutions with whom we enter into a direct relationship in the course of providing services, but also those indirectly affected by our business activities. It is particularly important to us to provide our stakeholders with a clear

picture of who we are, how we work, what we inspect and test, and who monitors our work. We use a broad range of instruments and channels to exchange information with our stakeholders on a regular basis.

Diagram based on: Stakeholder Survey 2013, analysis of interested parties according to ISO 9001:2015

for achieving the sustainability goals and collaborate on practical solutions. Through active participation in the DGCN steering committee and in the advisory board of the associated foundation, moreover, we gain insight into the expectations and challenges of our relevant stakeholders – a key factor for our future CSR Management. In September 2020, Katharina Riese, Senior Manager CSR & Sustainability at TÜV Rheinland, was reappointed as member of the foundation advisory board for an additional three years. In that role, TÜV Rheinland also serves as advisory member of the steering committee of the German Global Compact Network. In 2020, the network hosted, among other things, training courses, workshops and online seminars on sustainable corporate governance in the supply chain, on the implementation of the Sustainable Development Goals (SDGs), and on stakeholder management.

#### **PARTICIPANT AND ANNIVERSARY CONFERENCE IN THE PANDEMIC ERA**

DGCN's main dialog forum is its annual Participant Conference, which – due to the global COVID-19 pandemic – was held virtually for the first time, in early April 2020. The conference marked the start of the Decade of Action proclaimed by United Nations General Secretary António Guterres, and attending representatives from business, civil society, science and government discussed conditions conducive to more effective participation by business. The Anniversary Conference on September 30, 2020, marking the 20th anniversary of the establishment of the UN Global Compact and of the German Global Compact Network, also imparted significant momentum. Under the banner "The Decade of Action: Business Leadership in Challenging Times," high-caliber figures from business, civil society, science and government discussed how the transition to more just and sustainable business practices can succeed in the post-coronavirus era through 2030 and which courses need setting out to strengthen social cohesion and avoid exceeding the endurance limits of the planet. Through its participation in the Anniversary Conference, TÜV Rheinland played a supporting role.

#### **WORLD'S FIRST COOPERATION AGREEMENT WITH GLOBAL COMPACT NETWORK CHINA**

We also seek exchange with business partners and stakeholders beyond our engagement with the German Global Compact Network. In that context, TÜV Rheinland Greater China entered into a strategic cooperation with Global Compact Network China – the first such collaboration

worldwide between the Chinese sustainability network and an international inspection, testing and certification services provider. Both sides want to apply their strengths and initiate projects, in order to advance the digital transformation, technological innovation, and sustainable development of Chinese and German companies.

The cooperation agreement calls for the establishment of a multi-stakeholder cooperation platform. The platform will initially provide assistance to companies and stakeholders in highly complementary Chinese-German industries such as the automotive, textiles and clothing industry, helping them to introduce innovative digital technologies, in order to achieve their sustainability goals.

#### **GERMAN SUSTAINABILITY CODE APPLIES INTERNATIONALLY**

In collaboration with the German Council for Sustainable Development (RNE) established by the German federal government, TÜV Rheinland translated the German Sustainability Code (DNK) for companies in China and adapted it to local conditions. Through its publication in simplified Chinese, more companies in China will have access in the future to the internationally applicable reporting standard for sustainability aspects and can thereby raise the transparency of their engagement.

#### **WHAT WE ACHIEVED: THE STRATEGY CYCLE 2015 TO 2020**

The sustainability strategy we adopted in 2015 forms a binding framework that guides the actions of our employees throughout the company. It is based on an extensive stakeholder survey as well as careful reflection and evaluation of the results at the executive board level and on the management level. In the 2015 to 2020 strategy cycle, concrete sustainability goals were defined along the dimensions of Governance, Employees, Environment, Society and Service Responsibility. The following chapters report on the specific progress we achieved during the year under review, 2020.

A glance at the milestones of the past five years also provides information on the status quo and the results of our previous CSR Management. We achieved many of our goals, and even exceeded some, such as the internationalization of our Group management, the increase in the share of women in management positions, and the reduction of energy consumption and greenhouse gas emissions per employee. But not all goals could be achieved as planned. We are currently working intensively on a comprehensive

approach that covers not only sustainability aspects, but also risk management and quality management aspects.

Overall, we assess our sustainability progress as positive. In the 2015 to 2020 strategy cycle, we made progress on relevant projects, implemented concrete measures and achieved important targets in all activity areas. A few highlights from the years 2015 through 2020 serve to illustrate that progress:

- **Employees:** In May 2015, we opened the company's first childcare center at our headquarters in Cologne, Germany. Today the "TÜVtel Kids" facility operated by the Fröbel Group provides high-quality pedagogical care for 50 children.
- **Governance:** In 2017, we adopted globally binding guidelines on business partner management. They apply various factors to classify business partners into different risk levels and then impose clearly defined approval processes and risk management measures based on the classification.
- **Environment:** One of the primary means of improving resource efficiency is through building renovation. In 2017, our corporate headquarters in Cologne, Germany, underwent extensive modernization and energy rehabilitation. This enabled us to throttle back CO<sub>2</sub> emissions by about 30 percent versus base year 2014. Not only is the building "TÜV Rheinland Toxic Tested," but external auditors also awarded its building services both the LEED Gold certificate and a DGNB Gold certificate for sustainability. In addition to the investments in the corporate headquarters, more than 18 million euros were also invested in resource-efficient new construction and energy renovations at German locations in 2017.
- **Society:** In Greater China, we have been collaborating since 2017 with three Chinese companies to improve the sustainability of the electrical power grid in Yunnan province. Local photovoltaic systems were installed at seven schools, and at the same time both teachers and students received the necessary training and resources to maintain the systems on their own.
- **Service Responsibility:** Both for our customers and for TÜV Rheinland, 2020 was marked by the COVID-19 pandemic. In that context, we have been offering the "Back to Business" program since June 2020. Based on an independent and comprehensive assessment, this program makes it possible for organizations to guarantee a safer and healthier work environment in a "new normal." Moreover, by converting many services to virtual audits,

we were able to meet our customers' needs without deploying our employees to their locations.

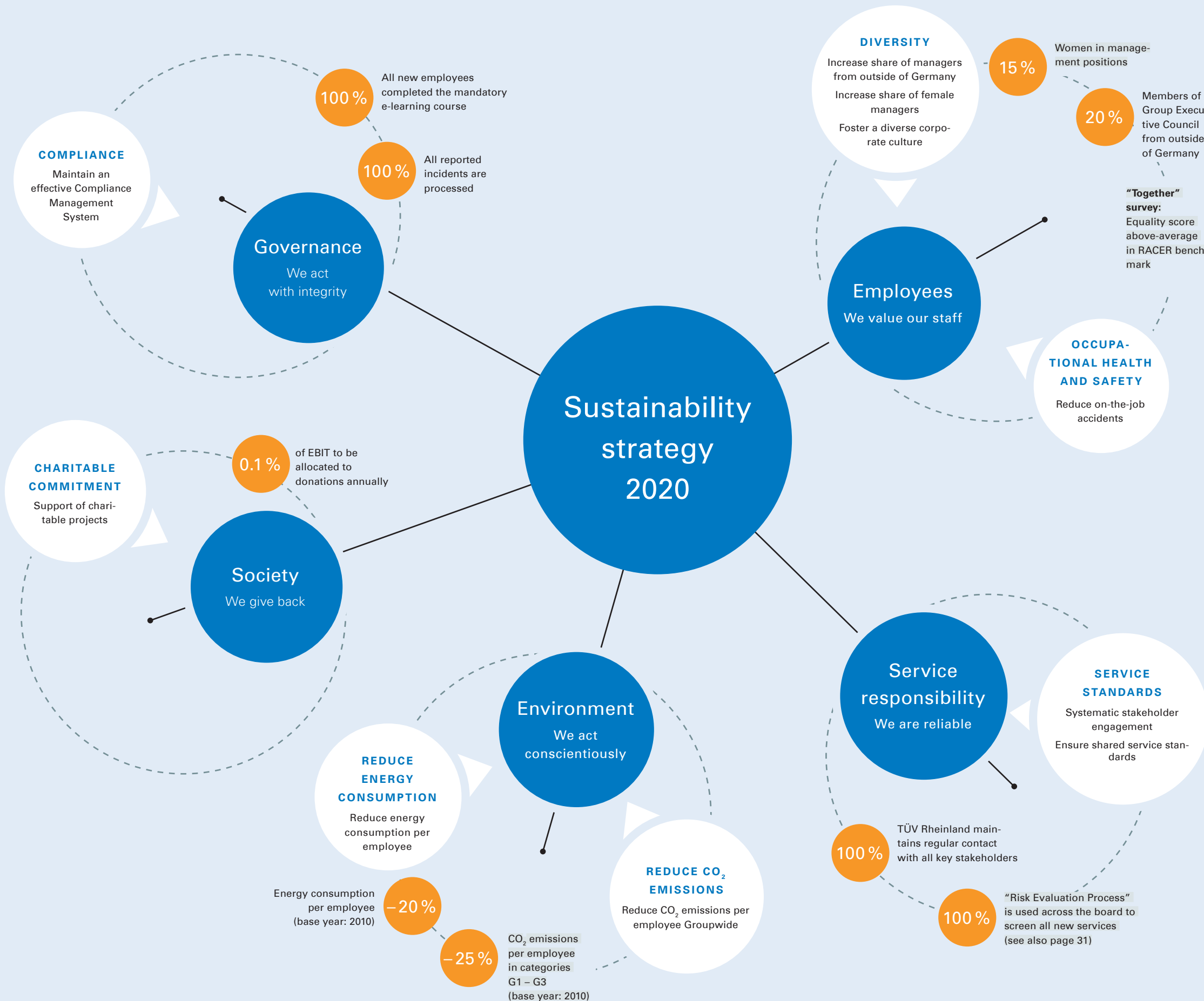
That sustainability performance is also being recognized by actors outside the company. For the successful implementation of our CSR Management during the year under review, for example, EcoVadis awarded us its CSR rating's Silver Medal. To maintain that rating and continuously improve our performance, we updated our sustainability strategy in an intensive development process and drafted a new strategic target vision through 2025.

#### **NEXT LEVEL – HIGH LEVEL**

We have set the bar high for our new sustainability strategy: We want to continue to be a driving force for sustainability in the industry in the years ahead. In doing so, we will be even better able to satisfy the increasing and changing expectations and requirements of our stakeholders. We are holding firm to our core sustainability concept here, while examining and refining our strategy, the relevant topics and target parameters. To that end, we conducted another multi-stage materiality analysis in 2019, whereby we were able to refer back to the basic findings from the previous analysis in 2015, specifically with regard to our purpose and the thematic context.

#### **ECOVADIS RATING**

With more than 75,000 rated companies of all sizes and from all industries, EcoVadis is the worldwide leading provider of sustainability rankings. EcoVadis helps companies determine and improve the ecological and social performance of their global supply chains. The EcoVadis rating analyzes 21 criteria relative to the environment, work practices and human rights, fair trade practices and sustainable procurement. The criteria are based on international CSR standards such as the Ten Principles of the UN Global Compact, the Conventions of the International Labour Organization (ILO), the Global Reporting Initiative (GRI) Standards, ISO 26000, and the CERES Principles.



Building on that foundation, we first identified many topics of potential importance to TÜV Rheinland and grouped them into 24 higher-order categories. In parallel, we also reanalyzed the stakeholders of relevance to us within the context of sustainability and ultimately defined twelve stakeholder groups (see graphic at the top of page 8). In the next step, a worldwide online survey asked our stakeholders to select the five categories of most importance to them from among the 24 categories, to assess the significance (relevance) of each of the five from their perspective, and to indicate the effect that TÜV Rheinland's business activity has on those sustainability aspects (impact). In addition, we conducted in-depth interviews with our key stakeholders – employees, customers, business partners and competitors – in order to gain a more nuanced understanding of key thematic areas. And finally, we also included the Group Executive Council, the extended top management of TÜV Rheinland, in the survey with a special questionnaire. The more than 1,500 evaluations were analyzed in detail and weighted to smooth out uneven response rates within stakeholder groups, and also to take into account the unequal relevance of the various stakeholder groups for TÜV Rheinland. Six top categories eventually emerged out of the study to form the materiality matrix (see graphic at the bottom of page 8). According to respondents, the topics of special relevance to TÜV Rheinland are compliance, service quality, business ethics, personnel development, safe working conditions and data security. Added to these are anti-discrimination, labor rights, diversity and climate protection – categories arising from our values and from our aspirations as a member of the UN Global Compact, TIC Council and the Diversity Charter – we obtain the category framework of our new sustainability strategy (see graphics on page 9). Topics identified from the stakeholder survey as important within each category are addressed in the new strategy. Based on our mission, we defined three higher-order dimensions – People, Profession and Planet. In the future, they will form the strategic umbrella over the sustainability categories.

The whole process was managed in close consultation with our CEO, the Executive Board and the extended top management. The new sustainability strategy was launched in the fourth quarter of 2020 with the resolution of the Executive Board and in early 2021 with the establishment of key indicators, target systems and concrete work programs to be completed by 2025. The next report will



Stakeholder groups	Accredita- tion body	Association	Business partner	Categories	Biodiversity	Corporate citizenship	Business ethics	Data integrity	Digital progress	Diversity
	Competitor	Customer	Employee		Economic performance	Employee develop- ment	Health of employees	Safety of employees	Energy consump- tion	Forced labor
	(End) Consumer	Joint venture Partner	Media		Green- house gas emissions	Intra- industry exchange	Labor rights	Legal compliance	Material consump- tion	Non- discrimi- nation
	Non-govern- mental organization	Potential employee	Research facility		Procure- ment	Service quality	Sustainable service portfolio	Techno- logical progress	Waste	Work culture

provide details about the achievement of objectives set for 2021.

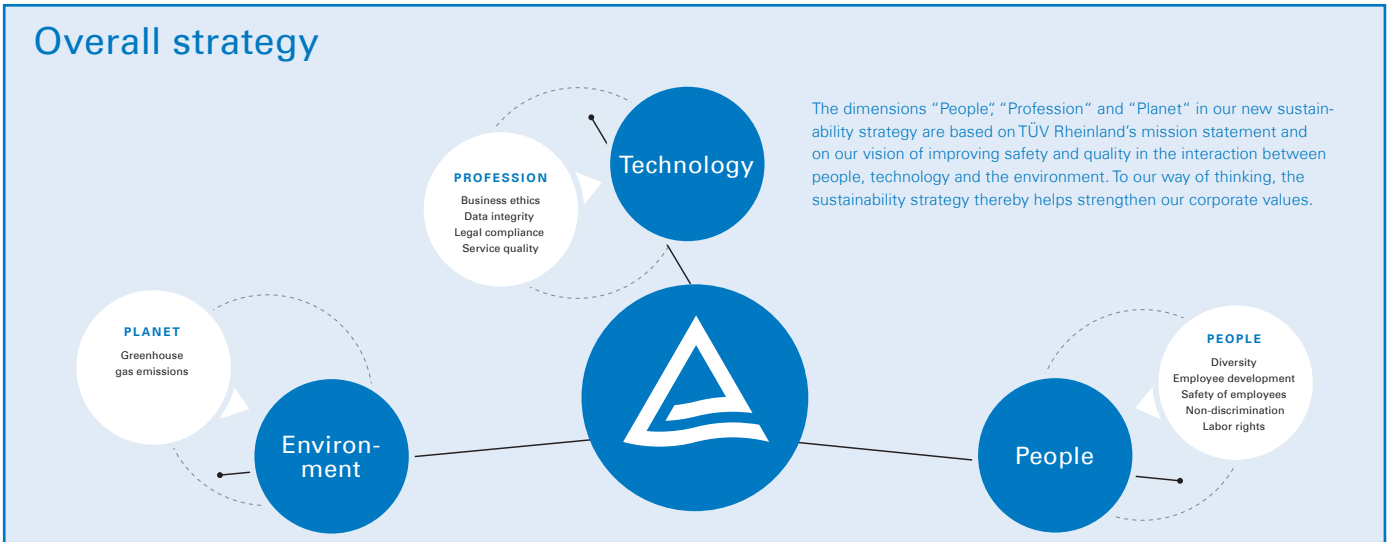
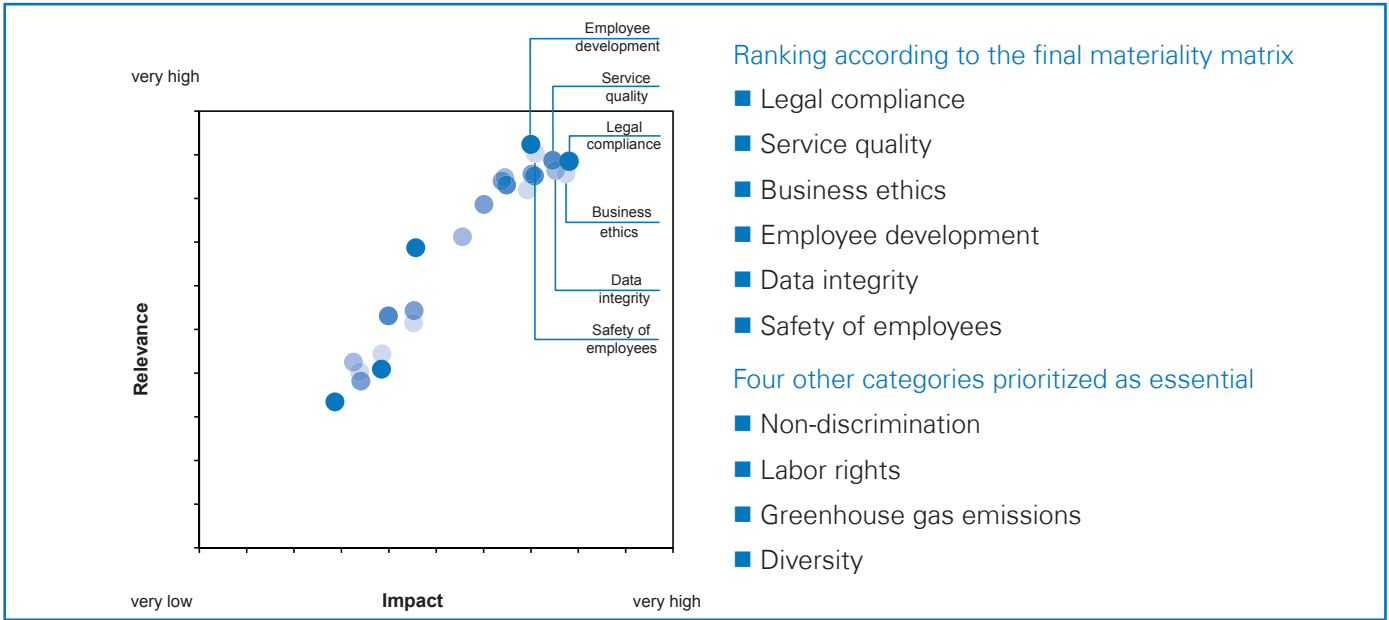
MEMBERSHIPS AND NETWORKS

We obtain valuable impetus for the sustainable further development of our business orientation, our services, our internal regulations and our brand not least through the exchange of ideas and information among specialists within our industry. Our membership in important organizations

and institutions enables us to represent both our own interests and the shared concerns of inspection and testing service providers and to help manage the socio-political and business environment. The most important organiza-tions in which we take part are listed below:

**TIC Council:** As a global association established in 2018, TIC Council represents the independent testing, inspection and certification industry, bringing together more than 90

TÜV Rheinland materiality matrix and essential categories



The stakeholders selected the essential topics in the ten categories

For the following topics, the strategy development formulated objectives, key performance indicators (KPIs) and target values and developed work programs and projects that also support the Group's TR+ strategy.

Data integrity	Safety of employees	Service quality	Employee development	Business ethics	Legal compliance	Labor rights	Non-discrimination	Diversity	Greenhouse gas emissions
Data protection	Safe work environment	High-quality service provision	Training and career development	Ethical corporate values	Local laws and regulations	Employee remuneration (living wage)	Equal opportunity	Gender parity in decision-making positions	Scope 1: direct
Monetization of personal data	Work-related injuries	Sustainable value creation along the supply chain	Employee training and continuing education	Honesty and integrity of employees	CSR audits/ Other certifications	Equal pay	Non-discrimination (gender, ethnic origin, cultural identity)	Demographic transformation	Scope 2: indirect
			Employee experience	Corruption and bribery		Work and management relations		Local communities and local workforce	Scope 3: upstream value chain
				Reputation					

member firms worldwide to speak with one voice. TIC stands for Testing, Inspection and Certification – TIC Council was formed through the merger of the former international industrial associations IFIA and CEOC and is based in Brussels. Represented in more than 160 countries and employing altogether more than 300,000 people, the members of TIC Council are committed to sustainable corporate governance. Our CEO, Dr. Michael Fübi, has been elected president of the global association.

**Global Reporting Initiative (GRI):** The Global Reporting Initiative has developed a comprehensive framework for sustainability reporting, which is now recognized and used the world over – as, for example, in this CSR Report. GRI guidelines define the principles and key indicators companies can use to measure and continuously improve their economic, ecological and social performance. One important function is performed by the Stakeholder Council, which advises the GRI executive board and gives recommendations for future policy and business planning. The Council comprises members of international firms, human rights organizations, environmental organizations, labor organizations, and other stakeholders. Fallight Xu, Regional Officer Corporate Social Responsibility Greater China, TÜV Rheinland, has also been a member of the body since 2019.

**ISEAL Alliance:** The objectives adopted by the International Social and Environmental Accreditation and Labeling Alliance (ISEAL Alliance) are to develop generally applicable rules governing the development and implementation of sustainability standards, to counteract the fragmentation of standard initiatives, and, in so doing, to strengthen their effectiveness and credibility. Its members include leading sustainability certification system providers, including Fair Trade, Rainforest Alliance and the Forest Stewardship Council. During the year under review, Fallight Xu, a CSR and sustainability services expert at TÜV Rheinland, was appointed to serve as a member of the ISEAL Technical Committee. Along with ISEAL members, the ten-person body also comprises outside sustainability experts. Its responsibilities include the approval of new and revised ISEAL standards.

**VdTÜV:** The association TÜV e. V. (VdTÜV) is the umbrella organization of the German TÜV companies. It represents our interests in Berlin and Brussels vis-à-vis government, business and society. Our CEO, Dr. Michael Fübi, is a member of the executive committee.

**TÜV Markenverbund:** The “TÜV” brand is one of the best-known brands in Germany. It stands for safety, reliability and quality. In order to protect and maintain the value and reputation of this strong brand, the German technical inspection and certification organizations joined together in 2010 to form the “TÜV Markenverbund” brand association. Our Executive Board Member Ralf Scheller is the Second Chairman of this association.

# 2

## Governance

**What matters to us: In our everyday work, we are guided by shared values and act according to clear compliance rules. In so doing, we aim to strengthen trust in the TÜV Rheinland brand.**

As a global provider of testing and inspection services, TÜV Rheinland stands for safety, integrity and quality – the trust in our work is fundamental to our business success. The expectations of customers, employees, business partners and the general public must be met anew every day. This is why the company places such a high priority on corporate governance and compliance. It is extremely important to TÜV Rheinland that all managers and employees act in accordance with statutory regulations and intracompany rules.

To ensure this in practice, we have established a compliance management system that applies throughout the Group and is actively supported by the Executive Board. The Executive Board and the Supervisory Board are subject to the principles of transparent, responsible corporate governance and control. In addition, the general management of all subsidiaries, together with our managers the world over, are required to explicitly confirm every year that they have operated in accordance with our compliance program and reported any violations to the responsible compliance officer. Moreover, we invest in programs to train and raise the awareness of all employees, so we can detect deviations and suspected misconduct early and initiate appropriate countermeasures. Our compliance activities are always

based on the principles of the UN Global Compact – along with the values anchored in our mission statement and shaping our lived corporate culture: integrity, excellence, customer orientation, performance and agility. To reinforce this commitment and ensure a shared understanding of our agreed corporate values, we reissued our Code of Conduct in the year under review. It has been aligned with the principles of the TIC Council, the global umbrella organization of the testing and inspection industry, and now includes a foreword about compliance commitment by the CEO of TÜV Rheinland. In its current form, the Code of Conduct of TÜV Rheinland covers the following areas:

- General principles and scope
- Anti-discrimination
- Health and safety
- Work conditions
- Environmental protection
- Integrity of service and documentation
- Accounting
- Data security, confidentiality and data protection
- Communication
- Fair business practices
- Conflicts of interest
- Anti-corruption
- Money laundering
- Donations and sponsoring
- Exclusion and non-association
- Violations and sanctions

### COMPLIANCE ORGANIZATION – A WORLDWIDE FRAMEWORK

Effective compliance management requires transparent structures and clearly defined responsibilities. At the head of TÜV Rheinland’s Compliance organization is the Chief Compliance Officer, who reports directly to the Chief Human Resources Officer of TÜV Rheinland AG and acts independently in that function. In regular monthly meetings with the Compliance Committee of TÜV Rheinland, which includes the CEO, the Chief Human Resources Officer, and the other members of the Executive Board, he reports on his work and current developments. Another body that discusses and evaluates the progress of the compliance management system is the Audit Committee of the Supervisory Board of TÜV Rheinland AG. In this Committee, the Global Officer Compliance reports on compliance issues, objectives, risks and the status of the compliance management system at six-month intervals.

In order to adequately implement compliance principles at all locations, we have established an active worldwide network of compliance officers. This includes our full-time Senior Compliance Officers in the Corporate Service Function – as well as regional and local full-time staff for legal and compliance matters, who are now assigned in all regions. One change in the North and South America regions during the year under review: the responsibilities for these two regions have been combined into the role of the Regional Officer Americas.

**TRANSPARENT INFORMATION CHAINS**

Through established communications processes and regulated exchange among all hierarchical levels, we want to strengthen the compliance culture at TÜV Rheinland. Our compliance ambassadors play an important role here, serving as professional contacts for the employees. At

one-to two-week intervals, they conduct four fixed meetings with the respective regional and local compliance officers to discuss day-to-day business operations. This ensures a continuous flow of information between the regions and the Compliance Service Function. Moreover, so-called “quarterly calls” are held every three months to discuss strategic topics. In 2020, our global meeting for all employees of the Legal and Compliance Service Functions was held virtually due to coronavirus-related restrictions. In the online meeting, a total of 44 people discussed strategic topics and investigation approaches.

Compliance is also firmly anchored in the company’s centrally controlled Risk Management. As a member of the Groupwide risk unit, the Global Officer Compliance works closely with the Legal Service Function as well as with the internal services Corporate Audit, Quality Management, Controlling and Finance, and Accounting. The Corporate

Compliance team consults regularly with Corporate Audit in particular. The shared goal is to ensure the application of Groupwide compliance regulations also on the local and corporate subsidiary level. As a result, compliance issues are now naturally part of the Corporate Audit Service Function’s list of audit items.

**COMPLIANCE PROGRAM – SUPPORT FOR THE WORK-FORCE**

Another decisive factor in the consistent implementation of our Groupwide compliance guidelines is communication with the employees. All employees of TÜV Rheinland have access to the basic content of our compliance program. Available in English and German – and also to some extent in other local languages – it can be accessed at any time in the central document management system. The most important binding compliance documents include the Code of Conduct of TÜV Rheinland, the Guideline for the Prevention of Conflicts of Interest and Corruption, the Business Partner Management Guideline, and the Sponsoring Guideline. For interested business partners and third parties, we have also published the Code of Conduct and a compliance information sheet on our website.

In Germany, we instruct new employees on the relevant compliance documents as soon as they start work. We have also developed a Groupwide e-learning program, which is available in English and German from 2021 on and mandatory for new employees in all countries. Our goal is to ensure that employees the world over have a heightened awareness of compliance and are familiar with the applicable content. In the year under review, a total of 2,614 employees – 43% of the workforce – completed the mandatory compliance e-learning course. Along with the Groupwide training course on the Code of Conduct of TÜV Rheinland, other practical instruction offerings are available to the employees on a voluntary basis, covering topics ranging from the compliance management system and anti-corruption to conflicts of interest and how to handle invitations and gifts. For some employees, more than three years have elapsed since they completed the compulsory course. In 2019, Service Function Compliance worked together with TÜV Rheinland Akademie GmbH to introduce a compliance refresher course for them. Of the 5,805 eligible employees, 3,859 had taken advantage of this new training offering by the end of the year under review. Moreover, a legal fundamentals training course for managers with a training unit on compliance was added in mid-2019. In 2020, that training course was continued as an additional learning

unit on a voluntary basis. In addition, we installed a local, IT-supported compliance training course in the Greater China region.

At the two-day event “New at TÜV Rheinland,” which is held regularly in Germany, colleagues also gain insight into compliance. Here CSR officers explain the central role that compliance plays in our company and present the relevant organization. Whether in India, Brazil, Poland or Greater China, our Compliance Officers also conduct similar classroom training courses on specific topics and local regulations in other countries and regions. As a result of the coronavirus pandemic, those training courses were converted to a virtual format wherever possible, thereby genuinely helping to raise our employees’ awareness of the importance of compliance.

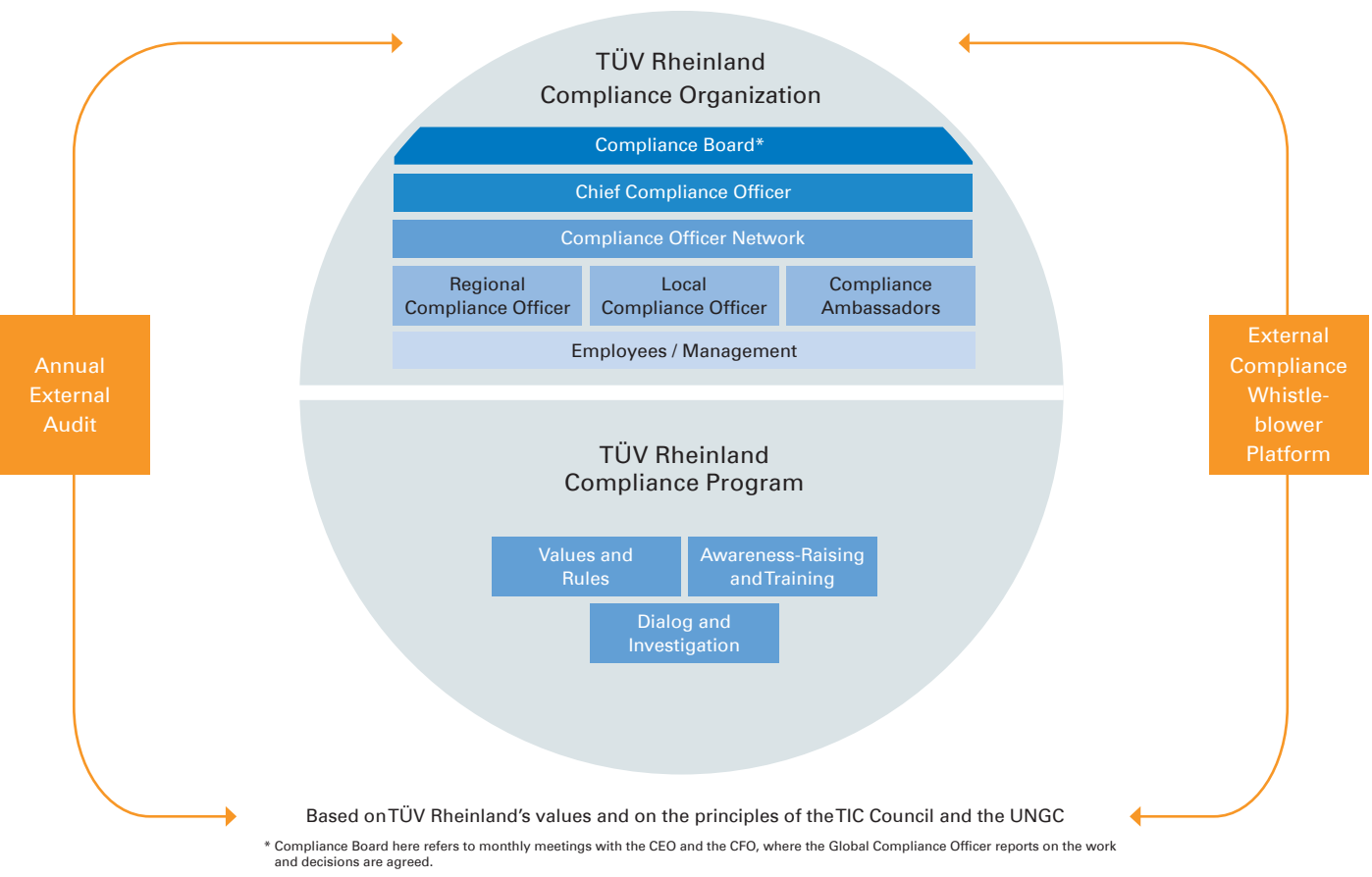
**OPTIMIZATION OF THE ENTIRE PROCESS CHAIN**

Continuous improvement and sustainable further development are important to us also with regard to compliance. The higher-order principles and guidelines of our compliance program are regularly reviewed to determine whether they need updating, for example, as are other work instructions and standard operating procedures. In the year under review, TÜV Rheinland updated both the relevant compliance information sheet and the global Code of Conduct. The latter was aligned – as mentioned above – with the principles of the TIC Council.

But TÜV Rheinland also takes steps beyond its own company context to safeguard itself against compliance risks. In Germany, for example, TÜV Rheinland requires suppliers to acknowledge its general terms and conditions of purchase and business.

By accepting them, our suppliers agree to adhere to applicable laws and ordinances and to the principles of the UN Global Compact in the areas of human rights, labor standards, environmental protection, and anti-corruption measures. Other steps toward greater sustainability in the supply chain include our Supplier Code of Conduct and the Sustainable Procurement Policy, both of which were adopted during the year under review and are currently being implemented. Procurement thereby obliges our suppliers to inform us about their sustainability activities and to adopt more sustainable practices over the long term. Certain business transactions require the mandatory involvement of the Compliance Service Function before they can be completed. This is the case, for example, when contracting consultants, establishing companies, making donations, or sponsoring.

**Compliance Management System**







**André Friede**  
Senior Compliance Officer

»In its reissued Code of Conduct, TÜV Rheinland expressly commits to fulfilling its social responsibility. Specifically, this concerns the integrity of our service and includes human and labor rights, the preservation and sustainable protection of the environment, and the fight against all forms of forced labor, child labor and corruption.«

In 2018, the compliance organization already adopted a compulsory global guideline on business partner management. This classifies subcontractors, joint venture partners or intermediaries according to different risk levels, resulting in various approval processes and risk management measures. In 2020, the corresponding process was rolled out in other countries and became compulsory, for example, in India. In the Greater China region, we also continued to expand compliance monitoring. In 2020, the local compliance team supported a total of 4,841 projects in four Business Streams – and ensured compliance with our standards within the framework of so-called “integrity audits.”

#### CONSISTENT MEASURES IN RESPONSE TO VIOLATIONS

Despite all preventive measures, we cannot exclude the possibility that TÜV Rheinland might violate compliance or at least come under suspicion of such a violation. In 2020, our worldwide compliance officer network processed a total of 1,020 issues. The Corporate Compliance Office itself handled 259 of those inquiries and cases of suspected misconduct. Specifically, these issues involved the following topics:

- Compliance voluntary commitments
- Compliance contract clauses
- Potential conflicts of interest
- Personnel issues
- Consultation on the offer of individual services
- Involvement in M&A projects
- Screening of potentially critical business partners
- Invitations and gifts

Whenever we find an actual violation, we always react to it with the necessary consistency. Following a standardized process, which is specified and published in a guideline applicable throughout the Group, we reserve the right to take legal action – under both criminal and labor law – in cases of employee misconduct. During the year under review, the Compliance Service Function had to process such cases of suspected misconduct mainly in the areas of corruption/ bribery, conflicts of interest, forgery of documents, and personnel. Most of the information concerning those compliance issues came directly from the employees. To provide information about possible violations or abuses in the company, employees and business partners can access a special compliance platform, which TÜV Rheinland has implemented specifically for this purpose. There they can draw attention – also anonymously if they so wish – to violations of laws or internal company guidelines. Operated for TÜV Rheinland by a worldwide leading provider, the system is available in English, German, Chinese, Spanish, Portuguese, Japanese and Russian.

#### COMPLIANCE AUDIT – EVALUATION BY EXTERNAL AUDITORS

In order to optimize our compliance management system, we submit to regular quality controls and have had our compliance management system audited by outside auditors annually since 2009. The audit initially followed the so-called “agreed-upon procedures” of the International Federation of Inspection Agencies (IFIA). In 2020, however, due to the conversion to the audit procedures of the newly formed TIC Council (the successor organization to the IFIA), the audit was conducted in two stages for the first time. First, all relevant basic documents were submitted to the TIC Council for verification; then an external auditing firm audited TÜV Rheinland AG. The findings from that audit are incorporated into the continuous improvement process.

#### OUTLOOK 2021

In the year under review, we initiated and implemented various improvements in the compliance area. These included updating the compliance system to the more stringent requirements of the TIC Council, launching our IT-supported refresher training course for Germany, and expanding worldwide cooperation with the Compliance Officer Network. In 2021, we will update the initial compliance e-learning program for the TÜV Rheinland Group in English and German. Additional language versions will be added later in the year. The Code of Conduct that we reissued in 2020 will be continuously communicated and likewise translated into other languages and integrated.

# 3

## Employees

Our greatest strength: More than 20,000 employees worldwide drive our company’s sustainable progress with their expertise and dedication.

Our employees give their best to help TÜV Rheinland make life safer. We firmly believe that our experts’ knowledge, efforts and diverse personal strengths contribute substantially to the success of the company. And their behavior also forms the corporate culture of TÜV Rheinland. That is why a sustainable personnel management that strengthens the qualifications, performance, health and motivation of the employees is extremely important to us. Our mission statement formulates an ambitious goal: to be the world’s best sustainable and independent group for testing, inspection, certification, consulting, and training services. To achieve that goal, we already launched the Group program “Do it. Best!” in 2015 and consistently foster the will and capacity to transform the company. The “Change Management Toolbox” introduced during the year under review, for example, gives employees and managers practical information such as guides, videos and checklists and helps them successfully implement change projects. Moreover, in 2020 we added an e-learning program on change management – in line with the content of the Change Management Toolbox – specifically designed for managers, so they can better support the change process and communicate the positive attitude we associate with it: TÜV Rheinland sees the changes as an opportunity and wants to actively and constructively shape the necessary

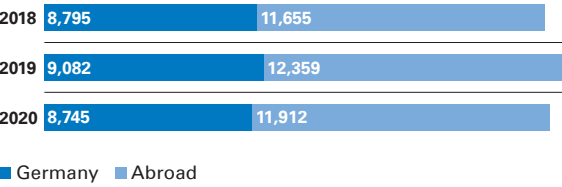


Dr. Silke Wechsung  
Global Officer HR  
Development & Diversity

»Employee satisfaction is extremely important to TÜV Rheinland. That’s why, in addition to the global employee survey that we conduct every three years, we want to conduct so-called “pulse checks” – selective surveys in specific regions or subsidiaries. Because we want to be certain that the planned improvements are truly benefiting the workforce.«

transformation – whereby each and every one of us has something to contribute. The successful further development of TÜV Rheinland relies on a fully practised corporate culture that our employees everywhere internalize and share. Our shared values – integrity, excellence and customer orientation, performance and agility – also impact employee and manager development programs at TÜV Rheinland. In 2020, our new program “Future Sales” emphasized customer orientation in particular. With the Groupwide project, TÜV Rheinland aims to strengthen the sales function and harmonize structures, thereby enabling more sustainable growth. New colleagues are to be optimally prepared for their role. Within the larger context of an overall onboarding, they first learn about TÜV Rheinland, its services and the sales organization, before assuming their responsibilities. Training courses, coaching sessions, and individual development plans provide for continuing education. During the year under review, we also focused on establishing appropriate conditions for mobile working. In response to the coronavirus pandemic and to foster our (digital) corporate culture, we developed supportive measures such as the “Mobile Work” app for blueeye, the company’s

### Employees in Germany and abroad\*



Over the course of 2020, we employed an average of 20,657 people (previous year: 21,441). That means the workforce decreased by 3.7 percent versus the previous year.

\* FTE – Full-Time Equivalent, average over the year – this includes the employees of all consolidated TÜV Rheinland companies, excluding dormant employment contracts.

intranet. It provided all employees with a practical aid for working from home.

### REGULAR EMPLOYEE FEEDBACK

Are employees satisfied with their work situation and their work environment? Do they identify with the company? Feedback from our employees is very important to us. It shows us where we stand – and what still needs improvement. That is why we regularly conduct our worldwide employee survey, “Together.” The most recent survey conducted in 2019 collected responses from 15,600 employees, which amounts to 74 percent of the workforce. The implementation of measures derived from that survey was partially prevented or delayed by the coronavirus pandemic and by necessary restructuring in the company. Managers in the different areas reported on the current status of implementation in short videos they prepared for that purpose. The measures concerned, among other things, the promotion and development of employees as well as communication and cooperation. In order to track the success and employee acceptance of our measures, we intend to conduct so-called “pulse checks” at short intervals to survey specific regions or subsidiaries. The goal is to improve our ability to monitor success and to address the needs of the workforce on a timely basis. Two to three “pulse checks” will be conducted in all regions. The participants will be drawn at random from throughout the region or from individual Business Fields. The success monitoring tracks the measures implemented and how effectively they raise satisfaction in the individual thematic areas. Accordingly, future “Together” surveys will be conducted at three-year intervals, rather than every other year.

### Employee turnover (Group) in % / headcounts



### Employee turnover (Germany) in % / headcounts



Groupwide 65% of the people who left the company are men and 35% are women. Due to extraordinary changes in processes and organization in all Group regions, the turnover rate remained unusually high again in 2020. The change processes are designed to prepare the company for the future.

The gender of the employees who join or leave the North American subsidiaries is not recorded and has therefore been excluded from the calculation of the share of employees who joined and left the company broken down according to gender. The calculation includes the employees of all consolidated companies whose data are available in SAP, including dormant employment contracts. This represents more than 90% coverage.

### New hires and new hire rates

Headcounts	Group	Germany	Abroad
Average workforce	22,692	10,483	12,209
New hires	3,185	1,103	2,082
New hire rate	14.0 %	10.5 %	17.1 %

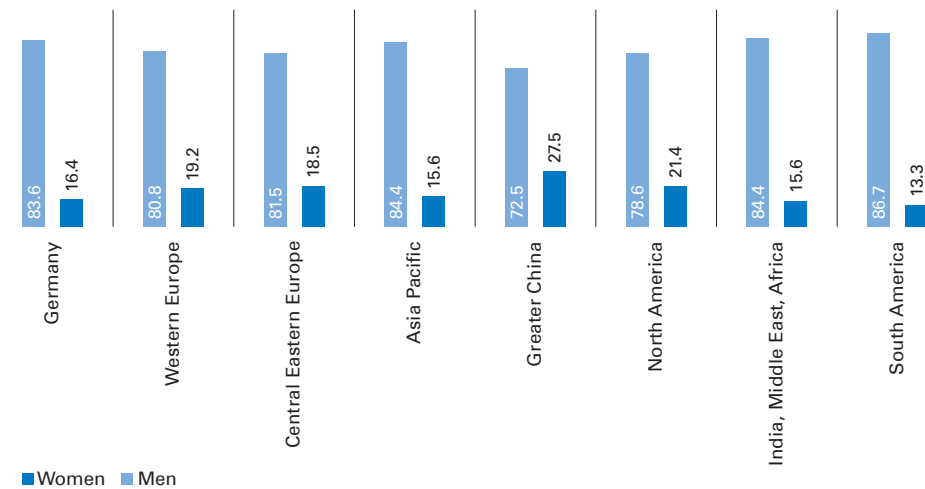
The Groupwide new hire rate is 14%; it is much higher in the foreign subsidiaries than in Germany. This is primarily the result of the many new hires in the India, Middle East, Africa and North and South America regions. Of the newly hired employees Groupwide, 33% are female and 67% are male.

### Documented training and continuing education days in Germany

	2019	2020
Employees trained (classroom seminars)*	4,848	3,845
Training days for new experts	11,029	11,160
Seminar days for new employees	1,448	402
Continuing education days	18,300	16,721
Total training and continuing education	30,777	28,283

\* The table lists data for in-person and replacement online seminars conducted in 2020, which were recorded within the Group by February 17, 2021. Standard e-learning courses are not included in these data.

Managers by gender\*  
in %



\* Across the Group, 18.0% of all management-level positions are held by women. This corresponds to an 18.3% share of women in managerial positions according to headcounts. The calculation includes the employees of all consolidated companies whose data are available in SAP, including dormant employment contracts. This represents more than 90% coverage.

#### STRATEGIC OBJECTIVES – WHAT HAVE WE ACCOMPLISHED AS OF 2020?

Our employees are our future. That's why TÜV Rheinland wants to continue to impress candidates – newcomers to the job market, college graduates and experienced professionals alike – as a conscientious company and an attractive employer. We have set clear objectives, particularly with regard to diversity and occupational health and safety. Our goals for 2020 included having 20% of our top management positions staffed by executives from outside of Germany, raising the share of women in managerial positions throughout the Group to 15%, scoring above the RACER benchmark average for equality according to the results of our employee survey "Together," and reducing the number of on-the-job accidents. We successfully carried out those plans:

- Executives from outside of Germany now comprise 50% of the top managerial ranks. As a result, we exceeded the goal for 2020. At the end of the year under review, 18% of managerial positions were held by women. So we achieved that objective, too.
- Based on the results of our employee survey, we once again obtained an above-average RACER benchmark score in the area of equality. Background: TÜV Rhein-

land is a member of the RACER Group, which currently comprises twelve global companies. They compare the results of their employee surveys and regularly exchange related information.

- The number of on-the-job accidents resulting in absence (Lost Time Injuries) declined in the Group.

The objectives to be derived from the 2025 sustainability strategy will be finalized soon.

#### FLYING THE FLAG FOR DIVERSITY

TÜV Rheinland comprises more than 20,000 employees from over 100 countries. Our internationally oriented Group brings together people of different ages and genders with diverse cultural backgrounds, experiences and identities. We value and foster that diversity and see it as a key to business success. Diversity plays a fundamental role in TÜV Rheinland's sustainability strategy 2020 and 2021 and is anchored in the "HR Development & Diversity" area, which reports directly to the Chief Human Resources Officer. In this way, we want to create an environment together where all actors win: our employees, our customers and the company alike.

Already with the signing of the "Diversity Charter" in 2013, we committed to creating a work environment that is free of prejudice and discrimination. To realize that ambition, we engage in networking activities, develop awareness

campaigns on diversity-related topics, and implement concrete programs to promote diversity in the company. In the year under review, however, restrictions imposed by the coronavirus pandemic had a considerable impact on all diversity management-related activities. For that reason, the development of new strategies generally took a back seat to the maintenance of existing measures under these unusual conditions. This also opened up new opportunities and prospects, because we were able to use digital formats to reach larger groups of employees. As a result, diversity management in the COVID-19 era also meant bringing people together virtually and overcoming barriers.

#### DIGITALIZED MEASURES IN THE SHADOW OF THE CORONAVIRUS

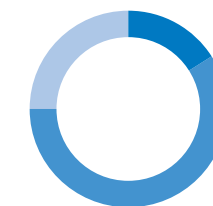
One important element of our diversity strategy is the "All different. All precisely. Right." campaign, which we started in 2017 and also continued in the year under review. The idea: Using different postcards, we want to raise the awareness of employees the world over for the dimensions of diversity – age, gender, sexual orientation, physical abilities, ethnic origin and nationality as well as religion and ideology – and to facilitate a discussion of unconscious bias. In early 2020, the cards were translated into Spanish and Portuguese for use in South America and mailed to the employees. The regional campaign was supplemented by information on the importance of diversity dimensions for an inclusive corporate culture along with a link to the Diversity app in blueeye.

Promoting awareness and acceptance among the employees – flying the flag for diversity: That was also the goal that TÜV Rheinland pursued with "Diversity Week." On four consecutive days, an online campaign event was held in the intranet in Germany to mark Diversity Day 2020. Individual employees and teams could participate in offerings such as the "Diversity Charter Quiz Game," "Diversity Facts," "Tolerance and respect for diversity in the crisis," and "Diversity Bingo" – an opportunity for employees to delve into the topic of diversity together and learn more about its various dimensions. The annual conference of the Rhine-Ruhr Diversity Network, which we support as a member, could not be held in 2020 due to the pandemic. TÜV Rheinland's online alternative met with a positive response, however.

Digital solutions and "remote events" played an important role in our Diversity Network activities during the year under review. In the 4th quarter of 2020, for example, in collaboration with the EWMD Network, we offered a

Age distribution of  
total workforce

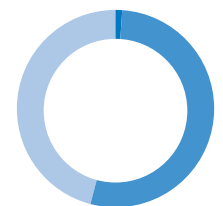
Headcounts



■ up to 30 years old 16.8 %  
■ 30 to 50 years old 60.3 %  
■ over 50 years old 22.9 %

Age distribution of  
managers

Headcounts



■ up to 30 years old 0.3 %  
■ 30 to 50 years old 51.0 %  
■ over 50 years old 48.7 %

Most of the employees (nearly 60%) are between 30 and 50 years of age, with that age bracket constituting 51% of the workforce in Germany and 67% of the workforce outside of Germany. Most of the managers are also more than 30 years old. The overview of age distribution of the total workforce takes into account all employees, including managers, except employees of the North America region, where age data are not systematically recorded. The calculation includes the employees of all consolidated companies whose data are available in SAP, excluding dormant employment contracts. This represents more than 90% coverage.

series of so-called "experience snacks" for women entitled "New work – What does it mean for me?" In short, lunch-time webinars, participants had the opportunity to learn about and discuss current changes in the world of work. The "Chefsache" ["Management Issue"] initiative also hosted a virtual annual conference in June 2020 under the banner "New Work – Fair Chances." The network advocates a balanced ratio of women to men in management positions. TÜV Rheinland is a member of the "Chefsache" initiative and helps the group host its annual conference by providing content and financial support. Moreover, 15 to 20 managers from TÜV Rheinland can participate in the conference each year. Equal opportunity for women and men – this, too, is a core issue for TÜV Rheinland. Especially as a technology-oriented company where men still significantly outnumber women, we want to enhance career prospects specifically for women. In 2020, female employees represented 35% of the Group's workforce; and 18% of our managers were women. That means we slightly surpassed the goal we set for 2020 (15%). One of the factors contributing to this success was our mentoring program for (future) female experts and managers – or TAFF for short. Since 2013 in Germany – and since 2017

also in China – this TÜV Rheinland program has been giving female employees the opportunity to benefit from the experience of an executive in upper management. September 2019 marked the start of the sixth year of TAFF mentoring, which was scheduled to end after twelve months. But here, too, the pandemic changed the script. Due to recurrent contact restrictions, the tandem teams were given the chance to continue their regular meetings into early 2021. The associated experience exchange meetings were relocated to the virtual environment.

Due to limited capacities during the coronavirus pandemic, TÜV Rheinland could not continue the international roll-out of the TAFF program during the year under review. An evaluation of past TAFF cohorts showed that mentoring has a positive effect on the participants’ professional development. With this in mind, we want to continue to expand use of the instrument throughout the Group, regardless of gender.

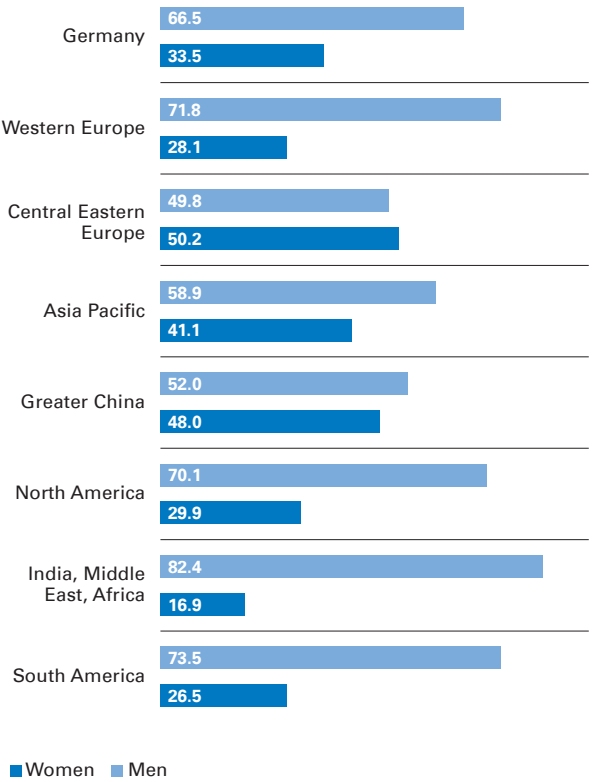
Accordingly, the regular mentoring program for all employees will be rolled out successively in the regions. To that end, a manual that describes how to successfully implement mentoring programs has been issued. One such program is scheduled to begin in the IMEA and North and South America regions in 2021. To support the people in charge of the program on site, we conducted a virtual train-the-trainer workshop at the start of the year. Equality and diversity are global topics that TÜV Rheinland actively supports in the different regions. In Japan, for example, where we used an online format to enable elementary school students to participate in Girls’ Day 2020 despite the coronavirus pandemic. Held at TÜV Rheinland in Japan for the 8th time, the event encourages girls to consider a career in science or engineering. Diversity actions were also popular at TÜV Rheinland in Brazil during the year under review. Internal communication focused on the LGBT community (LGBT = lesbian, gay, bisexual, transgender) and career opportunities for women.

TAKING RESPONSIBILITY – SUPPORTING FAMILIES

TÜV Rheinland assumes responsibility for its employees – and respects the fact that they take responsibility for relatives in their respective life situation. To satisfy their different needs, we want to create an extremely flexible, family-friendly, and supportive work environment in all regions. Several of our German locations, for example, offer childcare services to colleagues with children. Demand remains high at “TÜVtel Kids,” the company’s childcare center at the Cologne site. From July 2019 through August

2020, that facility accommodated nearly 50 children. Supplemented by spaces in Fröbel Group childcare centers in Cologne, Bonn, Berlin and Leipzig, TÜV Rheinland offers reliable childcare for working parents – regrettably interrupted in some cases due to pandemic-related closing times. We have also been paying special attention to the fathers in the company: Since 2018, TÜV Rheinland has been participating in the “Father Network” – a project that supports working fathers throughout Germany – with the “Fathers@TÜVRheinland” group. Due to pandemic-related restrictions, most of the events scheduled for 2020 were held as lunchtime video conferences. Because the online offerings were so well-received by the employees, we will also retain that format in the future. In the year under review, we not only took up topics such as “First aid on

Workforce by gender in %



The majority of our workforce is male, 34.9% of the Group’s employees are female. The share of full-time employees is just over 90%. Throughout the Group, we employ people from at least 105 countries. 50% of our top management positions are staffed by executives who do not come from Germany.

children” or “Learning-related stress in puberty,” but also conducted video conferences related directly to COVID-19. One example is the presentation “Mental overload – when it all gets to be too much in the coronavirus era” with the participation of Chinese colleagues, who had already gained experience by that time with lockdowns and home-schooling. In Brazil, TÜV Rheinland provided a psychological service channel via e-mail, chat or telephone for employees and their families affected by COVID-19.

NO ROOM FOR EXCLUSION OR DISCRIMINATION

Mutual respect is writ large at TÜV Rheinland – irrespective of sexual orientation, skin color or disabilities. This is the message of our campaign “All different. All precisely. Right.” – and this was borne out once again during the year under review by the activities of our LGBT network along with awareness campaigns and information events for #BlackLivesMatter and people with disabilities.

The internal TÜV Rheinland LGBT network has been active since 2015, bringing greater visibility to the LGBT community (LGBT = lesbian, gay, bisexual, transgender) throughout the Group and raising awareness of discrimination. In May 2020, for example, for the International Day Against Homophobia, Transphobia and Biphobia (IDAHOBIT), the network drew attention over the intranet to the increasing discrimination in some parts of the world.

As an employer, TÜV Rheinland has clearly and unequivocally spoken out against such tendencies. Also during the year under review, we conducted a webinar on “Digital civil courage,” which examined hate and fake news in the internet and social media. Our colleagues in North and South America also took up this topic with an online poster campaign in October 2020.

In 2020, we were particularly moved by the topic of racism. The #BlackLivesMatter movement and the worldwide protests following the violent death of George Floyd in the USA also motivated the Executive Board of TÜV Rheinland to send a clear message against racism and discrimination. “Racism, oppression and exclusion have no place at TÜV Rheinland. No one may be discriminated against for their skin color, sex, sexual identity, or other personal characteristics.” The company’s management made that clear once again through a statement published on its intranet, and colleagues from all regions responded with a lot of positive feedback.

Against exclusion, for equitable participation and constructive cooperation: To better integrate people with disabilities into the day-to-day work environment at TÜV Rheinland,

an existing intranet page was updated in the year under review. It offers practical information and support on topics such as job boards, job application procedures, support for new hires, and assistance for work materials. The responsibilities of the inclusion officers have been revised with this in mind and adapted to the current corporate structure.

OCCUPATIONAL HEALTH AND SAFETY WRIT LARGE

Our ambition as a provider of testing and inspection services is to make life safer. And the health of our own employees is something we particularly care about. TÜV Rheinland is committed to providing a safe work environment at all of its locations; occupational health and safety are an integral part of our corporate culture. This is expressed not least by the fact that the Executive Board and all managers are committed to the effective implementation and continuous improvement of the HSE management system (Health, Safety and Environment). Due to the COVID-19 pandemic, particularly high priority was placed on health in the workplace during the year under review.

“NO INCIDENTS. NO HARM. NO COMPROMISE” – TÜV Rheinland’s HSE vision, developed in 2017, remains in force unchanged. Our most important message: We cannot and will not accept incidents that cause injuries or impair the health of employees or harm the environment. To reinforce safety awareness and continuously improve HSE performance in the Group, all managers, employees and business partners have been issued so-called “Personal Commitment Cards.” This gives them the ability to actively engage in the implementation of our HSE guidelines: They can pull out this card whenever they perceive a situation to be unsafe or a risk to health.

UNCOMPROMISING SAFETY STANDARDS

Our HSE management system is based on the international standards ISO 14001 for environmental management and ISO 45001 for occupational health and safety management. Essential components include our QHSE policy (Quality, Health, Safety and Environment), which as a general rule is audited annually, the HSE strategy, and the “Main Process HSE.” That guideline covers all areas of the HSE management system and serves as a road map for all relevant guidelines, standard operating procedures (SOPs) and documents.

TÜV Rheinland conducts a management review of the program in the first quarter of every year. Areas for improvement for 2020 from the review in 2019 included, among



other things: focus on health in the workplace, continuation of the training and audit program for HSE managers, and migration to ISO 45001. During the year under review, we successfully carried out the transfer from OHSAS 18001 to ISO 45001 and maintained our ISO 14001 certification. In this context, we treat the international standards as minimum requirements – it is our responsibility to achieve even higher HSE standards. Though the HSE management training course was restricted during the year under review due to the coronavirus pandemic, we continued it as an online event. As a result, an additional 143 managers received comprehensive instruction on how to handle HSE topics professionally and effectively. Our HSE audits were also affected by the pandemic in 2020. In many countries, lockdowns were imposed and/or employees worked from home. In response to this situation, TÜV Rheinland converted to remote audits. That enabled us to successfully complete more than 30 of the 44 subsidiary audits originally planned in 2020. The audits monitor compliance with the ISO 14001 and ISO

45001 standards and with the internal HSE management system. Where non-conformities were found, we specified corrective and preventive actions (CAPAs). The subsidiaries concerned must then determine how they will address the weaknesses and by what date they will eliminate them. The HSE Performance Dashboard provides an overview of the status quo in all of TÜV Rheinland’s Business Streams and regions. The relevant data are presented monthly to Executive Board members and Business Stream heads (Executive Vice Presidents, or EVPs) and communicated to all regions. In the year under review, we achieved the following positive results:

- The number of days lost due to on-the-job accidents (Lost Time Injuries) declined significantly.
- The number of on-the-job injuries fell by more than 30 percent.
- With our HSE audits, we far surpassed the benchmark goal for 2020.
- Senior Management Engagement Tours were monitored and recorded for the first time.

Occupational safety – Group  
in terms of reported Lost Time Injuries\*

	2019	2020
Number of employees covered in percent	100	100
Lost Time Injuries	150	77
Reported Lost Time Injuries per million hours worked	4.2	2.08
Lost workdays	1,787**	1,277
Total hours worked during the year under review	35,415,329	37,030,417

Occupational safety – Regions  
Lost Time Injury Frequency Rate – reported Lost Time Injuries per million hours worked\*

	2019	2020
Asia Pacific	0.0	0.0
Greater China	0.3	0.0
Western Europe	2.8	2.9
Central Eastern Europe	0.7	0.0
India, Middle East, Africa	1.5	0.0
North America	0.0	1.0
South America	1.8	2.3
Germany	8.8	3.7

\* Lost Time Injuries are all accidents that occur at work and result in one or more lost workdays (calendar days) starting from the day after the accident. Lost Time Injuries relate only to TÜV Rheinland employees and exclude commuting accidents. Hours worked were calculated on the basis of 7.7-hour days and 220 workdays per year. Lost workdays are counted starting from the first day after the accident and relate to all calendar days. The occupational safety data pertain to all employees (permanent employees, trainees and temporary staff), while the other data concern permanent employees only.

\*\* This figure reflects five additional lost workdays due to an on-the-job accident in December 2019, which were not listed in the 2019 CSR Report.

**SPECIAL CHALLENGES DURING COVID-19**

In 2020, TÜV Rheinland did not escape the special challenges posed by the spread of the coronavirus. The COVID-19 pandemic affected every country in which we do business. Accordingly, we undertook measures in all regions, in order to enable safe business operations. In so doing, our objective was always to protect the health and well-being of our employees and of the people who come into contact with our activities. Some of the measures implemented by TÜV Rheinland over the course of the year are listed below:

- Establishment of crisis management teams in each region: The regional teams meet regularly and report to the corporate crisis management team. This enables us to coordinate the fight against the virus from a central location and support the regions. At the same time, it helps us collect timely information on TÜV Rheinland’s case numbers.
- Standardized rules of conduct throughout the Group: To minimize personal contact and the risk of infection, employees received instructions on social distancing, mask wearing and hand washing. All offices and workplaces were also thoroughly cleaned on a regular basis – in particular frequently contacted surfaces such as handrails, elevator buttons and door handles.
- Standard tools: Among other things, COVID-19 risk assessments, a contact treatment matrix, and a standardized travel authorization procedure were developed and distributed.
- “Take 5” – communication with all employees: Within the framework of the “Take 5” campaign, TÜV Rheinland specifically addressed employees, informing them all about COVID-19 and their return to the workplace. The idea: Employees take five minutes every day to internalize a practical tip – from advice on general infection prevention and recommended behavior in conference rooms or on business trips to dealing with visitors and contractors. This enables everyone to help protect themselves and others and to further slow the spread of the coronavirus.



# 4

## Environment

Our contribution to climate protection and conservation of natural resources: We are working to continuously reduce energy consumption and greenhouse gas emissions, and thereby reduce the size of our ecological footprint.

As a globally active corporation with more than 20,000 employees, our actions also inevitably affect the environment. Even though our company does not produce any material goods, we do consume resources – when we operate our offices and testing facilities, when our employees com-

mute to their workplace, when we travel to our customers. Since we want to keep the negative environmental impacts of our activities to a minimum, however, we analyze the efficiency potentials of our business and management processes and use eco-friendly technologies wherever it makes sense to do so.

At TÜV Rheinland, environmental protection is an essential component of our organization. With well-defined processes and responsibilities, we want to ensure the consistent implementation of our Quality, Health, Safety and Environmental (QHSE) policy throughout the Group. Most TÜV Rheinland companies are covered under group certifications that audit management systems: ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety Management). In the year under review, we completed the conversion from OHSAS 18001 to ISO 45001 because the latter is recognized internationally. All activities of our Systems Business Stream are generally excluded from such group certifications because this Business Stream provides certification services of its own.

In our sustainability strategy, we set concrete objectives for ourselves regarding the dimension “Environment.” Taking the base year 2010 as a reference, we want to

- reduce CO<sub>2</sub> emissions by 25% and
- energy consumption by 20% per employee throughout the Group by 2020.

In the year under review, we achieved both objectives once again: We lowered our energy consumption by 44% versus 2010. Moreover, we reduced CO<sub>2</sub> emissions by 61% versus 2010 – thereby surpassing the goals we set for ourselves, in some cases even significantly. This progress is the

TÜV Rheinland environmental performance per employee\*

		Germany			Group		
		2018	2019	2020	2018	2019	2020
CO <sub>2</sub> **	t CO <sub>2</sub> equivalents	3.5	2.6	1.1	4.0	3.9	2.5
CO <sub>2</sub> ***					4.1	4.0	2.6
Energy**	MWh	24.1	20.9	16.4	20.0	20.0	15.0
Energy***					20.3	20.2	15.1
Business travel	km	12,121	10,823	5,623	10,316	10,965	5,043
Paper	kg	26.6	22.8	17.4	19.4	17.1	11.8
Water	l	29,650	18,368	20,189	20,744	16,839	15,337

\* Full-Time Equivalent.  
\*\* Values resulting from all energy sources and business travel. In order to maintain comparability with previous years, this calculation excludes the district heating, natural gas and heating oil used by our subsidiaries outside Germany.  
\*\*\* Values resulting from all energy sources and business travel and the calculation includes the district heating, natural gas and heating oil used by our subsidiaries outside Germany. This has been possible since 2017.

result of many factors. Major factors in 2020 included the COVID-19 pandemic and the resulting mobile working policy for many of our employees.

In addition, we reduce energy consumption and CO<sub>2</sub> emissions by installing a small number of high-performance servers in our data centers. This reduces our power and cooling requirements along with the associated CO<sub>2</sub> output. The planned renovation of the existing data center from 2020 to 2021 had to be postponed due to the COVID-19 pandemic.

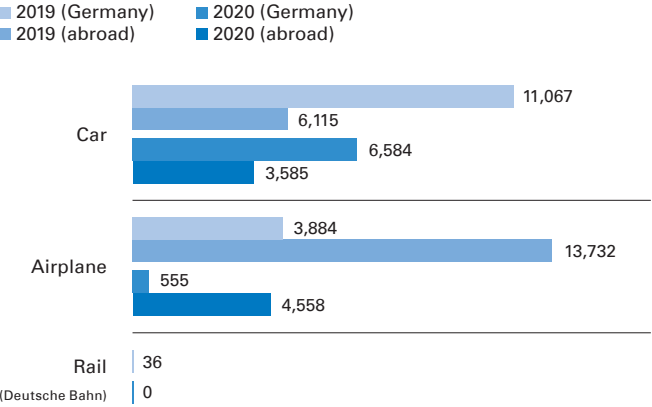
The objectives to be derived from the 2025 sustainability strategy will be finalized soon.

A monthly report informs members of our top management whether we achieve our HSE objectives and documents progress made.

**BECOMING MORE ENERGY-EFFICIENT, CONSERVING RESOURCES**

Besides the lower rate of consumption overall, the composition of energy sources in many countries has also →

CO<sub>2</sub> emissions from business travel in metric tons of CO<sub>2</sub> equivalents



Progress in target achievement

		2010	2017	2018	2019	2020	Delta*
CO <sub>2</sub> emissions per employee (Group)**	t CO <sub>2</sub> equivalents	6.4	5.0	4.0	3.9	2.5	-61 %
Energy consumption per employee (Group)**	MWh	26.6	20.5	20.0	20.0	15.0	-44 %

\* Base year 2010.  
\*\* Values resulting from all energy sources and business travel. In order to maintain comparability with previous years, this calculation excludes the district heating, natural gas and heating oil used by our subsidiaries outside Germany.



Keith Taylor  
Corporate Health, Safety & Environment

»In 2020, we achieved substantial improvements in our HSE indicators and CO<sub>2</sub> emissions, primarily due to the COVID-19 pandemic. Nevertheless, we will continue our efforts with the 2025 sustainability strategy, in order to further reduce our CO<sub>2</sub> footprint and improve our occupational health and safety performance.«

Energy consumption (Germany)

in megawatt-hours	2019	2020
from natural gas*	27,917	28,510
from heating oil	2,789	2,016
from district heating	11,409	140
from electricity (real estate)**	35,124	27,666

\* The natural gas consumption for 2020 (2019) includes the consumption of 22,474 MWh (15,700 MWh) of green gas, whereby CO<sub>2</sub> emissions from the combustion of natural gas are compensated elsewhere through climate protection projects.  
\*\* The electrical power consumption 2020 (2019) includes the consumption of 19,123 MWh (26,250 MWh) of green electricity, whereby CO<sub>2</sub> emissions partly produced from the combustion of fossil fuels are compensated elsewhere through climate protection projects.  
In 2019, 68.6 metric tons of wood pellets were also consumed. In 2020, no wood pellets were consumed.

CO<sub>2</sub> emissions from energy consumption (Germany)

in metric tons of CO <sub>2</sub> equivalents	2019	2020
from natural gas	2,443	1,207
from heating oil	736	532
from district heating	3,069	37
from electricity (real estate)	5,040	1,043

CO<sub>2</sub> emissions from green gas, green electricity and wood pellets are considered as CO<sub>2</sub>-neutral.

improved. We procure electricity and natural gas in Germany on a CO<sub>2</sub>-neutral basis, for example. The consumption of green gas\* lowers heating oil consumption and eliminates additional CO<sub>2</sub>-intensive types of heating at the same time. To collect these and other environmental data throughout the Group, we use the software solution “EtQ Sustainability Module.” Having implemented this solution in 2016, we covered 86% of our employees worldwide as of the balance sheet date of the year under review (previous year: 75%).

- To achieve our environmental objectives, we specifically intend to:
- use efficient energy technology in our building services,
  - reduce the number of business trips through increased use of video conferencing, even after the COVID-19 pandemic is over,
  - favor fuel-efficient company cars over other models, and
  - use state-of-the-art technologies to operate our data centers, test labs, and facilities.

We also implemented measures at our locations outside of Germany, to make them more energy-efficient and to conserve resources. In Chile, we donated a large quantity of used paper from our office operations to the “Fundación San José para la adopción” once again in financial year 2020 – a foundation that supports pregnant women, adoptive parents and children in the process of adoption. The foundation collects the used paper for a recycling company and receives material goods such as diapers, toilet paper and milk bottles in return. This benefits the orphanages of the foundation and also helps the environment at →

CO<sub>2</sub> emissions (direct and indirect)\*\*

in 1,000 metric tons of CO <sub>2</sub> equivalents	2019	2020
Total / Group***	88.4	53.1
of which, direct	16.7	11.7
of which, indirect****	71.7	41.4
Germany	26.3	10.0
of which, direct	10.1	7.7
of which, indirect*****	16.2	2.3

\* Green gas is a climate-neutral natural gas whose CO<sub>2</sub> emissions are compensated elsewhere.

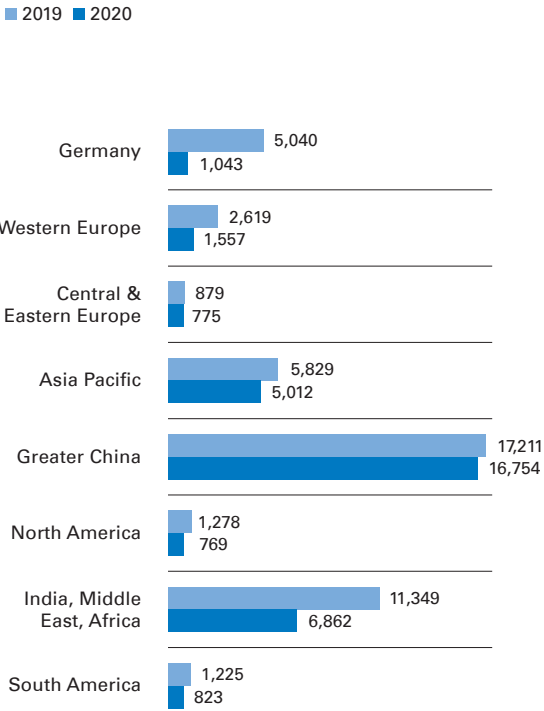
\*\* Unlike the presentation of Scope 1, 2 and 3 emissions used in the GRI index, the direct emissions listed here also include CO<sub>2</sub> from the operation of our company cars.

\*\*\* Since 2017, improved data acquisition now also enables us to measure CO<sub>2</sub> emissions from energy sources such as heating oil and district heating at our locations outside of Germany. Those data were first taken into account in 2018. For values at the Group level comparable to those of the previous year, the following figures apply: 11.2 (direct) and 41.2 (indirect).

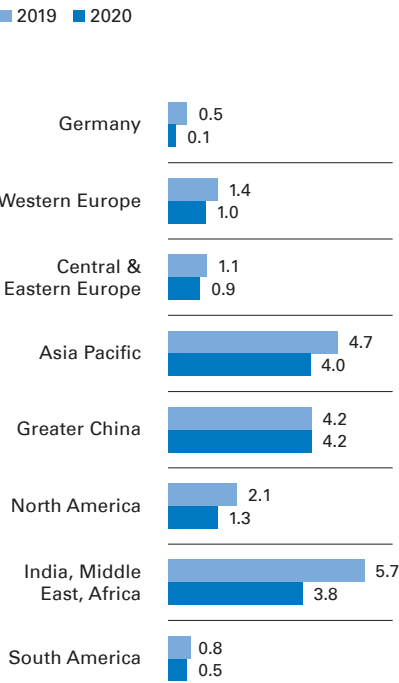
\*\*\*\* CO<sub>2</sub> emissions from rail travel were taken into account in Germany only.

\*\*\*\*\* Including CO<sub>2</sub> emissions from rail travel.

CO<sub>2</sub> emissions from electrical power consumed by real estate in metric tons of CO<sub>2</sub> equivalents



CO<sub>2</sub> emissions from electrical power consumption per employee in metric tons of CO<sub>2</sub> equivalents



the same time. Moreover, in 2020 we expanded the use of digital signatures (DiSign) in the Asia Pacific and India, Middle East, Africa regions. This enabled us to reduce paper consumption and workload while benefiting our customers at the same time. Within a matter of months, it had already lowered paper consumption and reduced workload through, among other things, streamlined paper distribution and the elimination of wait times between process steps.

TRAVELING RESPONSIBLY TO THE CUSTOMER

For us as a global service company, emissions generated by our employees’ commuting and by business trips play an important role. Our business demands the personal presence of our experts and managers at the customer’s location – even if we rely on telephone and video conferences as often as possible. Due to the COVID-19 pandemic, we were forced to limit our personal contact with our customers to a large extent during the year under review. In many cases, however, we were also able to provide our services via video conference.

In the year under review, our employees in Germany logged about 42 million kilometers of business travel by leased vehicle rental car or private car (previous year: 70 million kilometers). Our fleet of 2,024 leased vehicles (previous year: 1,991 leased vehicles) accounted for about 38.1 million of those kilometers (previous year: 43.7 million) and consumed 2.3 million liters of fuel (previous year: 2.6 million liters). That represents an average fuel consumption of 5.95 liters per 100 km (previous year: 6.01 liters per 100 km), which corresponds to a CO<sub>2</sub> emissions rate of 156 grams per kilometer (previous year: 158 g/km). These calculations are all based on the assumption that 70% of leased vehicle operation is for business purposes. Employees who choose a low-emission leased vehicle with a CO<sub>2</sub> exhaust rating below a specified limit continue to receive a bonus from us as a reward.

Worldwide business travel by air by our German employees in the year under review totaled 4.2 million kilometers (previous year: 30 million kilometers). When we include our non-German companies, the total comes to 39 million kilometers traveled by air (previous year: 136 million kilometers). Our calculations are based on a per capita jet fuel consumption rate of 0.05 liters per kilometer flown. This results in a Groupwide jet fuel consumption of 1.9 million liters (previous year: 6.7 million liters).

In the year under review, our employees traveled 2.7 million kilometers (previous year: 7.8 million kilometers) on the German rail service, Deutsche Bahn.

That represents an electrical power consumption of 143 MWh (previous year: 404 MWh). We continue to use Deutsche Bahn’s climate-neutral option on these long-distance trips.

OUR ENERGY, WATER AND MATERIAL CONSUMPTION

We use energy mainly for the heating and lighting of our properties as well as for the operation of technical equipment. In Germany, we rely on fuels, natural gas, heating oil and wood pellets as direct sources of energy, while gradually reducing heating oil consumption and replacing it with climate-friendlier energy sources. In addition, we buy district heating from local utility companies. Besides those direct sources, we also use electricity and heat as indirect sources of energy. For all German locations under consideration, this power consumption during the year under review totaled 27,666 MWh (previous year: 35,124 MWh). Even though our company does not produce any material goods, we consider water and materials as relevant environmental parameters in the context of ISO 14001 and report them accordingly. In the year under review, water consumption at our properties worldwide totaled 312,409 m<sup>3</sup> (previous year: 375,946 m<sup>3</sup>). Of that total, our German locations accounted for approximately 176,560 m<sup>3</sup> (previous year: 183,076 m<sup>3</sup>). Based on full-time equivalents, those figures for the year under review result in a consumption of 15,337 liters of water per employee worldwide (previous year: 16,839 liters) and a consumption of 20,189 liters of water per employee in Germany (previous year: 18,368 liters). Because we do not procure or process any semi-finished products, we do not document the weights or volumes of the materials we use – with the exception of paper. We strive to reduce our use of paper – through archiving, for example, and SharePoint systems for the exchange and processing of files. Groupwide, we purchased 243 metric tons (previous year: 383 metric tons) of paper in the year under review. Of that total, our German locations – where we use FSC-certified paper from sustainable forestry as standard – accounted for 152 metric tons (previous year: 228 metric tons). The per capita consumption of paper was 11.8 kg Groupwide (previous year: 17.1 kg) and 17.4 kg in Germany (previous year: 22.8 kg), in both cases on a full-time equivalent basis.

# 5

## Society

**What motivates us: We want to give something back to society – through charitable projects and personal engagement for others.**

Global direction – local roots: Everywhere at the locations and in the markets where we provide our services, we are integrated within the regional surroundings and local community. We recruit qualified personnel – experts and young professionals – there, we make use of the local infrastructure there, and we benefit from a stable economic and legal framework there. Location factors form an important foundation for both our business success and our future growth. This nurtures our sense of responsibility to help strengthen the regions – and especially to help shape social development and make a positive contribution to the common good.

### **WORLDWIDE COMMITMENT TO EDUCATION AND TECHNICAL PROGRESS**

Our engagement adheres to binding principles and values anchored in our mission statement. The initiatives and activities that we support are closely linked to our business activity or rooted in the regional context of our locations or markets. Again in 2020, we achieved the goal that we set for ourselves: to donate 0.1 of EBITs\*. The focus here is on projects and initiatives that promote education, knowledge transfer and technical progress, protect people and the environment, and commit to the principles of the UN Global Compact. With this in mind, we seek to collaborate with

strong partners – aid organizations, non-governmental organizations (NGOs) and state institutions that apply their expertise and experience to the projects. In the past year, among other things, we once again supported the charitable aid organization “Engineers Without Borders,” which strives to use technical knowledge to improve living conditions for people worldwide.

### **PITCHING IN WHERE HELP IS NEEDED**

TÜV Rheinland’s employees also actively volunteer in different areas and support our programs with voluntary service in their free time. They pitch in where help is needed, applying their know-how and their experience in social projects, or working in climate and environmental protection – an attitude that we particularly appreciate. We encourage and motivate the employees to get involved in charitable projects and social issues.

\* This key indicator is not part of the separate limited assurance audit engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

## Global commitment – a sample of our diverse projects and activities in 2020

Free-of-charge testing services, fundraising campaigns during the coronavirus crisis, practical environmental and climate protection: In the year under review, we implemented a wide range of projects that directly benefited people in different regions the world over.

### **China: Help for Wuhan**

In February 2020, more than 1,000 employees of TÜV Rheinland participated in a fundraising campaign. Over 60,000 euros were donated to Zhongnan Hospital of Wuhan to provide medical care for COVID-19 patients.

### **China: Pro bono action**

From testing services for protective equipment, to product and plant inspections, to supplier evaluations and documentation audits: With free-of-charge services, we helped partner firms provide reliable medical assistance and safe technical equipment during the coronavirus outbreak in China.

### **Taiwan: Active against trash**

In Baisha Bay on the north coast of Taiwan, thoughtlessly discarded waste is a growing problem. To take a stand against the littering, the New Taipei City government organized a clean-up campaign with the European Chamber of Commerce Taiwan CSR Committee and the Taipei European School. Our employees there actively participated – and 600 kilograms of trash were removed from the beach as a result.

### **USA: In-kind donations for people in need**

Together with the manufacturer, we donated a misdelivered load of mattresses to a charitable organization.

### **Brazil: First aid for flood victims**

After heavy storms in the region surrounding the metropolis of São Paulo, we provided relief supplies to the victims of the flooding – including diapers, blankets, sheets and non-perishable food.

### **Chile: Education despite COVID**

For university students in technical disciplines at the non-profit DUOC UC university in Chile, classes on the “inspection lines” were canceled during the lockdown. We provided a substitute: Students could complete the practical part of the course in our company’s own PTI stations.

### **Chile: Food during the coronavirus crisis**

Together with local institutions, we donated long shelf-life and non-perishable food to people in need particularly hard hit by the coronavirus pandemic.

### **Bangladesh: PPE wanted**

With a donation of 1,000 protective face masks, we supported socially disadvantaged people.

### **South Africa: Clothes for Life**

We joined in a collaboration with the non-profit organization “Clothes for Life,” which has dedicated itself to the task of distributing donated clothing to the needy.



**Dr.-Ing. Michael Fübi**  
Chief Executive Officer,  
TÜV Rheinland AG

**»2020 was completely overshadowed by the coronavirus pandemic. It is only natural for us to enlist our know-how in the shared battle against the virus and to provide concrete assistance wherever possible. Because we believe that safety and health are mankind’s most precious asset.«**

**South Africa: Commitment to young people**

Through scholarships, we enabled 505 young people to study at university or receive development training. In addition, 17 young people were offered learning programs at TÜV Rheinland – which also opens up career prospects for them.

**Philippines: Crisis-resistant online course**

In a free-of-charge online seminar, we gave local partner firms an overview of guidelines and best practices relative to BS 11200:2014. The system is designed to ensure crisis management capability after unforeseen events such as COVID-19. With the help of the German-Philippine Chamber of Commerce and Industry, the online course was also made available to other chamber members and delegates from other countries.

**Spain: Focus on energy efficiency**

How to save electricity and energy, not only at work but also at home under your own roof? Our employee training courses provided tips for improving energy efficiency.

**Germany: Apprenticeships for young refugees**

Since 2016, our locations in Cologne, Nuremberg and Berlin have been offering additional apprenticeships for refugees. From IT specialists for system integration to mechatronics technicians to commercial careers: In the year under review, seven out of a total of 16 trainees successfully completed their training and subsequently accepted permanent employment offers.

**Germany: Protective face masks for coronavirus hot spot**

After the surge in coronavirus infections in the spring of 2020, we donated 9,000 respirator masks of the highest protection class (FFP3) to the Heinsberg district for use in intensive care units.

# 6

## Service Responsibility

**What we stand for: With our broadly diversified range of services, we create added value for our customers, for society and for the environment.**

“We make life safer – with regard to people, technology and the environment.” TÜV Rheinland has pursued that vision for nearly 150 years now. As a provider of technical support to companies, government authorities and organizations, our work analyzes quality and safety in almost every area of business and life. In so doing, we apply our experience and expertise to help our customers achieve greater sustainability. Ecological and social standards shape both how we conduct our testing and inspection services as well as the thematic orientation of our service portfolio itself. This enables us to contribute in very practical ways toward making the value chain not only safer and more efficient, but also fairer, more eco-friendly and therefore more viable for the future.

**AMBITIOUS GOALS FOR 2020**

In the past year, we once again set ambitious goals for ourselves, in order to further expand the sustainability potential of our core business. We focused in part on stakeholder dialog: Through regular exchange, we aim to involve all relevant internal and external interest groups in our decisions and activities. Emphasis was also placed on assessing risks associated with our services. In order to identify and mitigate possible brand risks, we want to use

the “Brand Risk Evaluator” tool (see section entitled “Protecting our brand’s reputation” on this page) across the full range of our services. In our view, this approach is suitable for identifying major brand risks and mitigating them early.

**INTENSIVE EXCHANGE WITH STAKEHOLDERS**

What is the status on achieving these goals? In the course of the current materiality analysis, we already conducted a survey in 2019 of all stakeholders considered relevant. Last year, the survey findings were evaluated in detail, weighted, and used to derive the basic topics for the new sustainability strategy. In addition, we specifically solicited an exchange of opinions with individual stakeholder groups, such as in the context of a large-scale, international customer satisfaction study. During the “Sustainability Action Days” in the week of September 21-25, 2020, we also made it possible for our employees across all regions to give their feedback about TÜV Rheinland’s new sustainability strategy to be adopted starting from 2021.

**PROTECTING THE REPUTATION OF OUR BRANDS**

TÜV Rheinland now offers over 2,000 services, including no less than 400 services for which we grant test marks. To make certain that these diverse services satisfy our high quality standards and meet the expectations of our stakeholders at the same time, we have been using the “Brand Risk Evaluator” (BRE) since 2016. A dedicated IT tool we developed in-house, BRE enables us to determine how much a service could damage the reputation of our brands – whether because it contradicts our values or leads to misinterpretations by consumers or to undesirable stimulus for demand by critical customers. If the IT-supported vulnerability analysis points out potential risks or conflicts to us, then we modify the relevant service or its context or, in case of doubt, back away from it altogether. In the year under review, we continued to roll out our systematic analysis of the entire service portfolio in all Business Streams, in order to complete the scheduled full-coverage application of the Brand Risk Evaluator in the near term. Among other things, we conducted a pilot project in the Systems Business Stream, to transpose systematic risk screenings of services to the Business Streams.

**ZERO TOLERANCE FOR TEST MARK FRAUD**

In our view, a strong brand is based on good and responsibly performed services and helps our customers build trust and thus become more successful. We believe this makes the brand stronger and raises product and process safety,



which leads, in turn, to reliable consumer protection. In the past year once again, TÜV Rheinland undertook consistent action against the misuse of its test mark and the violation of trademark rights. Established in 2019, TÜV Rheinland Intellectual Property GmbH has a staff of legal, marketing and communications experts who pursue a uniform Groupwide strategy of global brand protection. To that end, we have defined requirements that clearly specify the positioning, architecture and communication of the TÜV Rheinland brand along with strict control measures. In 2020, we intensified our monitoring of online marketplaces with regard to trademark right violations and further developed our collaboration with international law enforcement agencies. Customs authorities are particularly helpful to us as we fight to prevent companies from importing products with counterfeit TÜV Rheinland labels. The legal basis for this is the so-called “Border Seizure Application” that we filed with the European customs authorities in 2010, which affects all imports that cross the EU’s external borders. In defending our trademark rights, both in Germany and abroad, we do not shy away from administrative or legal disputes.

#### MINIMIZING RISKS – SEIZING OPPORTUNITIES

No less important than the limitation of risk is the systematic analysis of opportunities. Created in 2017, the Sustainability Services Task Force is charged with systematically identifying and expanding services with highly sustainable impact. For that purpose, it first set up a governance structure and a database to record and classify existing sustainability services. In the year under review, the task force focused on the sustainable architecture of individual industrial segments. Especially noteworthy in this context is the initiative for a sustainable battery value chain. Low-CO<sub>2</sub> production and logistics, fair working conditions, and a high recycling quota along the entire value chain: We are working together across all Business Streams to design a more sustainable battery life cycle in keeping with the circular economy. The worldwide initiative will be rolled out in discrete phases in different regions. In 2020, pilot projects were launched in Germany, Hungary, China, Japan and South Korea.

#### OUR CONTRIBUTION TO THE UN SUSTAINABILITY GOALS

Our business activity’s framework for action is based on the principles of the UN Global Compact and the Sustainable Development Goals of the United Nations (or SDGs,

see graphic on page 34). With their service offerings, the Business Streams helped achieve the SDGs in the regions and locations the world over once again in the year under review. Nothing impacted 2020 more profoundly or dramatically than the coronavirus pandemic, however. After the first appearance of the virus in the Chinese metropolis of Wuhan, it rapidly spread around the globe. Along with public health, the virus has severely strained the global economic and social fabric.

In the year under review, TÜV Rheinland fully utilized its laboratory testing and inspection capacities and technical expertise for certifications and testing, and provided resources to combat the pandemic. We participated in public and private sector support projects and stood by our customers to slow the spread of COVID-19, cope with the crisis, and position the business sustainably and safely. In the year under review, we focused our testing and inspection services primarily on the development goals Good Health and Well-Being (SDG 3), Decent Work and Economic Growth (SDG 8), and Industry, Innovation and Infrastructure (SDG 9).

#### SUSTAINABLE DEVELOPMENT GOAL 3 “GOOD HEALTH AND WELL-BEING”:

With its services, TÜV Rheinland is committed to high-quality medical care, reliable protective measures, and occupational health and safety.

COVID-19 prevention dramatically increased the need for masks – in both the medical and the private domain. To slow the rate of infection, we introduced worldwide testing services for masks according to national and international standards – including the testing and certification of face masks according to the European standard EN 14683 and the US standard ASTM F2100 as well as the Indian standard IS 16289 for surgical masks. Accordingly, we rapidly invested in the expansion of our own laboratory capacities. During the epidemic, the Products Business Stream developed the industry’s first aerosol filtering protection standard, 2PfG CH0005:2020-02. The application of the standard led to a significant improvement in air quality in automotive interiors. On February 25, 2020, TÜV Rheinland certified China’s leading automotive brand for its innovative aerosol filtering protection – the first company to be certified according to the new standard.

The Academy & Life Care Business Stream promoted occupational health and safety in industrial operations

even during the coronavirus crisis. In collaboration with the Dalian ZhongDe Technical School, the Business Stream drafted “Guidelines for the implementation of preventive measures against viral infection in production operations.”

#### SUSTAINABLE DEVELOPMENT GOAL 8 “DECENT WORK AND ECONOMIC GROWTH” AND SUSTAINABLE DEVELOPMENT GOAL 9 “INDUSTRY, INNOVATION AND INFRASTRUCTURE”:

TÜV Rheinland helps its customers sustain their business activity despite heavy restrictions and challenging conditions, thereby also helping them establish more resilient business models.

In June 2020, we launched the “Back to Business” program. It aims to guarantee a safe and healthy working environment for our customers in the “new normal” and to develop solutions to cope with the COVID-19 pandemic. With the aid of comprehensive independent analyses and evaluations, organizations can rely on adequate, lawful health, safety and hygiene measures to resume their activities.

In collaboration with DEHOGA Nordrhein, for example, we developed a special certification program for the hospitality and restaurant industry, which has suffered particularly heavy losses during the COVID-19 pandemic. In this program, external specialists audit businesses for compliance with hygiene and infection prevention standards. The audit is based on a comprehensive list of criteria that takes into account the technical guidelines of the EU Commission and the World Health Organization (WHO). Hotels and restaurants receive an official TÜV Rheinland certificate, which enables them to prove to their guests that comprehensive hygiene and infection prevention measures have been implemented and that annual surveillance audits are conducted.

In the context of the “Safe Tourism Certification” program initiated by the Turkish Ministry of Culture and Tourism, TÜV Rheinland was approved as an authorized certification body. Accordingly, our auditors can periodically inspect hotel and restaurant businesses for compliance with the health and hygiene regulations, which have been estab-



**Ganga Charan Sharma**  
Vice President –  
Supply Chain Audits & Customized  
Services India, Middle East & Africa

»With our 'Back to Business' program, we help companies sustain or restart their business while ensuring the safety of employees and customers in these uncertain times. It’s our way of helping society get back to normal.«

lished in conformance with international standards. The program has helped reduce the risk of infection and protect the health of the foreign guests and Turkish citizens who visit Turkey.

TÜV Rheinland also had to adapt its own business model to the coronavirus. For months at a time, restrictions made it difficult or impossible to conduct in-person, on-site customer audits in many regions of the world. To maintain certifications despite the restrictions, we quickly organized processes and structures to offer remote audits digitally. Take virtual social audits, for example: Conducted in various countries and industries, our social audits are based on the Sedex Virtual Assessment. TÜV Rheinland is one of the few companies authorized by the Sedex Company to conduct such remote audits. The audit criteria area based on the SMETA catalog, which defines social standards relative to work conditions, occupational health and safety, hygiene, and environmental management.



The 17 UN Sustainable Development Goals (SDGs)



# Financial Report

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Consolidated Balance Sheet	Consolidated Statement of Com- prehensive Income	Consolidated Statement of Cash Flows
55	56	57

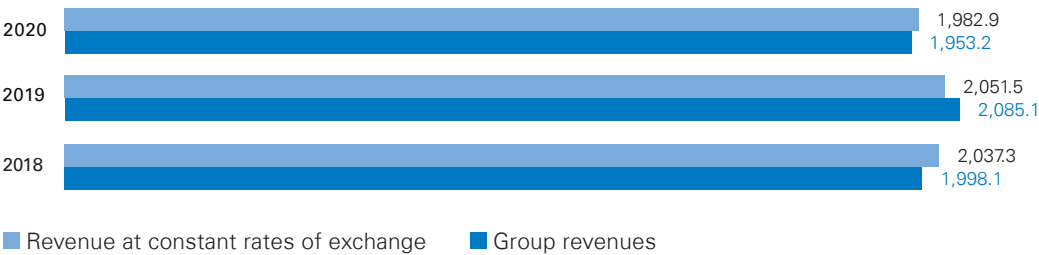
# TÜV Rheinland at a Glance

## GROUP REVENUES

- Under the conditions of the global coronavirus pandemic, group revenues (incl. inventory changes) for the TÜV Rheinland AG Group (hereinafter referred to as "TÜV Rheinland") were 6.3% lower in the 2020 financial year and stood at €1,953.2 million. By comparison – i.e. not taking currency-rate effects into account – revenues totaled €1,982.9 million.
- The €131.9 million year-over-year downturn in total revenue was attributable to both domestic and international business. Domestic business was 6.9% lower.

€916.8 of total revenue was attributable to the international regions. This corresponded to a total revenue share of 46.9% (previous year: 46.6%). In spite of the difficult global economic situation, the Greater China region recorded slight growth of 0.4%. The year-over-year decline in revenue was 1.1% in Europe (excluding Germany), 3.4% in Asia Pacific and 9.8% in India Middle East/Africa (IMEA). The regions of North and South America were the hardest-hit, reporting a 25.8% downturn in revenue.

Group revenues in € millions

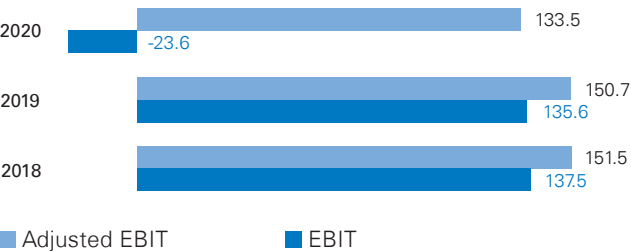


## OPERATING RESULT (EBIT)

- The operating result (EBIT) stood at €-23.6 million in the 2020 financial year; this was well below the previous year's figure of €135.6 million.
- After adjusting for special effects totaling €157.1 million, EBIT was €133.6 million. Special effects mainly consisted of €90.3 million undercoverage from ongoing legal proceedings, personnel and restructuring measures of €56.0 million, effects from past purchase price allocations (PPAs) of €8.0 million, and write-downs of €2.8 million on assets classified as held for sale.
- Amortization of intangible assets and depreciation of property, plant and equipment was €3.1 million higher year-over-year and totaled to €142.2 million.
- With investments of €68.8 million in intangible assets and property, plant and equipment in the 2020 financial year, the investment volume held roughly steady with the

- previous year's volume of €70.0 million.
- The EBIT margin in the 2020 financial year was -1.2%, down 7.7 percentage points compared to the previous year. Taking special effects into account, the adjusted EBIT margin stood at 6.8%, which was slightly lower than the previous year's figure of 7.2%.

EBIT in € millions

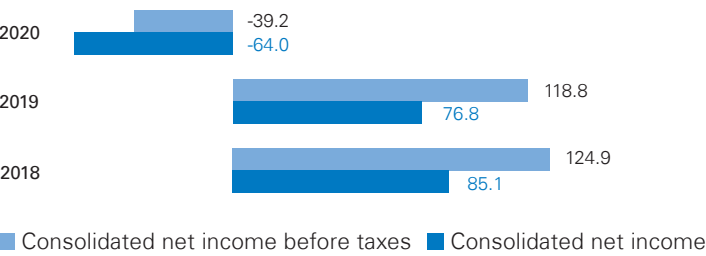


## CONSOLIDATED NET INCOME

- TÜV Rheinland generated a total of €64.0 million in negative consolidated net income for the 2020 financial year; this was €140.8 million lower than the previous year's value. A €159.2 million year-over-year decrease in operating result (EBIT) was the main reason for the significant downturn in consolidated net income.
- The negative financial result was 6.8% higher year-over-year and stood at €-15.6 million in the 2020 financial year.
- As a result of the negative earnings before taxes, income tax expenses were lower, going from €42.1 million in the previous year to €24.7 million in the financial year under report. The relatively high tax expenses in spite of a negative result before taxes owed chiefly to loss carryovers that were not expected to be usable.

- The consolidated net income attributable to non-controlling interests totaled to €8.8 million in the 2020 financial year (previous year: €11.5 million).

Consolidated net income in € millions

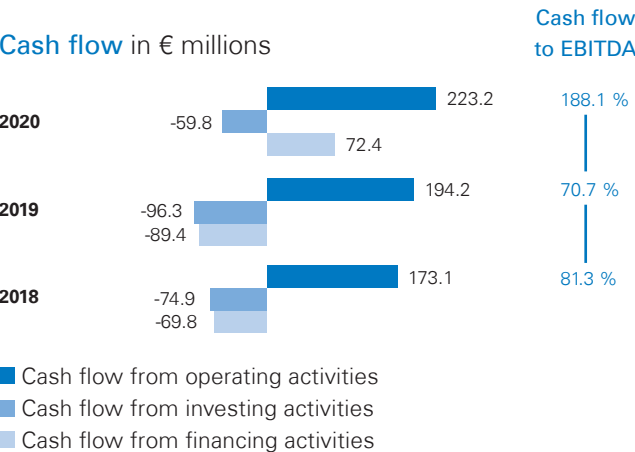


## CASH FLOW

- The positive cash flow from operating activities amounted to €223.2 million in the 2020 financial year (previous year: €194.2 million); this represents an increase of 14.9%.
- The negative consolidated net income of €64.0 million contrasted with non-cash depreciation and amortization of €145.0 million (previous year: €139.1 million). The reduction in net working capital, which went from 7.1% in the previous year to 4.2% in 2020, had a positive impact on cash flow from operating activities.
- The ratio between cash flow from operating activities and earnings before interest, taxes, depreciation, and amortization (EBITDA) increased from 70.7% to 188.1%. In contrast to the previous year, in the 2020 reporting year, TÜV Rheinland was able to fully convert its EBITDA into liquidity.
- The negative cash flow from investing activities decreased by €36.5 million compared to the previous year. In contrast to the 2019 financial year, there were no significant payouts for corporate acquisitions in the current 2020 reporting year.

- Cash flow from financing activities was positive in the 2020 financial year and amounted to €72.4 million (previous year: €-89.4 million). The positive cash flow from financing activities was mainly the result of successful issuance of green promissory note loans totaling €200.0 million.

Cash flow in € millions



# Presentation of the Business Streams

As an independent testing company, for nearly 150 years TÜV Rheinland has stood for quality, efficiency and safety in the interaction between people, technology and the environment in almost all areas of the economy and life. As a neutral and independent third party, TÜV Rheinland inspects and tests technical equipment, products, as well as services, and monitors projects and processes for companies. The Group does so on the basis of recognized standards as well as national and international legal provisions. Added to this are services relating to information security, occupational health and safety, as well as training and professional qualifications. With new ideas, expertise, and a global network, this is how TÜV Rheinland lends a hand in making products, services, systems, and people safer and more competitive. The work carried out by TÜV Rheinland is based on the conviction that societal and industrial development is not possible without technical progress. That is precisely the reason why the safe and responsible use of technical innovations, products, and systems is of decisive importance for future development. TÜV Rheinland monitors, inspects, tests, trains and certifies. This is how it helps build a future

that sustainably does justice to the requirements of human-kind and the environment. The work of TÜV Rheinland is organized into five Business Streams:

**INDUSTRIAL SERVICES & CYBERSECURITY**

This Business Stream comprises the Business Fields of Pressure Equipment, Elevators & Lifting Equipment, Electrical Engineering & Building Technology, Industrial Inspection & Material Testing, Infrastructure & Project Supervision, Energy & Environment as well as Cybersecurity & Functional Safety. The services include, for example: testing of pressure vessels, elevators and lifts, and systems in building technology; monitoring of industrial and infrastructure projects; engineering as well as materials inspection and testing; environmental and pollutant analysis; and everything related to cybersecurity.

**MOBILITY**

This Business Stream is responsible for periodic technical inspections, with its network of motor-vehicle testing centers in Germany, Spain, France, Latvia and Chile; theoretical and practical driver's license testing; car services and

appraisals with its extensive portfolio of services in the after-sales sector; eligibility inspections (homologation) and testing of motor-vehicle components and motor vehicles, underpinned by a global network of laboratories; as well as the rail sector, comprising test execution/monitoring, inspection and certification. The Business Stream is additionally involved in developing new services for safety in the networked mobility of the future.

**PRODUCTS**

Among other things, this Business Stream conducts testing for product safety, functionality, serviceability and ergonomics, as well as product certification. This is often a prerequisite to ensuring that manufacturers, importers or trading companies can offer their products in certain markets. The Products Business Stream tests everyday articles such as consumer electronics, glass, furniture, textiles, toys, leisure articles or household appliances. Added to this are further tests for aspects such as electromagnetic compatibility (EMC) of electrical and electronic products, machinery and medical devices as well as testing of solar modules, batteries and fuel cells.

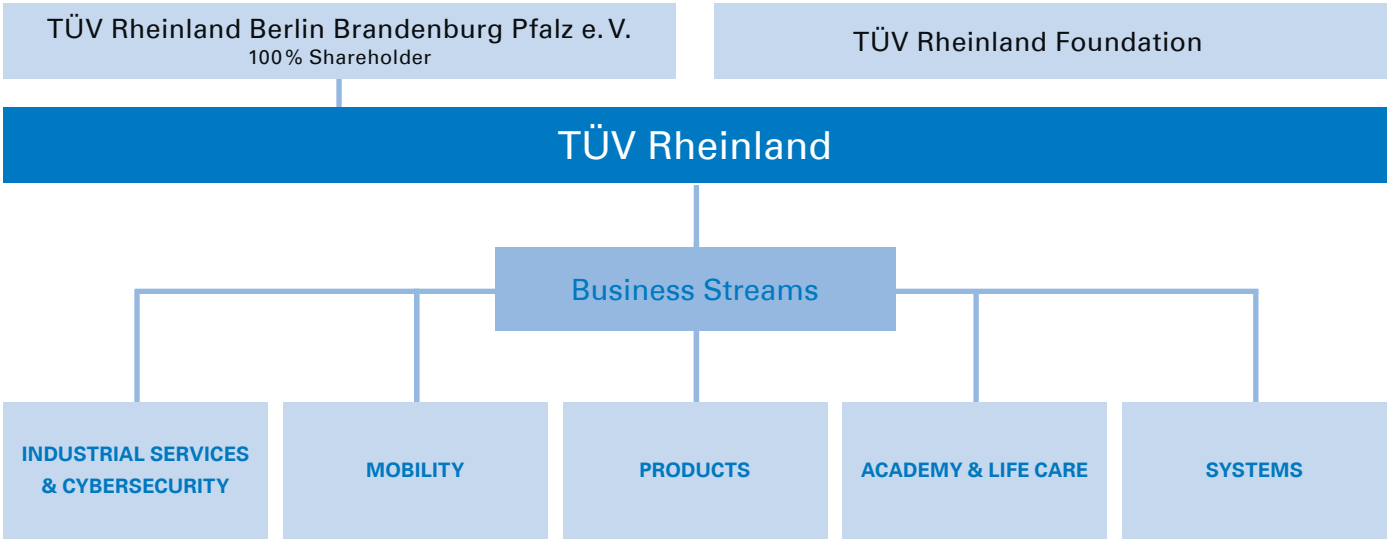
**ACADEMY & LIFE CARE**

This Business Stream combines the expertise and services of TÜV Rheinland applicable to the individual in his or her

workplace and career environment. This extends to topics in corporate health management, occupational health and safety, HR development and consulting services, further education and seminars, certification of individuals and labor market services. There are also specialists to offer technically oriented and independent consulting and project management. These relate to focal topics such as modern infrastructure, e.g. in telecommunications, and its digitalization. The Business Stream also assists with the digital transformation of businesses and government agencies.

**SYSTEMS**

This Business Stream certifies management systems and processes, certain services or entire enterprises as an independent third party based on internationally recognized standards or individual performance criteria. These include, in particular, quality management systems (ISO 9001) and environmental management systems of numerous businesses (ISO 14001 and the European EMAS system), as well as service quality, compliance management and energy management. TÜV Rheinland acts as an independent body to provide conformity assessments within the scope of government programs. This ensures that imported goods and the related documentation are in compliance with national regulations and any requirements stipulated by contract.



# General Conditions

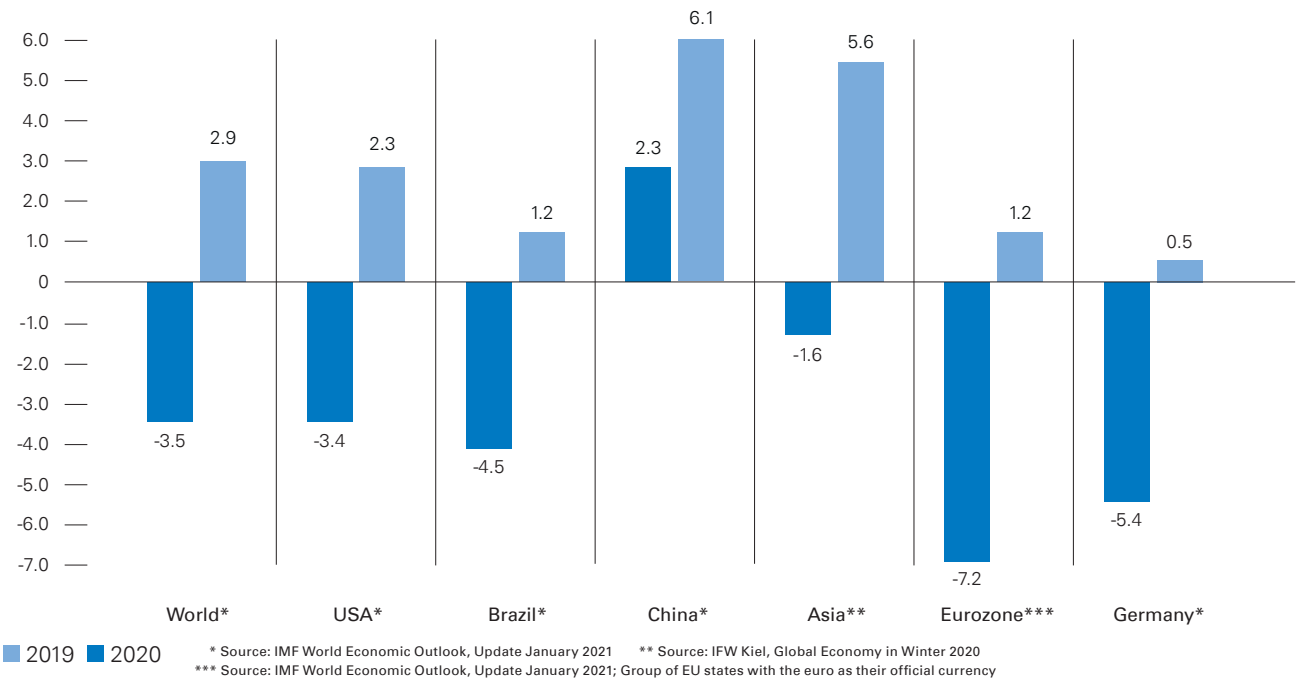
## GENERAL ECONOMIC CONDITIONS

The global economy was subject to great pressures during the year under review as a result of the coronavirus and the measures adopted to contain it. The coronavirus pandemic led to one of the most severe recessions of the postwar period and caused an overall economic decline of 3.5% during the reporting year 2020. World economic activity (gross domestic product) was down dramatically during the first half of the year, falling by around 10.0%. Despite a rapid recovery in the summer, the increase in rates of infection seen in the autumn showed just how fragile the situation remains. In various areas, a normalization of the economic situation is still not foreseeable. Given the renewed constraints around the pandemic, the recovery is slowing down in many countries around the world. Gross domestic product declined again in Europe during the fourth quarter, but for the most part it continued to rise throughout the rest of the world. Current economic momentum in China is even quite high. There, in contrast to last spring, the pandemic has not had a serious negative impact on production in the manufacturing sector, on international trade or on the prices of raw materials. Compared to pre-crisis levels, the gap is greatest in India and the United Kingdom, where the economic downturn in spring was particularly steep, as

well as in some of the countries in which foreign tourism plays a particularly important role, such as Spain, Thailand and the Philippines. The impact of the coronavirus crisis on the labor market is clearly visible, with the unemployment picture distorted in many countries where generous aid programs have often been put in place. Inflation in the advanced economies of the world stabilized at a low level toward the end of 2020. The rise in oil prices is playing a decisive role in the somewhat steeper rise in prices. Monetary policy remains highly expansionary. Most of the central banks in the advanced economies further broadened the expansionary measures they had introduced in the spring in response to the coronavirus crisis or postponed the timing of future tightening measures. To help mitigate the economic impact of measures taken in response to the pandemic, many governments have decided to augment their expenditures, offering tax deferrals and credit programs that, in tandem with cyclical revenue shortfalls, led to deficits in this year's state budgets; some of these expenditures are on an order of magnitude significantly in excess of 10.0% of gross domestic product.

Economic growth in the markets important to TÜV Rheinland is presented in % below:

Development of the global economy in 2020 and 2019 (in %)



## USA

Economic activity in the US economy was 3.4% lower in 2020. The decline seen in the first half of the year was almost three times higher than the low point reached during the global financial crisis of 2007/2008; this underscores the sheer scale of the recession. While the actual decline over the entire year was less than originally forecast, it was still more than an entire percentage point higher than it was in the crisis year 2009. Significant fiscal support for household income, going well beyond comparable measures adopted during the global financial crisis, contributed to a robust initial recovery in the third quarter. This recovery was subsequently interrupted by a resurgence of the pandemic, however. The unemployment rate in November was already well below the level seen in the spring during the first wave of infection, yet it was still more than three percentage points higher than it had been the previous year. At the same time, the rate of inflation stabilized after the low in the spring and by year's end it stood at around 1.5%.

## China

In China, where the virus first spread, gross domestic product declined steeply at the beginning of the reporting year, but the economy then recovered significantly during the second and third quarters. The Chinese economy reported economic growth of 2.3% in 2020 (previous year: 6.1%), making it one of the few countries in the world to report growth in 2020. Following very strict measures by the Chinese government to contain the virus, gross domestic product was down sharply in the first quarter of 2020. Against the backdrop of low rates of infection and relaxed pandemic measures, the Chinese economy experienced a strong upswing in the second and third quarters, outperforming the pre-crisis level of gross domestic product by 3.2%. Indicators such as industrial production or retail also point to a strong recovery. The same was true of Chinese foreign trade. Thus, Chinese exports were 9.5% higher year-over-year in August. By comparison, in February 2020 exports were 17.2% below the previous year's level. While the rates of inflation in consumer prices were still between 4% and 5% from November 2019 to February 2020, the momentum for inflation weakened from March 2020 onwards. At the end of the financial year, the inflation rate was already around 0.3%. In an effort to stabilize the economy, the Chinese government announced discretionary fiscal measures such as an easing in social security contributions and tax payments, expansions in state unemployment assistance, and state investment in healthcare. Monetary policy measures have also boosted liquidity in the banking sector, lowered interest rates and encouraged lending to businesses.

## Brazil

When the effects of the coronavirus pandemic hit the Brazilian economy, it was still recovering from the recession it had experienced from 2014 to 2016. Brazil reported an economic downturn of 4.5% in the reporting year. In 2020, the government instituted a comprehensive, timely and time-limited tax package for social assistance to protect the country's most vulnerable people. The cost of this package is estimated to tally to 10.4% of gross domestic product. The unemployment rate reached 13.3% in June 2020, its highest level in three years. Thanks to the government's extensive social response to support for private consumption, the industrial and commercial sectors recovered partially, while the recovery within the services sector remained uneven.

## Eurozone

The coronavirus pandemic and the related containment measures plunged the eurozone into a deep recession during the first half of 2020, bringing activities in some parts of the economy to a virtual halt in the spring. With declining infection numbers and the gradual easing of measures taken in response to the pandemic, an economic recovery began in the summer but was then interrupted again by the second wave of infection. Overall, gross domestic product was 7.2% lower in 2020 (previous year: +1.2%). The decline in economic output was much faster than during the financial crisis of 2007/2008, and it affected both industry and the service sector. There was considerable variation in economic trends for the Member States. Spain was the hardest-hit, followed by France and Italy. Although unemployment rose steadily since the onset of the coronavirus crisis, the increase was moderate compared to the drop in gross domestic product. In view of the economic downturn and the decline in consumer price inflation, the European Central Bank adopted and implemented sweeping measures to ensure price stability, stabilize financial markets and buttress the economic recovery in the eurozone. The main component of the policy for monetary stabilization was the Pandemic Emergency Purchase Programme, which was extended to a total amount of €1,350 billion in June 2020.

## Germany

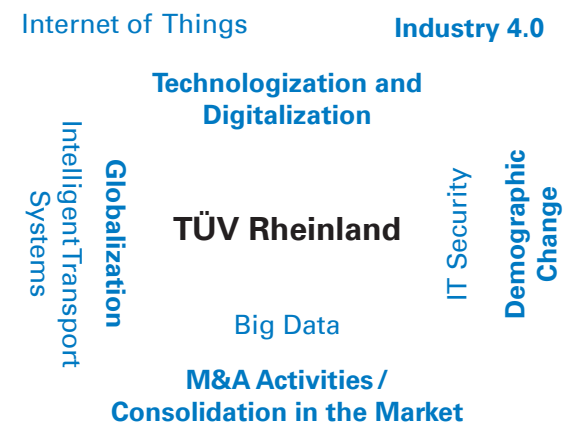
The coronavirus pandemic led to the sharpest single-quarter decline in economic output in Germany since the recording of quarterly national accounts began in 1970. Due to the strong recovery over the summer, gross domestic product fell by 5.4% in 2020, roughly as much as it had in 2009, during the global financial crisis. Policymakers acted swiftly and decisively in the crisis. They took extensive measures in monetary and fiscal policy to support the



economy in the crisis. Automatic stabilizers, such as the tax system, unemployment benefits and short-time workers' allowances contributed significantly to the support. In June 2020, the German federal government launched an economic stimulus package aimed at boosting economic performance. Unemployment was moderately higher in 2020 and stood at 5.9% (previous year: 5.0%) – a level that could be contained thanks to state aid measures.

MARKET-SPECIFIC DEVELOPMENT

TÜV Rheinland offers its testing, inspection, certification and training services through numerous companies on six continents operating in the global TIC (Testing, Inspection, Certification) market. This gives the Group the ability to fully serve clients' often worldwide value chains. Clients from economically strong industrialized countries continue to exhibit high demand for services by TÜV Rheinland, while demand in the emerging markets is still springing up. By and large, the global TIC market, and hence the business of TÜV Rheinland as well, are influenced by the following market factors and trends:



Globalization

Issues such as energy supply, infrastructure, international division of labor and mobilization are of major importance to a globalized society. For the TIC market, globalization entails opportunities and risks at the same time. Increasing liberalization efforts in individual markets strengthen global trade and open up opportunities to enter new markets. Worldwide supply chains render high-quality and, wherever possible, globally uniform testing standards and certification services indispensable. Due to its strong international orientation and its presence on nearly all continents, TÜV Rheinland is very well positioned here and can thus offer product approvals for most of the world's markets.

Technologization and Digitalization

The advance of new information technologies is changing society as well as the global markets and products. Against the backdrop of digital transformation, TÜV Rheinland ensures the quality, safety, and controllability of the technologies involved. The following technology trends are of particular importance here:

Intelligent transport systems

The vehicles of tomorrow will drive autonomously, permit remote diagnostics and offer a host of systems for safety and comfort. To master and secure the communication infrastructure that this effort requires, while at the same time ensuring traffic safety, is a key challenge for the mobility market and presents opportunities for growth in TÜV Rheinland's business.

Industry 4.0

In the future, the shape of industrial production will be characterized by strong customization of products under conditions of highly flexibilized production. In production systems like these, complex data networks will link customers and suppliers with production along the entire value chain. Labor-intensive and monotonous activities in production are increasingly being taken over by robots, and networking of machinery will increase. The resulting requirements in terms of the availability, functionality and security of data and networks will be systemically important.

Big Data

The fast pace of growth seen in the use of the Internet and the rapid increase in data generated by automation and digitalization are making it increasingly important to see to it that data are handled responsibly and put to beneficial use.

Internet of Things

Through the networking of technologies of everyday life with the internet, in the area of smart home solutions or industrial components and products, for instance, the physical and online worlds are converging. This gives rise not just to far-reaching new opportunities for providers and consumers, but to security risks as well.

IT Security

Round-the-clock availability and transmission of data – with mobile payments, for instance, or data storage in the cloud or in industrial plants – provide a textbook case of the growing importance of IT security. The hazards of hacker attacks and cybercrime are constantly on the rise. The IT security experts at TÜV Rheinland provide support to businesses, including with the "APT Defense Service" (APT – Advanced Persistent Threat), which comprises a sensor-based review of network traffic. In addition, solutions are offered for the essential security issues of networked production facilities, smart home

systems or the continuing rise in cloud data storage. Finally, legislation such as the German IT Security Act or the EU Cybersecurity Directive includes obligations to comply with minimum standards with regard to IT security. In this context, TÜV Rheinland offers services worldwide that range from strategic consulting and process optimization to implementation or certification of secure IT systems and telecommunications networks.

Demographic Change

TÜV Rheinland also views the demographic trend toward a globally aging population structure as an opportunity. There is already an increased demand for TIC services in markets such as those for healthcare and nursing.

M&A Activities/Consolidation in the Market

Trends toward consolidation continue in the market for technical services, and in the TIC market in particular. These are speeding up the transformation in the TIC market, offering companies an opportunity to acquire enterprises that match up with their core business. TÜV Rheinland provides TIC services in and for different markets and industries all over the world. The macroeconomic trend in these markets is fundamentally important for TÜV Rheinland, but in ordinary years has only an indirect and delayed impact on business success as a result of cross-sector and regional diversification. The year 2020 was extraordinary in this respect and differed significantly from previous years. Nearly all regions, countries and industries were affected by the coronavirus pandemic to varying degrees, and this created significantly changed economic conditions for TÜV Rheinland in its global and local markets. These coronavirus-related changes in macroeconomic and market-specific conditions affected the business of TÜV Rheinland in 2020 as follows:

European Business

TÜV Rheinland's European business revenue was 5.9% lower in 2020, but this still outperformed the general economic trend of around -7.0%. Western Europe recorded a 1.0% increase in revenue, largely as a result of the acquisition in late 2019 of Certio, the Spanish network of testing centers, with ten locations in Catalonia and two on Menorca. By contrast, Central and Eastern Europe recorded a sharp downturn of 10.6% that tracked relevant macroeconomic trends. Germany's business was also down by 6.9%, mainly due to the **Academy & Life Care** Business Stream, which was by far the TÜV Rheinland Business Stream hit hardest by the pandemic.

Greater China

Given the rapid economic recovery in China, with an upturn of 2.3%, TÜV Rheinland's business there plays a significant role in the Group. TÜV Rheinland recorded a 0.4% increase in revenue in the region, with particular emphasis on Shenzhen, Guangdong and Taiwan, as well as the **Products** Business Stream.

Asia Pacific

Performance in the Asia Pacific region was slightly worse for TÜV Rheinland, with a decline in revenue of 3.4% compared to the 1.6% downturn in the general economy. The very positive development in Korea, in particular through the **Products** and **Mobility** Business Streams, partly offset the declines in the other countries such as Japan and the Philippines.

IMEA

In line with the overall economic trend, TÜV Rheinland's IMEA business shrank by 9.8%. The decline was due not only to the coronavirus pandemic but also a result of the strategically induced portfolio adjustments and scheduled declines in project volumes in the **Academy & Life Care** Business Stream in Saudi Arabia.

North America

The US reported an economic downturn of 3.4% in 2020. TÜV Rheinland's business in the US was down by a total of 20.5%. The decline was mainly attributable to services in the **Industrial Services & Cybersecurity** Business Stream that form a part of the oil and gas supply chain and must be performed out on location. Mexico and Canada also closed the reporting year with drops in revenue.

South America

The economy in South America was very hard-hit by the coronavirus pandemic and shrunk by around 7.0% in 2020. TÜV Rheinland even recorded a decline of 34.2% in the region, with Brazil, Argentina and Peru the hardest-hit. Particularly in the **Industrial Services & Cybersecurity** Business Stream, in which a major local presence is required, TÜV Rheinland reported significant negative impacts due to the longer company closures and the resulting delays in orders.

As a globalized service company, the goal of TÜV Rheinland is to systematically strengthen its operations worldwide. TÜV Rheinland focuses its efforts in this regard particularly on expanding its operations in the markets in which the company can optimally develop its competitiveness.



## Corporate Management



The business strategy of TÜV Rheinland defines the Group's focus and goals for the coming years. Profitable growth, reduced complexity, expansion in scalable businesses, accelerating digitalization and maintaining quality leadership are core elements of the current TR+ corporate strategy.

The area of corporate management relies on a Groupwide management information and controlling system, creating cost and income transparency in all areas and thus contributing to a profitable earnings performance. Reporting is standardized worldwide and is based on the International Financial Reporting Standards (IFRS).

The focus is on annual financial targets and control parameters such as revenue, earnings before interest and taxes (EBIT) as well as specifications for optimized working capital management. In addition to this, workflows are managed based on key process indicators. The Group's value-oriented management is further strengthened by making these performance and management figures a fixed component of the executive-level compensation structure.

The Group's TR+ strategy spans several stages of development. Working from environmental and strategy scenarios, first a strategic direction was developed that defines the Group's basic strategic logic. This ensures that TÜV Rheinland remains sustainable and successful in a TIC market characterized by continued consolidation and will reach the target set for itself by 2024. A portfolio analysis was also carried out in which the economic setting in the service segments was analyzed, with trends and risk profiles examined and growth forecasts derived. Based on this, the businesses in which TÜV Rheinland wants to operate were identified, along with the ways in which these businesses should develop, both individually and collectively, and over both the short and long terms. Finally, following the strategic thrust and based on the results of the portfolio analysis, the strategies for all of the Business Streams and Business Fields were reviewed and, where necessary, revised.

TÜV Rheinland views its target vision for 2024 as one of an essential global provider in the industry. The Group will be sustainably profitable and independent, providing its clients with excellent services through a service portfolio that is less broad than it is today. Areas of investment focus for organic and inorganic growth are in scalable services and in measures to boost the quality and efficiency of service delivery. Investments in digitalization will continuously be on a higher level than before. The workforce will be prepared for increasing digitalization and advances in automation.

A top priority alongside these targets will remain the protection of the TÜV Rheinland brand and its reputation. In addition, it remains the mission to further reduce the number of accidents at TÜV Rheinland.

TÜV Rheinland's strategic thrust is based on strategic guidelines, four of which are particularly important and constitute the Group's "strategy DNA."

### Reduction of Complexity

The current complexity in the AG Group is based, among other things, on a broad service portfolio, a large number of companies and Business Fields as well as an inhomogeneous process and system landscape in individual areas and regions. The broad portfolio in particular makes it difficult to make use of scaling effects or the continuous digitalization of services and processes. The TR+ strategy envisages streamlining the service portfolio, mainly through the sale or discontinuation of services that are loss-generating, critical or not strategically relevant. The organizational structure will also be subject to a reduction in complexity. In this context, the number of Business Streams was already reduced from six to five in 2019, and the Business Fields of the former **Digital Transformation & Cybersecurity** Business Stream were transferred and integrated into other Business Streams.

Further consolidations were made in 2020 to simplify the organizational structure. Among other things, these consolidations included combining existing central functions, such as quality management, accreditation & certification and HSE (Health, Safety, Environment) to create a more comprehensive and integrated QHSE service function. In a world of continuous change, to ensure that TÜV Rheinland remains optimally positioned for the future, the Group is currently implementing a variety of overarching change projects in Business Streams and service functions. With this in mind, as early as autumn 2019, the **SPRING** program was initiated for the **Products** and **Systems** Business Streams, with the main goal being to sustainably bolster profitability. Following a phase of in-depth analysis and preparation in which extensive measures for business improvement were developed, the SPRING program of measures was implemented globally beginning in March 2020.

The action program pursues four overarching goals, with individual measures assigned to each, that can be deployed to consistently and systematically address and improve resources and potential:

- **Simplifying organization** in terms of transparency and

acceleration of decision-making processes

- **Portfolio optimization** to improve resource utilization and economies of scale
- **Strengthening performance** by improving process control and sharpening functional descriptions
- **Acting efficiently**, meaning paying attention to costs and making processes leaner and more stable.

Thanks to the successful cooperation and commitment of all stakeholders, a large part of the measures could be completed by the end of 2020. The remaining measures will be completed in 2021, with development of sustainability concepts to ensure long-term effectiveness.

For the **Mobility** Business Stream, similar to **SPRING**, the **Mobility 2022** project was created. The aim of this global project is to simplify structures in this Business Stream, strengthen leadership and responsibility, and promote a culture of performance in an effort to act more efficiently and thus gain significantly more financial leeway. **Mobility 2022** encompasses all Business Fields and regions and has a significant focus on the region of Germany as the strongest and most important market.

The Group's **Future Sales** project was also launched in November 2019. The aim of the project was and is to make sales more powerful and future-proof to ensure continuous, stable revenue growth in the years to come. TÜV Rheinland operates in a challenging economic environment and must not only continuously optimize itself but also constantly align its service portfolio to clients' and markets' evolving requirements. Under these challenges, to secure the future of TÜV Rheinland or TÜV Rheinland's business in the long term, Group revenues must be continuously and profitably increased. TÜV Rheinland can only achieve continuous, stable revenue growth if the Group is better geared to the needs and requirements of its clients and enables its sales operation to act more effectively. The **JUMP** project builds on the previous transformation programs and changes the control logic for the service functions, a logic that targets the structure as a strategic management holding.

### Expanding scalable businesses

Investments are mainly made in businesses that offer the greatest scaling potential, i.e. – put simply – in services with high demand and/or considerable market potential. These potentials are identified across Business Streams, particularly in the case of inspections and laboratory testing. Significant acquisitions are a tried-and-tested means of consistently pursuing economies of scale, provided the relevant opportunities present themselves in the market.

### Accelerating the digital transformation

"Digitalization" comprises more than the development of new and digital business models. This also extends to the transfer of currently analog processes to digital ones as well as the structured compilation and analysis of data to generate an additional benefit, e.g. in the form of client benchmarks. Future investments will focus on these themes. Suitable resources will be leveraged to promote and develop data-driven business models.

### Retaining quality leadership

Positioning as a provider of high-quality services will be maintained and expanded. The goal is to consistently meet the requirements of clients, standard-setters and regulators as well as strict internal requirements. To this end, processes in service provision are standardized and automated wherever possible, with the understanding of the quality standard in service provision advanced where necessary, and quality indicators – if not yet put in place – systematically introduced, recorded and used for control. These measures will also contribute to a reduction in risk.

# Profitability

## GROUP REVENUES

Consolidated revenue (including inventory changes) of TÜV Rheinland fell from €2,085.1 million in the previous year to a total of €1,953.2 million in the 2020 financial year; this represented a decrease of €131.9 million. Of the total revenue, €916.8 million was attributable to foreign countries; this accounted for a 46.9% share of total revenue. Due to fluctuations in exchange rates, currency-adjusted values are shown below in addition to unconsolidated revenues per Business Stream, as well as intra-group revenues and the central functions in a separate item:

### Group Revenues by Business Streams

in € millions	2020	2020*	2019
Industrial Services & Cybersecurity	538.1	542.2	597.5
Mobility	554.0	556.2	558.9
Products	557.0	560.8	570.1
Academy & Life Care	228.8	229.1	298.3
Systems	214.3	216.1	221.1
Other (intra-group revenues and central functions)	-138.9	-121.5	-160.8
Group revenues	1,953.2	1,982.9	2,085.1

\* Revenue at constant rates of exchange

The 6.3% year-over-year decrease in total revenue was mainly due to the coronavirus pandemic, with the **Academy & Life Care** Business Stream the one most affected in percentage terms. The pre-tax return on sales in the 2020 business year stood at -2.0% (previous year: 5.7%).

### Domestic revenue

Germany had a 53.1% share of total revenue and was not in a position to increase its revenue over the previous year. The year-over-year decline in domestic revenue of €76.4 million, to €1,036.5 million, was mainly attributable to the **Academy & Life Care** Business Stream, which stood at €36.7 million.

### International revenue

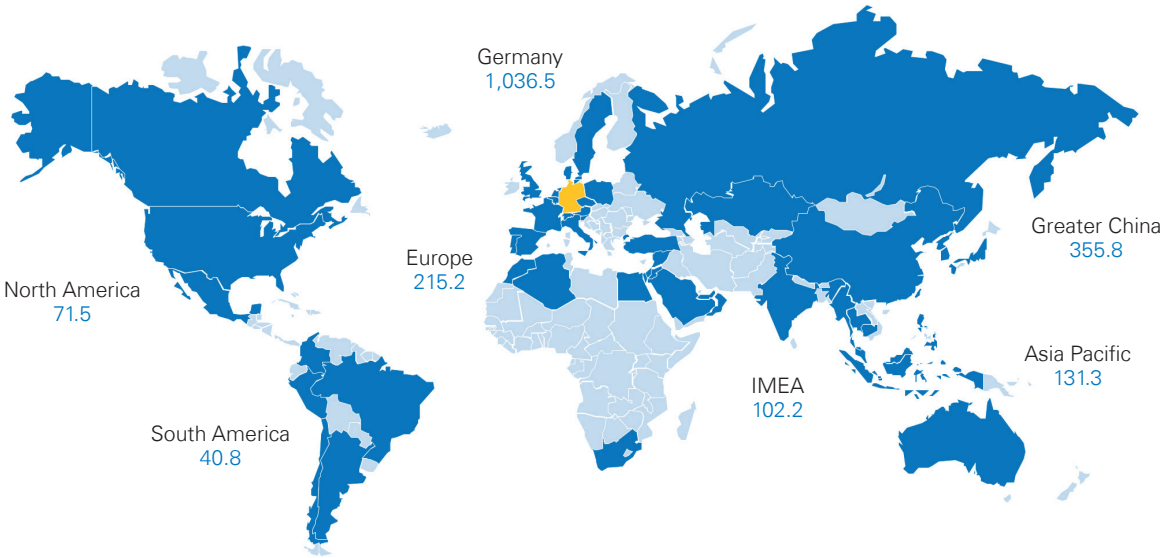
International revenue totaled to €916.8 million and was 5.7% lower than the previous year (previous year: €972.3 million). The Greater China region accounted for 18.2% of total Group revenues, followed by the regions of Western Europe (9.2%) and Asia Pacific (6.7%). Each of the remaining regions accounted for less than 6.0% of revenue. In spite of the coronavirus pandemic, the international regions of Western Europe and Greater China achieved slight revenue growth of 1.0% and 0.4%, respectively. The remaining regions recorded downturns in revenue of up to 34.2%, as in the case of South America. During the 2020 financial year, changes in currency exchange rates resulted in a €29.7 million decrease in Group revenues. The currencies that made a particular contribution to this development were the Argentine peso – as in previous reporting periods – as well as the Brazilian real, the Chinese yuan and the Chilean peso. The positive trend for the Japanese yen was not enough to compensate for this effect.

### Industrial Services & Cybersecurity

This Business Stream reported a 9.9% year-over-year downturn in revenue. While regulated business grew, particularly in Germany, unregulated business, especially abroad, was heavily influenced by the pandemic. Another factor with negative impact on the revenue trend was the sale of two companies in Germany (at the end of 2019 and in March 2020). On the other hand, the Greater China region generated growth momentum, with nearly all Business Fields exhibiting positive growth. The Business Field for Cybersecurity & Functional Safety fell well short of expectations for 2020, largely as a result of the Cybersecurity sub-segment.

The Industrial Inspection & Materials Testing Business Field was significantly short of the forecast and short of the previous year's figure. This was due not only to the pandemic but also to the trend in the price of oil, which triggered a downturn in revenue, particularly in North America but also in parts of IMEA as well. The Energy & Environment Business Field was also hard-hit by the pandemic and underperformed against expectations, especially in Europe. The influence of the international oil and gas business was also noticeable here. The consulting business also reported a decline.

### Overview of revenue by region in € millions



### Mobility

The revenue trend for this Business Stream showed a strong impact from the coronavirus pandemic; the planned revenue target was not reached as a result. Nevertheless, with €554.0 million in total revenue, the Business Stream almost matched the previous year's level; this was mainly the result of the acquisition of Certio ITV S.L.U. The largest Business Field, Periodical Technical Inspection, posted €323.2 million in revenue; this corresponds to a 6.3% increase. Excluding the effects of the acquisition referenced above, revenue held steady at the previous year's level. The testing activities at the beginning of the year in Germany and Latvia were maintained with some restrictions due to the coronavirus pandemic, but in Spain, France and Chile business was shut down entirely as part of national lockdown measures. Later on, the resulting quantity losses were partially, but not fully, recovered in the countries affected by the lockdown. Despite the difficult circumstances, Germany reported growth, with the German franchise organization remaining an important component of the nationwide service campaign. The pandemic posed major challenges for the Driver's License Business Field. The high level of demand following the first lockdown, together with the hygiene concepts

introduced governing theoretical and practical testing, in some cases led to capacity bottlenecks. This was counteracted by a significant increase in overtime hours and in opening and examination times, largely compensating for the examinations that had been missed. The decline in traffic caused by the coronavirus pandemic reduced the number of claims in the Car Services & Appraisal Business Field; this was in line with general developments in the overall market. In spite of downward market trends in new registrations and transfers of ownership, the vehicle registration services area reported significant growth. Revenue for the Engineering & Type Approval Business Field, which is broadly positioned internationally, was slightly lower in Europe and Asia Pacific. The Mobility Technology Center (MTC) was commissioned in Japan as part of the expansion of the service portfolio. The new laboratory enables EMC and wireless testing relating to connected vehicles. The Rail Business Field recorded a 16.5% decline in revenue but managed to continue its international expansion. New and long-term projects were acquired, both nationally and internationally, and the international share rose to around 57.7%.

Products

Despite the coronavirus crisis, this Business Stream was able to hold its revenue levels stable year-over-year and at €557.0 million made the largest contribution to revenue of any of the Business Streams. The Asia Pacific and Greater China regions were once again the main drivers behind this performance.

The Medical Business Field was able to increase its revenue by a considerable 4.2%; the Electrical Business Field held steady at the previous year’s level. Revenue decreased by 2.3% across all of the Business Fields together. The Business Fields of Softlines (which includes testing of toys, cosmetics and textiles) and Hardlines (furnishings and household goods together with testing of mechanical products) fell largely short of the previous year’s levels. This was mainly a result of the difficult situation in Germany and the downturn in business there, particularly with clients from the retail sector. In some segments (textiles, toys, household goods), pandemic-driven changes in shopping behavior, especially in Europe, contributed significantly to manufacturers’ and distributors’ reluctance to award contracts in the inspections business.

Academy & Life Care

Revenue in this Business Stream stood at €228.8 million, for a year-over-year downturn of 23.3% and a significantly lower level than in the previous year. This was mainly due to the significant effects of the coronavirus pandemic, strategically induced portfolio adjustments and forecast declines in project volumes, such as in the area of training and education in Saudi Arabia. As part of the strategy review, it was decided to reduce business with private schools as well as business with temporary employee placement organizations.

Operationally, all of the Business Fields and regions initially reported robust rates of growth in the first quarter of 2020, although the coronavirus pandemic significantly reduced business activities and revenues in China. In the further course of the year, however, due to the significant and worldwide lockdowns, revenue fell sharply, in some cases by up to 35.0% when compared to the same months the previous year. The Business Fields hit hardest here were Training & HR Development and Labor Market Services, where the only factor that prevented an even more dramatic downturn in business was the strength of the existing range of digital and remote services. Step-by-step easing toward the middle of the year permitted an upturn in revenue, even as severe regional or local coronavirus restrictions remained in effect in some places.

Due to the need for consulting on pandemic planning and on implementing the SARS-COV Occupational Health and Safety Standard, the Occupational Health & Safety Busi-

ness Field experienced increased demand from mid-year. In the Digital Transformation Business Field, following integration into the Business Stream, extensive restructuring was initiated that focused on solid and profit-oriented revenue.

Systems

The coronavirus pandemic meant that this Business Stream was unable to meet its growth targets and reported a 3.1% overall decline in revenue.

The largest Business Field, Certification of Management Systems, was the one hardest-hit by the pandemic. In spite of an encouraging recovery in the second half of the year and the introduction of remote audits, revenue stood at €129.1 million (previous year: €138.2 million) and thus fell short of the previous year’s level.

The Customized Services Business Field (auditing based on internal rules and enterprises’ individual requirements of suppliers and business partners) fell short of original forecasts as well and stood 1.6% short of the previous year’s level. Revenue growth due to a large tourism project in Saudi Arabia, together with increased revenue in the eCommerce area, largely offset the pandemic-based downturn in revenue in the “Supply Chain Audits” area. The Government Inspections & International Trade Business Field reported 8.2% growth in spite of a global deterioration in framework conditions; it generated €38.3 million in revenue. The regions of Asia Pacific and IMEA reported the largest increases in revenue, with the main drivers for growth being the pre-shipment inspection business in Indonesia, the newly introduced program for compliance audit in Morocco and the SALEEM approval program in Saudi Arabia.

OPERATING RESULT (EBIT)

The operating result stood at a total of €-23.6 million in the 2020 financial year; this was well below the previous year’s figure of €135.6 million. After adjusting for special effects – which mainly consisted of €90.3 million undercoverage from ongoing legal proceedings, personnel and restructuring measures of €56.0 million, effects from past purchase price allocations (PPAs) of €8.0 million, and write-downs of €2.8 million on assets classified as held for sale – the adjusted EBIT stood at €133.6 million.

The following is a presentation of the year-over-year trend in operating result:

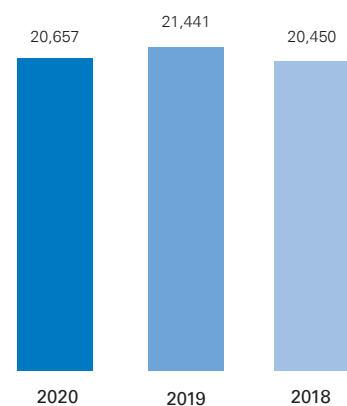
in € millions	2020	2019
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	118.7	274.7
Amortization of intangible assets and depreciation of property, plant and equipment	-142.2	-139.1
Operating result	-23.6	135.6
Financial result	-15.6	-16.8
Earnings before income taxes	-39.2	118.8
Taxes	-24.7	-42.1
Consolidated net income	-64.0	76.8

At €118.7 million, earnings before interest, taxes, depreciation, and amortization (EBITDA) for the financial year were 56.8% lower than the previous year’s total of €274.7 million. The operating result and earnings before taxes were significantly below the previous year’s level. The EBIT margin for the 2020 financial year totaled to -1.2% (previous year: 6.5%). In addition, the negative operating result of €23.6 million included expenses from currency translation on balance of €7.0 million.

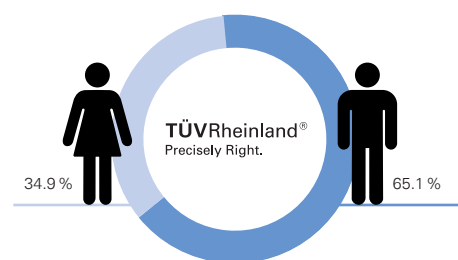
## Employees

As of the end of the year 2020, a total of 20,365 employees (full-time) or 21,052 employees (headcount) were employed at TÜV Rheinland. The average number of employees (full-time) in the reporting year was 20,657; in a year-over-year comparison, this represented a decline of 784 employees or 3.7%.

### Entire workforce on average based on FTE



65.1% of the employees on the payrolls of TÜV Rheinland were male; the proportion of women thus amounted to 34.9%.



The average workforce size abroad stood at 11,912, which corresponded to a share of around 57.7%. The number of employees abroad remained at the same level as in the previous year. The average number of employees in Germany fell from 9,053 to 8,745 during the financial year under report (3.4%).

The decrease in the number of employees in Germany was mainly the result of a significant decrease in personnel in the Academy & Life Care Business Stream. Internationally, China and South America in particular contributed to the decline in personnel. This was offset by increases in staffing, particularly in Spain, through the acquisition of Certio.

### Information in connection with the law mandating equal participation by men and women in management positions in the private sector and in civil service

Diversity is a focus in the sustainability strategy of TÜV Rheinland. In concrete terms, this means increasing the share of women in management positions within the Group to 15.0% in 2020 and to 20.0% of top management bodies internationally. We achieved both targets during the reporting year: The share of women in management positions stood at 18.0% (previous year: 16.0%), and 50.0% top management positions were staffed by executives from outside of Germany.

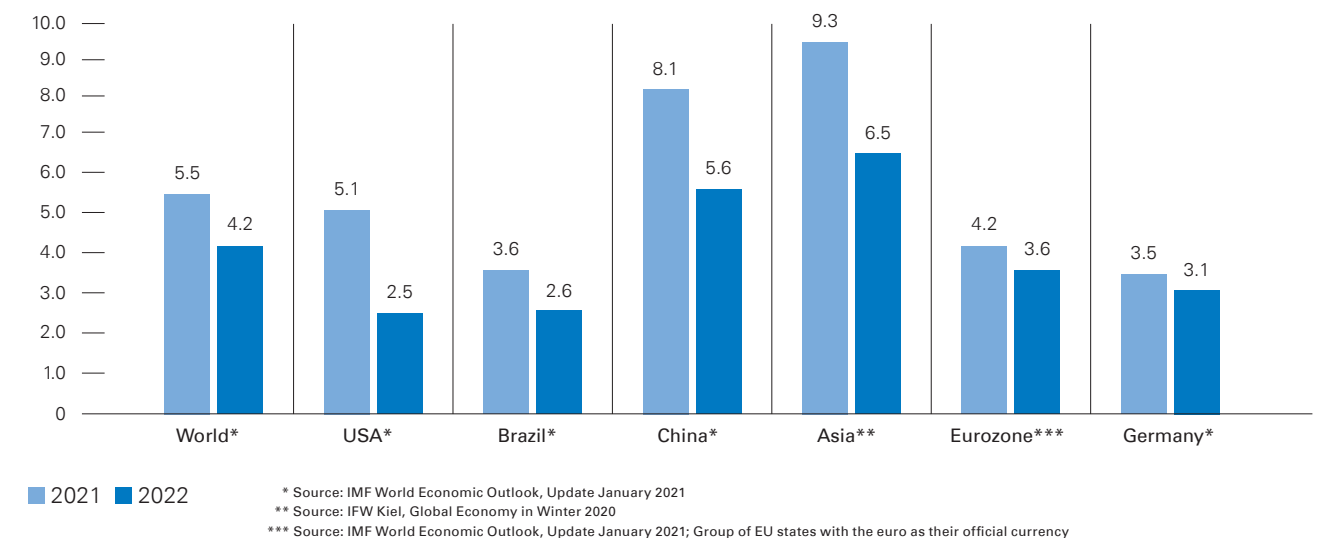
A quota of 25.0% by the end of 2020 was set for the proportion of women on the Supervisory Board of TÜV Rheinland AG. With four out of 16 positions filled by women, this quota was met in 2020. A quota of 30% is set as the target to be met by December 31, 2025. The Supervisory Board had set a quota of 20.0% for the proportion of women on the Executive Board of TÜV Rheinland AG by the end of 2020. Following the appointment of a new female member of the Executive Board in 2018, the target quota of 25.0% had been reached by December 31, 2020. This quota is also set to remain in place until December 31, 2025.

The target for the share of women in the top level of management at TÜV Rheinland AG was 24.0% by December 31, 2020; at 23.5%, we nearly reached this level in the reporting year. There is no second level of management set up at TÜV Rheinland AG.

Targets have also been defined for year's end 2020, together with new targets for December 31, 2025, for the five German Group companies subject to quotas under the law mandating equal participation by men and women in management positions. These are set forth on the website: [www.tuv.com](http://www.tuv.com).

## Outlook

### Future Economic Outlook: Outlook 2021 to 2022 in %



Following the 3.5% downturn in the global economy in 2020 due to the coronavirus pandemic, as of January 20, 2021, the IMF World Economic Outlook forecasts a 5.5% upturn in the global economy for 2021. Despite the considerable and tightening constraints on the population as a result of the pandemic, economic activity appears to be adapting over time to activity involving reduced contact. It appears that the impact on the economy as a whole will be less pronounced in 2021 than it was in spring of 2020. Multiple vaccine approvals and the launch of vaccinations in some countries in December 2020 give hope for a progressive normalization. The additional political aid packages announced at the end of 2020, in particular in Japan and the US, are also expected to lend further support to the global economy. Nevertheless, rising rates of infection at the end of 2020, including new mutations of the virus, renewed lockdown measures and logistical problems in vaccine distribution, clouded the outlook, and this is why the estimate is subject to high uncertainty. Moreover, the extent of the recovery in each region is expected to vary widely, depending on access to medical care, political support and the structural features in place when the crisis began.

Thus, there is variance in the upward trend even within advanced economies, due in large part to differences between countries in terms of their health response to infections, the flexibility and adaptability of the economy in light of low mobility, trends that already existed, and structural inflexibilities at the outset of the crisis.

### USA

Worldwide trade tensions faded into the background in 2020 due to the coronavirus pandemic, but they also remain unresolved. The change of government in the United States could herald an improvement in the climate for trade policy. As early as December 2020, an additional stimulus package in the billions was announced for 2021; it includes additional unemployment subsidies as well as support for healthcare, educational institutions, businesses and families. Based on strong momentum in the second half of 2020 and the announcement of the package of additional aid, US economic growth of 5.1% is forecast for 2021. Following this upturn, a slowdown in growth, to 2.5%, is expected in 2022.



### Eurozone

The forecast for the eurozone is characterized by rising infection rates, renewed closures and a concomitant economic slowdown at the end of 2020. An increase in economic output of 4.2% in 2021 and 3.6% in 2022 is forecast against the backdrop of better control of infection rates, an increasing rate of vaccination of the population and a gradual easing of restrictions from spring 2021.

### Germany

In Germany, too, the shutdown measures reintroduced in November 2020 led to a slowdown in the recovery of an economy that is nevertheless expected to gather steam in the course of 2021. Compared to 2020, the burden at the outset of 2021 is expected to focus more on consumer-related industries, with exports set to continue on an upward trend due to the comparatively robust global economy. After a 5.4% decline in gross domestic product in 2020, a 3.5% rate of overall growth is expected for 2021. Assuming that the pandemic can be sustainably repulsed in 2021, gross domestic product is forecast to grow by 3.1% in 2022.

### China

In China, the recovery from the pandemic-induced economic downturn in 2020 is already particularly advanced. This trend is expected to continue in 2021, with growth forecast at 8.1% but expected to be dampened to 5.6% in 2022 by the phase-out of fiscal stimulus effects and tighter monetary and lending policies.

### Asia Pacific

In a global comparison, the Asia region was particularly successful in curbing the pandemic in 2020. For this reason, economic growth there is projected to be less affected by the pandemic in 2021 and on the whole is expected to make the greatest contribution to the overall recovery of the global economy. In addition, an aid package worth billions to combat the economic impacts of the coronavirus pandemic was announced in Japan in December 2020. The measures are designed to support domestic tourism and job security, among other things. The economic upturn the package is intended to bring about can be seen in the projected economic growth of 9.3% in 2021 for the Asia Pacific region. The upward trend is expected to taper to 6.5% in the following year.

### FUTURE DEVELOPMENT OF TÜV RHEINLAND

The future development of TÜV Rheinland is based on the TR+ strategic plan, which was adopted by the Executive Board in the 2019 financial year and acknowledged in support by the Supervisory Board in December 2019. It should be noted that the following projections for the 2021 financial year for the development of TÜV Rheinland may differ from the actual results, due, among other things, to the fact that the global coronavirus pandemic is not over yet and poses a planning risk as a result. Sub-goals have been derived from the strategic plan, which extends up to 2024, and correspondingly incorporated into the forecast for 2021. Global macroeconomic trends were analyzed, evaluated and factored into the expectations for 2021 for the individual Business Streams. The coronavirus pandemic will undoubtedly continue to challenge us in the next financial year. In our view, however, TÜV Rheinland is also well-equipped to survive this situation. As we learned and demonstrated in the 2020 financial year, our global presence permits us to partially offset temporary regional problems. We will also use the reorganization, which we have begun in recent years and will bring to a conclusion, to incorporate the resulting potential into the growth targets for 2021. This means that we will translate the benefits of a lean and efficient organization into competitive advantages. This is expected to pay off for us at TÜV Rheinland. Once again in the 2021 financial year, changes in exchange rates for major currencies will remain a macroeconomic premise for TÜV Rheinland, which has operations worldwide, and we have factored these changes into the 2021 forecast to the best of our knowledge. We project revenue growth of around 4% for the 2021 financial year. Because the negative impact of the coronavirus pandemic only set in toward the end of the first quarter of 2020, a slightly weaker trend is forecast for the first quarter of 2021. For the second quarter, we expect significant catch-up effects on an order of magnitude of a roughly 10% upturn in revenue compared to the lockdown focus in the second quarter of 2020. Moderate overall growth is projected for the second half of 2021. A corona catch-up effect is expected for the 2021 financial year, accompanied by improvements in earnings as a result of the global group projects initiated. Taking into account the widespread elimination of state support measures, followed by a resumption of upward cost effects in personnel expenses and rising material costs, we forecast an EBIT margin of between 5.5% and 6.0%.

Of the twelve guidelines of our TR+ Group Strategy, four core guidelines are particularly important to us as TÜV Rheinland, because they underpin our central guidelines for orientation around sustainable, profitable growth. Simplicity, scalability, digitalization and quality are the focal points of this orientation. For us as TÜV Rheinland, sustainable profitability and independence are indispensable to our mission as an efficient and digital provider of services worldwide. Where the five Business Streams at TÜV Rheinland are concerned, we project the following developments:

#### Industrial Services & Cybersecurity

We project slight revenue growth of nearly 2% for this Business Stream, materializing more in the second half of the year. The positive trend should continue in the regulated business in Germany in particular, and the Greater China region should also be on a par with the previous year's growth level. The regions of North and South America will focus on further stabilization and expansion of revenue. On the earnings side, the restructuring measures from 2020 should have a positive impact; consequently, in addition to an absolute upturn in earnings, further improvement in the margin is expected as well.

#### Mobility

The coronavirus pandemic is expected to continue to have an impact well into 2021. Nevertheless, as TÜV Rheinland, we expect revenue growth in the mid-single-digit percentage range in this Business Stream for the 2021 financial year. All of the Business Fields are projected to contribute to revenue growth, with a focus on the Periodical Technical Inspection and Engineering & Homologation Business Fields, along with further international expansion in the Rail area. Growth in earnings in line with revenue growth is also projected across all Business Fields. Further effects from the project to optimize management levels and manager-to-staff ratios are expected to contribute to improved earnings across all Business Fields. Despite the pandemic, the Business Stream continues to pursue its growth strategy, investing in both expansion and innovation projects. Among other things, this includes entry into testing of drive batteries; this represents an important contribution for the mobility industry, for which TÜV Rheinland already concluded around €20.0 million in investments in 2020.

### Products

We forecast revenue growth of around 5% for the 2021 financial year. All of the Business Fields and regions are projected to contribute to this growth. A clear focus will be on successfully completing the SPRING project in an effort to achieve further cost savings in 2021 and thus further increase the margin. With several major investments in laboratory locations planned or already being implemented (e.g. the furniture laboratory in Russia or the expansion of our laboratories with 5G testing equipment), our sights are set on securing future growth, including in Asia. The digitalization projects will be advanced and rolled out further globally. Selective recruitment in fast-growing fields will also consolidate our good market position.

### Academy & Life Care

Worldwide growth in the revenue volume is expected for this Business Stream again in 2021, with significant restrictions on seminar business projected to remain in place until mid-year. The resulting revenue and earnings gap is expected to be offset by positive developments in other services, e.g. in occupational health and safety, or in digital transformation, where it will be compensated through new orders in the field of research management. Areas of focus for growth will also be on personnel certification, digital learning formats and services in occupational health and safety in Germany. In terms of inorganic growth, the phase-out of the Group company TÜV Rheinland Personal (with €7.1 million in revenues in 2020) will be taken into account in 2021. The overall projection is for revenue growth of just under 3%. To achieve a corresponding increase, topics in marketing and visibility will be promoted, along with active sales. At the same time, we will pursue the goal of strengthening the market position in selected regions and topic areas, including through inorganic growth.

### Systems

The revenue trend for this Business Stream is projected to be influenced by the further course of the coronavirus pandemic in 2021. Despite the uncertainties that persist, the Business Stream projects revenue growth of around 5% across all Business Fields in the coming year. The Certification of Management Systems Business Field expects a positive effect from an increased number of recertifications in the core portfolio (i.e. ISO 9001, ISO 14001, ISO 45001) and in the automotive sector. Ever since the coronavirus crisis began, the demand for innovative, digital audit procedures has seen a dramatic increase. The already



successfully implemented option of remote audits will be retained, with the range of services expanded accordingly. In the Customized Services Business Field, a recovery can be expected in the “Supply Chain Audits” segment. The focus here will be on the further expansion of services in the region of Asia. Additional opportunities for growth have emerged during the pandemic in the “eCommerce” and “Hygiene Audits” areas; these opportunities will be consistently pursued. In addition to a constant development in the IMEA region, the Government Inspections & International

Trade Business Field sees considerable future potential in Europe and Asia Pacific. Capacities will be expanded here. Where the new conformity programs are concerned, the African market plays a key role for TÜV Rheinland. Plans are also in place to consistently expand business with services related to commercial inspections, with a particular focus on food and agricultural products. For the Business Stream as a whole, the structural and process adjustments made last year are expected to continue to have a positive impact on earnings.

Consolidated Balance Sheet

€ thousands	Dec. 31, 2020	Dec. 31, 2019
ASSETS		
Intangible assets	360,274	382,060
Property, plant and equipment	601,265	645,637
Investments accounted for using the equity method	3,033	2,902
Other financial assets	332,443	312,058
Other assets	24,489	32,158
Deferred tax assets	123,276	100,885
Non-current assets	1,444,780	1,475,700
Inventories	2,945	3,308
Contract assets	82,607	78,480
Trade receivables	227,861	273,525
Income tax receivables	18,195	14,059
Other receivables and other assets	238,648	71,450
Cash and cash equivalents	444,827	200,135
Assets classified as held for sale	2,522	2,816
Current assets	1,017,605	643,773
TOTAL ASSETS	2,462,385	2,119,472
LIABILITIES		
Issued capital	35,000	35,000
Capital reserves	23,802	23,802
Other reserves	200,185	330,353
Non-controlling interests	25,981	28,369
Equity	284,968	417,524
Provisions for pensions and similar obligations	820,749	786,852
Other provisions	22,674	25,325
Liabilities to banks	299,928	119,536
Other liabilities	141,799	154,573
Deferred tax liabilities	21,202	24,246
Non-current liabilities	1,306,352	1,110,532
Provisions	381,794	93,363
Income tax liabilities	10,515	17,511
Contract liabilities	91,687	68,575
Trade liabilities	140,358	139,098
Liabilities to banks	26,338	54,554
Other liabilities	219,892	218,315
Liabilities classified as held for sale	481	0
Current liabilities	871,065	591,417
TOTAL ASSETS	2,462,385	2,119,472

Consolidated Statement of Comprehensive Income

€ thousands	2020	2019
Revenue	1,951,566	2,085,009
Inventory changes	1,684	94
Cost of purchased services	-298,389	-317,765
Operating performance	1,654,861	1,767,338
Personnel expenses	-1,159,465	-1,173,862
Amortization of intangible assets and depreciation of property, plant and equipment	-142,227	-139,140
Other expenses	-674,388	-391,944
Other income	297,644	73,217
Operating result (EBIT)	-23,576	135,609
Interest income	6,095	7,978
Interest expenses	-18,130	-23,642
Other financial result	-3,604	-1,115
Financial result	-15,640	-16,779
Earnings before income taxes	-39,216	118,830
Income taxes	-24,744	-42,054
Consolidated net income	-63,960	76,777
Thereof attributable to:		
TÜV Rheinland Aktiengesellschaft equity holders	-72,761	65,322
Non-controlling interests	8,801	11,454
Earnings per share (in €), undiluted and diluted	-2,079	1,866

Consolidated Statement of Cash Flows

€ thousands	2020	2019
Consolidated net income	-63,960	76,777
Amortization, depreciation, and impairment / Reversal of impairment of intangible assets and property, plant, and equipment	142,227	139,139
Impairment/Reversal of impairment of financial assets	2,799	-1
Change in non-current provisions	-33,018	-18,204
Change in deferred tax assets and deferred tax liabilities	-13,830	17,327
Profit/Loss from the disposal of intangible assets and property, plant, and equipment	2,716	-321
Other non-cash income/expenses	609	81
Change in inventories, receivables, and other assets	-121,768	-50,082
Change in liabilities and current provisions	307,412	29,445
Cash flow from operating activities	223,186	194,161
Payments for investments in		
intangible assets and property, plant, and equipment	-68,811	-70,008
financial assets	-15,341	-7,971
shares in fully consolidated companies (less cash and cash equivalents taken over)	0	-42,439
Receipts from disposal of		
intangible assets and property, plant, and equipment	6,553	7,369
financial assets	17,816	16,722
Cash flow from investing activities	-59,783	-96,327
Payments to shareholders of TÜV Rheinland Aktiengesellschaft	-15,000	-15,000
Payments to non-controlling shareholders	-7,872	-8,190
Receipts from bank borrowings	201,859	13,714
Payments from lending from banks	-49,682	-23,308
Payments from repayments of leasing liabilities	-56,923	-56,620
Cash flow from financing activities	72,382	-89,404
Change in cash and cash equivalents	235,784	8,430
Change in cash and cash equivalents related to currency translation and consolidation	8,906	-27,765
Cash and cash equivalents at beginning of period	200,135	219,470
Cash and cash equivalents at end of period	444,827	200,135

# Independent Auditor's Report

The auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, has audited the consolidated financial statements prepared by us – consisting of the Consolidated Balance Sheet as of December 31, 2020, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the financial year from January 1 to December 31, 2020, together with the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies. The Group Management Report of TÜV Rheinland Aktiengesellschaft for the financial year from January 1 to December 31, 2020, was also audited. The content of our statement on corporate governance pursuant to Section 289f (4) of the German Commercial Code (disclosures on the women's quota) was not reviewed by the auditor.

Following the final results of the audit, we were issued an unqualified audit opinion.

# Limited Assurance Report of the Independent Auditor regarding Sustainability Information\*

**TO THE EXECUTIVE BOARD OF TÜV RHEINLAND AG, COLOGNE**

We have been engaged to performed an independent limited assurance engagement on selected qualitative and quantitative sustainability disclosures in the chapter “CSR Report -Corporate Social Responsibility” in the Corporate Report 2020 (further: “Sustainability Report”) for the period from January 1 to December 31, 2020 of TÜV Rheinland AG, Cologne (further: “Company”).

It was not part of our engagement to review product and service-related information, references to external websites and information sources, as well as future-related statements in the Sustainability Report.

**MANAGEMENT'S RESPONSIBILITY**

The legal representatives of TÜV Rheinland AG are responsible for the preparation of the Sustainability Report in accordance with the Reporting Criteria. TÜV Rheinland AG applies the principles and standard disclosures of the Standards of the Global Reporting Initiative (GRI) (option “Core”) as Reporting Criteria (further “Reporting Criteria”). This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of Sustainability Report that is free of – intended or unintended – material misstatements.

**PRACTITIONER'S RESPONSIBILITY**

It is our responsibility to express a conclusion on the Sustainability Report based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews

\* Our engagement applied to the German version of the Sustainability Report. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

of Historical Financial Information”, published by IAASB. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Sustainability Report of the Company for the period from January 1 to December 31, 2020 has not been prepared, in all material respects, in accordance with the Reporting Criteria. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

- Within the scope of our engagement, we performed, amongst others, the following procedures:
- Inquiries of personnel who are responsible for the materiality analysis to get an understanding of the process for identifying material topics and respective report boundaries of TÜV Rheinland AG
  - A risk analysis, including a media research, to identify relevant information about sustainability performance of TÜV Rheinland AG in the reporting period
  - Evaluation of the design and implementation of the systems and processes for the collection, processing and control of disclosure on environmental, employee and social matters, respect for human rights as well as combatting corruption and bribery, including the collection and consolidation of quantitative data
  - Inquiries of personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, the conduction of internal controls and consolidation of the disclosures
  - Evaluation of selected internal and external documents
  - Analytical evaluation of data and trends of quantitative disclosures which are reported by all sites on group level
  - Assessment of local data collection and reporting processes and reliability of reported data via a sampling survey at site TÜV Rheinland – Ibérica S.A. Spain (via videoconference)
  - Assessment of the overall presentation of the disclosures

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

**INDEPENDENCE AND QUALITY ASSURANCE ON THE PART OF THE AUDITING FIRM**

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

**CONCLUSION**

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information in Sustainability Report of the Company for the period January 1 to December 31, 2020, has not been prepared, in all material respects, in accordance with the Reporting Criteria.

**RESTRICTION OF USE/CLAUSE ON GENERAL ENGAGEMENT TERMS**

This assurance report is issued for purposes of the Executive Board of TÜV Rheinland AG, Cologne, only. We assume no responsibility with regard to any third parties.

Our assignment for the Executive Board of TÜV Rheinland AG, Cologne, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 ([https://www.kpmg.de/bescheinigungen/lib/aab\\_english.pdf](https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf)). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Frankfurt am Main, April 20, 2021

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

Glöckner	Brokof
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

# About this Report

The TÜV Rheinland Corporate Report for 2020 once again contains the Financial Report and the Sustainability Report. The Corporate Report is based on the internationally recognized IFRS and Global Reporting Initiative (GRI) reporting standards, the principles of the Global Compact, as well as the anti-corruption guidelines of the UN and Transparency International, and encompasses the consolidated companies that are also included in the consolidated financial statements.

The present TÜV Rheinland Sustainability Report was compiled in accordance with the GRI Standards: Core option. The GRI Content Index lists which GRI guideline criteria were used in TÜV Rheinland’s 2020 Corporate Report. Our reporting activities are also carried out in accordance with the COP Advanced Level of the UN Global Compact.

The most recent previous Corporate Report was published in April 2020. The Corporate Report will continue to be published on an annual basis in the future.

Since the 2019 reporting year, information on general developments and disclosures at the TÜV Rheinland Group has been provided in the brochure entitled “TÜV Rheinland compact” (see [www.tuv.com/corporate-report](http://www.tuv.com/corporate-report)) rather than as part of the Corporate Report. In addition, because reporting within the Sustainability Report is focused even more on the material topics defined for TÜV Rheinland, the text presented in the individual sections (in particular the section on “Employees”) is shorter as well.

**METHODOLOGY USED IN THE REPORT**

The reporting period is the 2020 financial year. If, at the time of publication, certain data for the year 2020 have not yet been presented (editorial deadline: March 31, 2021), comparable annual figures for 2019 will be used.

**ENVIRONMENTAL INDICATORS**

German companies:  
Nearly 137 locations were included in the reporting scope during the reporting year, accounting for approx. 85 percent of the employees in 2020. The data collected were then projected for the entire workforce in Germany, and the figures were rounded up or down. Headcount-based figures were applied for this purpose. Other bases for calculation are stated separately. Several figures were newly aggregated and calculated with average figures for the year. Although some details are lost in the process, it permits

reliable long-term comparisons and goals to be formulated. Estimates and assumptions are identified as such.

Foreign subsidiaries:

To achieve global coverage of key figures relevant to environmental impact, data were collected from all the TÜV Rheinland regions. Each of the foreign subsidiaries with an environmental management system and/or more than 50 employees was considered at the company level. This resulted in data collection that allowed us to cover at least 86 percent (passenger car utilization) for our foreign subsidiaries. With regard to key environmental figures (such as air travel and electricity consumption), the figures cover 81 percent and 89 percent of employees, respectively. The data collected were then projected for the entire workforce of the foreign subsidiaries, and the figures were rounded up or down accordingly. The annual average FTE (full-time equivalent) value was used for this purpose. Other bases for calculation are stated separately.

**WORKFORCE FIGURES**

Unless indicated as headcount figures, the disclosures concerning employee structure refer to FTE (full-time equivalents) and refer to permanent employees only (excluding trainees and temporary employees). Both types of disclosure represent closing-date disclosures (December 31, 2020), unless otherwise stated. The data collected cover around 97 percent of the total workforce. When collecting information about workforce age and nationality, the Group region of North America is excluded, as this information is not collected for that region. The chart of days spent in training and further training in Germany shows data for in-person and, alternatively, online seminars reported for 2020 which were registered within the Group through February 17, 2021. Standard eLearning sessions are not included in this figure.



GRI Content Index

Key topics and GRI indicators		Page reference in the Corporate Report and Web	Comments
GRI 100: Universal Standards			
GRI 101: Foundation			
GRI 102: General Disclosures			
Organizational Profile			
102-1	Name of the organization	TÜV Rheinland AG	
		38 – 39 <a href="http://www.tuv.com">www.tuv.com</a> , <a href="#">About us</a>	
102-2	Activities, brands, products and services		
102-3	Location of organization's headquarters	Am Grauen Stein, 51105 Cologne, Germany	
102-4	Location of operations	43 – 44 <a href="#">TÜV Rheinland international</a>	
102-5	Nature of ownership and legal form	69 – 71	
102-6	Markets served	41 – 42 <a href="#">Summary of Business Streams</a>	
102-7	Scale of the organization	17 <a href="#">TÜV Rheinland at a Glance</a>	In 2020, TÜV Rheinland had a presence in some 60 countries, with 20,657 (previous year: 21,441) employees. The revenue generated in 2020 fell to EUR 1.953 billion (previous year: EUR 2.085 billion). In its German home market, with a workforce of 8,745 (previous year: 9,082), TÜV Rheinland generated EUR 1.066 billion in revenue (previous year: EUR 1.112 billion). Equity was lower and stood at EUR 285 million (previous year: EUR 417.5 million). Non-current liabilities rose to EUR 1.306 billion (previous year: EUR 1.110 billion), and current liabilities rose to EUR 871 billion (previous year: EUR 592 million). Further details can be found in the publication of the annual financial statements in the German Federal Gazette (Bundesanzeiger) (in the “Financial position” and “Net assets” sections).
102-8	Information on employees and other workers	17 – 20, 61	The workforce figures are not subject to seasonal variations. 85% of our workforce comprises permanent employees. 67% of those permanent employees are male. 56% of the employees with fixed-term employment contracts are male. The share of permanent employment contracts in each region is as follows: D – 92.6%; WE – 96.0%; CEE – 99.7%; AP – 97.5%; GC – 48.7%; NA – 100%; SA – 94.5%; IMEA – 92.4%. 94.8% of men and 82.0% of women in the Group work on a full-time basis.

Key topics and GRI indicators		Page reference in the Corporate Report and Web	Comments
			The chief categories of product for TÜV Rheinland are energy, information and communication technology, test equipment and office equipment. Marketing services and advertising materials are also sourced from suppliers and service providers. TÜV Rheinland strives to achieve the most reliable delivery strategy possible, together with resilient procurement, and seeks to ensure that all suppliers and manufacturers deliver on the price/performance ratio for products and services, as agreed. In choosing their suppliers and service providers, TÜV Rheinland focuses on providers in the geographical vicinity of the consuming locations and makes sure that their behavior is ethically correct.
102-9	Description of the supply chain	13 – 14	
102-10	Significant changes to the organization's size, structure, ownership	48 – 49	
			As an internationally active testing company, TÜV Rheinland is exposed to a variety of economic risks in the course of its business activities, and some of these risks involve short response times. A uniform approach to risk management successfully addresses this potential for danger and effectively secures opportunities. Each year, the management and supervisory bodies are updated in a standardized form with regard to the current risk situation of the Group.
102-11	Precautionary Principle or approach	11, 31	
102-12	Participation in and endorsement of external charters, principles and initiatives	2, 4	
102-13	Membership or associations	2, 4, 10	
Strategy			
102-14	Statement from senior decision-maker	1	
			As an internationally active testing company, TÜV Rheinland is exposed to a variety of economic risks in the course of its business activities, and some of these risks involve short response times. A uniform approach to risk management successfully addresses this potential for danger and effectively secures opportunities. Each year, the management and supervisory bodies are updated in a standardized form with regard to the current risk situation of the Group. TÜV Rheinland continues to see its opportunities in service innovations, in international growth, in the regulatory environment and in M&A activities. The risks can be divided into two categories that can have detrimental effects for our business situation, net assets, financial position, profitability and reputation: - Strategic risks: We see further uncertainties in relation to the global economic outlook. One of the main risks to the global economic cycle is undoubtedly the further course of the coronavirus pandemic and the consequent related effects on the demand for our services. - Financial risks: The financial risks at TÜV Rheinland are divided into in foreign-currency, interest-rate, translation and liquidity risks. We also identify risks associated with significant changes in the structures, policies, or management of the company.
102-15	Key impacts, risks and opportunities	2, 4 – 6, 21 – 27, 31 – 34	

Key topics and GRI indicators		Page reference in the Corporate Report and Web	Comments
Ethics and integrity			
		2, 11 – 13 TÜV Rheinland compact <a href="http://www.tuv.com/corporate-report">www.tuv.com/corporate-report</a>	
102-16	Values, principles, standards, and norms of behavior		
Management			
102-18	Governance structure of the organization	17 – 18, 69 – 71	
Stakeholder engagement			
102-40	List of stakeholder groups	3, 8	
			The compensation for about 77% (per-capita disclosures as of December 31, 2020) of our employees in Germany (excluding temporary employees, interns, employees in limited part-time employment, retirees) is subject to a collective bargaining agreement.
102-41	Employees covered by collective bargaining agreements		
102-42	Basis for identification of stakeholder groups	3, 8, 31	
102-43	Engagement of stakeholder groups	2 – 10, 31	
102-44	Key topics and concerns raised	3, 8, 31	
Reporting practice			
		61 <a href="#">CSR &amp; sustainability</a>	
102-45	All entities included in the organization's consolidated financial statements		For guidance in defining the report content, we relied on the key areas of activity of the Sustainability Strategy 2020, which is based on a stakeholder survey. We also took into account the additional report content resulting from the Sustainability Strategy 2025: Service Quality, Data Integrity and Labor Rights.
102-46	Process for defining report content	2 – 10	
102-47	List of material topics	6 – 9	
102-48	Effects of any re-statements of information	61	
102-49	Changes in the scope, boundary or measurement methods	61	
102-50	Reporting period	61	
102-51	Date of most recent previous report	61	
102-52	Reporting cycle	61	
102-53	Contact point	<a href="#">Contacts CSR &amp; Sustainability</a>	
102-54	Claims of reporting in accordance with the GRI Standards	61	
102-55	GRI Content Index	62 – 67	
102-56	External assurance of the report	59 – 60	
Data integrity			
103-1	Explanation of the material topics and their boundaries	7 – 9	
			The management concept, together with the objectives from the key topic of “Data Integrity” also identified under the Sustainability Strategy 2025 and the KPIs deriving therefrom, are currently being developed and finalized internally. We will report on progress in the CSR report 2021.
103-2	The management approach and its components		

Key topics and GRI indicators		Page reference in the Corporate Report and Web	Comments
			The management concept, together with the objectives from the key topic of “Data Integrity” also identified under the Sustainability Strategy 2025 and the KPIs deriving therefrom, are currently being developed and finalized internally. We will report on progress in the CSR report 2021.
103-3	Evaluation of the management approach		
			There were no legitimate complaints relevant to breaches of customer privacy or losses of customer data during the period under review. Our Group quality management system includes a data privacy management system. In that context, the first Group companies are already certified according to ISO 27001 (information security).
418-1	Complaints regarding customer data privacy		
Employee safety			
103-1	Explanation of the material topics and their boundaries	7 – 9, 22 – 23	
103-2	The management approach and its components	22 – 23	
103-3	Evaluation of the management approach	22 – 23	
			We monitor the effectiveness of our occupational safety measures through, among other things, a network of business unit-related safety committees in Germany and abroad through safety committees at the corporate subsidiary level. All of our employees in Germany are represented by these safety committees. In the reporting year, a safety committee was set up for each company throughout the Group that had more than 50 employees; these committees are to meet once per quarter.
403-1	Workforce representation in health and safety committees		
			There were no reports of occupational diseases in the Group during the reporting year. Records do not differentiate between men and women.
403-2	Injuries, occupational diseases and work-related accidents	22	
			Occupational health services are provided depending on the work of our employees and the risk involved, as assessed in accordance with SOP (Standard Operating Procedure) HSE risk management and the country-specific legal requirements. The focus for all Group companies in 2020 was on protecting the health of our employees against the backdrop of the COVID-19 pandemic.
403-3	Occupational health services		
			All of our employees in Germany are represented by these safety committees. In the reporting year, a safety committee was set up for each company throughout the Group that had more than 50 employees; these committees are to meet once per quarter. Employees' engagement is set forth in the SOP on “HSE Communication and Awareness.”
403-4	Employee participation, consultation and communication on occupational safety and health		
403-5	Employee training on occupational safety and health		We regularly train our employees via eLearning in matters of occupational safety and health (in accordance with the SOP on “HSE Competence and Training”).
			Employee health is promoted at the Group-company level. In Germany, flu vaccinations are offered, and a strong emphasis is placed on the mental health of our employees. The focus for all Group companies in 2020 was on protecting the health of our employees against the backdrop of the COVID-19 pandemic.
403-6	Promotion of worker health		

Key topics and GRI indicators		Page reference in the Corporate Report and Web	Comments
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Crisis-management teams at both the regional and corporate levels have been set up to prevent and mitigate impacts on the health and safety of our employees, e.g. as a result of the COVID-19 pandemic.
			We cover 100 percent of our employees through our occupational safety and health management system.
			All employees affected by work-related injuries in 2020 have returned to their workplace.
		22	
403-8	Workers covered by an occupational health and safety management system		
403-9	Work-related injuries	22	
403-10	Work-related ill health	22	There were no cases of work-related ill health brought to our attention for 2020.
Service Quality			
103-1	Explanation of the material topics and their boundaries	7 – 9, 31 – 34	
103-2	The management approach and its components	31 – 34	
103-3	Evaluation of the management approach	31 – 34	
416-1	Product and service categories for which health and safety impacts are assessed		Analyzing products and services with regard to their effects on health, safety, and the environment is TÜV Rheinland's core area of expertise. Because all of the services provided by TÜV Rheinland have the aim of contributing to an improvement in health, safety or environmental compatibility, there is no systematic record-keeping of the percentage of categories of relevant products and services for which health and safety impacts are assessed for their improvement potential. An overview of our services can be found at <a href="http://www.tuv.com">www.tuv.com</a>
			Our companies have no specific requirements for the labeling of products or services. There is a catalog for our test marks, however, that provides transparency about the underlying testing services.
417-1	Requirements for product and service information and labeling	<a href="http://www.certipedia.com">www.certipedia.com</a>	
Employee development			
103-1	Explanation of the material topics and their boundaries	7 – 9, 16 – 17	
103-2	The management approach and its components	16 – 17	
103-3	Evaluation of the management approach	16 – 17	
404-1	Training and education	17	
404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Development &amp; Career TÜV Rheinland</a>	TÜV Rheinland offers numerous personnel-development programs for different hierarchical levels within the company. You will find detailed information on our website.
			Our employees worldwide have the opportunity to discuss their career development and collaboration in a structured employee review with their supervisor – sometimes complemented by a target agreement/ performance assessment review. Because the system landscape in which completed employee appraisals are entered is diverse, we cannot maintain records on an international level of the proportion of employees who have taken part in these appraisals.
404-3	Regular performance and career development reviews	<a href="#">Development &amp; Career TÜV Rheinland</a>	
Business Ethics			
103-1	Explanation of the material topics and their boundaries	7 – 9, 11 – 14	
103-2	The management approach and its components	11 – 14	
103-3	Evaluation of the management approach	15	

Key topics and GRI indicators		Page reference in the Corporate Report and Web	Comments
205-1	Operations assessed for risks related to corruption	11 – 14	
205-2	Percentage of employees trained in anti-corruption policies and procedures	13	We currently do not report information by region and employee and business-partner category. We pursue a consistent approach across the Group, regardless of employee category and region.
			Due to the relative descriptive content, there is no separate preparation and recording of compliance-related violations with regard to corruption.
205-3	Incidents of corruption and actions taken		Our donation and sponsoring guidelines prohibit the support of political parties without the prior written authorization of the Executive Board. Corporate GO Compliance must be informed about political contributions. We are unaware of any contributions made to political parties during the reporting year.
415-1	Political contributions		
Legal compliance			
103-1	Explanation of the material topics and their boundaries	7 – 9, 11 – 14	
103-2	The management approach and its components	11 – 14	
103-3	Evaluation of the management approach	15	
206-1	Legal actions for anti-competitive behavior		To our knowledge, there were no significant legal actions for anti-competitive behavior during the reporting year.
			To our knowledge, there were no such significant breaches and resulting fines across the entire Group in the reporting year.
307-1	Fines for non-compliance with environmental laws and regulations		We are not aware of any significant fines or other sanctions for non-compliance with social and economic laws and/or regulations during the 2020 reporting year. The current case law on the PIP case is taken into account in the 2020 financial statements (section on “Opportunities and risks”; subsection on “Compliance risks”), which is published in the German Federal Gazette (Bundesanzeiger).
419-1	Non-compliance with laws and regulations in the social and economic area		
Labor rights			
103-1	Explanation of the material topics and their boundaries	7 – 9	
103-2	The management approach and its components	17 – 20	The management concept, together with the objectives from the key topic of “labor rights” also identified under the sustainability strategy 2025 and the KPIs deriving therefrom, are currently being developed and finalized internally. We will report on progress in the CSR report 2021.
			The management concept, together with the objectives from the key topic of “labor rights” also identified under the sustainability strategy 2025 and the KPIs deriving therefrom, are currently being developed and finalized internally. We will report on progress in the CSR report 2021.
103-3	Evaluation of the management approach	17 – 20	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Since we have insufficient data on this topic, we cannot offer a disclosure in this context at this point in time.
402-1	Minimum notice periods regarding operational changes		Pursuant to statutory regulations (§§ 111, 112 German Labor-Management Relations Act [BetrVG]), in Germany the responsible works council is fully informed on a timely basis about planned operational changes which might result in significant disadvantages for the workforce or for significant parts of the workforce, and the works council is consulted regarding the planned operational changes.

Key topics and GRI indicators		Page reference in the Corporate Report and Web	Comments
405-2	Equal remuneration for women and men		At TÜV Rheinland, an employee's wage is oriented to the employee's work activities, qualifications and professional experience.
Non-Discrimination			
103-1	Explanation of the material topics and their boundaries	7 – 9, 21 – 22	
103-2	The management approach and its components	21 – 22	
103-3	Evaluation of the management approach	21 – 22	
406-1	Incidents of discrimination and corrective actions taken		There were no actions for discrimination brought during the reporting year.
Diversity and Equal Opportunity			
103-1	Explanation of the material topics and their boundaries	7 – 9, 19 – 21	
103-2	The management approach and its components	19 – 21	
103-3	Evaluation of the management approach	19 – 21	
			Three members of the Executive Board are male, one female. All members of the Executive Board are German. One member is between 30 and 50 years old, and three members are over 50 years of age.
405-1	Composition of governance bodies and total workforce	18 – 19	
Greenhouse gas emissions			
103-1	Explanation of the material topics and their boundaries	7 – 9, 24 – 27	
103-2	The management approach and its components	24 – 27	
103-3	Evaluation of the management approach	24 – 27	
			Direct greenhouse gas emissions according to Scope 1 amounted to 2,214 t CO <sub>2</sub> in the reporting year. Breakdown of Scope 1 emissions: a) from natural gas (global): 1,611 t CO <sub>2</sub> ; b) from heating oil (global): 603 t CO <sub>2</sub> .
305-1	Direct greenhouse gas emissions – Scope 1	24 – 25	
			Indirect greenhouse gas emissions according to Scope 2 amounted to 35,693 t CO <sub>2</sub> in the reporting year, thereof from electricity (global): 35,388 t CO <sub>2</sub> and from district heating (global): 305 t CO <sub>2</sub> .
305-2	Indirect greenhouse gas emissions – Scope 2	24 – 27	
			Indirect greenhouse gas emissions according to Scope 3 amounted to 15,233 t CO <sub>2</sub> in the reporting year.
305-3	Other indirect greenhouse gas emissions – Scope 3	24 – 27	
305-4	Intensity of greenhouse gas emissions	24 – 27	
305-5	Reduction of greenhouse gas emissions	24 – 27	Reductions were made in Scope 1 (direct), 2 (indirect) and 3 (business travel).

# Supervisory Board and Executive Board of TÜV Rheinland AG

The current Supervisory Board of TÜV Rheinland AG consists of 17 members. The Chairman of the Supervisory Board is Prof. Dr. Michael Hüther, Director and Member of the Presidium at the German Economic Institute.

The members of the Executive Board of TÜV Rheinland AG manage the company jointly and under their own responsibility. The Executive Board includes Dr.-Ing. Michael Fübi (Chief Executive Officer) along with Vincent Giesue Furnari, Ralf Scheller and Ruth Werhahn.

## Chairman of the Supervisory Board



Prof. Dr. Michael Hüther

## Executive Board



Dr.-Ing. Michael Fübi  
Chief Executive Officer



Vincent Giesue Furnari  
Chief Financial Officer



Ralf Scheller  
Chief Operating Officer



Ruth Werhahn  
Executive Board member for Human Resources and Law, and Labor Relations Director



# Organization of TÜV Rheinland

with its Business Streams and regions,  
the Group is organized in the form of a matrix.

Global responsibility for results lies with the Executive Vice Presidents (Business EVP) of the Business Streams. They manage the development of their Business Streams at a global level. The regional EVPs are the top representatives of TÜV Rheinland in the regions, where they coordinate all activities extending beyond the Business Streams. The EVP Sales, Marketing and Communication also acts at this management level. The Executive Vice Presidents prepare the substance of important decisions by the Executive Board. They coordinate with the Executive Board in the

Group Executive Council, the top operational management team at TÜV Rheinland AG. In addition to the Executive Board and the EVPs, the Group Executive Council also includes representatives of selected service functions. The operational parent company of the Group's subsidiaries is TÜV Rheinland AG. Its shares are wholly owned by TÜV Rheinland Berlin Brandenburg Pfalz e. V. In accordance with Germany's right of co-determination, employees are represented by staff representatives on the Supervisory and Management bodies.

## Heads of Business Streams



Industrial Services & Cybersecurity  
Petr Láhner



Mobility  
Dr. Matthias Schubert



Products  
Kimmo Fuller



Academy & Life Care  
Markus Dohm



Systems  
Andreas Höfer



Sales, Marketing and Communication  
Michael Weppeler

## Regional heads



Germany  
Dr.-Ing. Michael Fübi



Western Europe / Central Eastern Europe  
Kirsten Raapke



India, Middle East, Africa  
Benedikt Anselmann



Asia Pacific  
Jennelle Petit



Greater China  
Yushun Wong



North America / South America  
Chris Koci