

Transparency  
**Transformation**  
Sustainability





# Foreword

**Dear readers,**

**We are pleased to present our third sustainability report to you, which describes the progress we have made in our sustainability management. As a family-led company, we are conscious of our responsibility and have been advocating for sustainable corporate development for generations. The report documents our ongoing efforts to tackle ecological and social challenges and discloses what we are doing to help protect the climate, the environment and resources, as well as to help solve any social challenges.**

The extent of the sustainability declaration is determined on the basis of the materiality analysis and the inclusion of stakeholders. The scope includes all European subsidiaries that come within the consolidated accounts of the TTS Group and, as far as possible, also extends to important suppliers and customers. Exceptions to the scope of consolidation, such as the extension to the entire TTS Group (operational control approach) for the calculation of emissions, are explicitly identified. The TTS Group is endeavouring to expand the scope of its sustainability declaration to include more comprehensive data from the entire value chain. Future improvements will focus on improving the impacts on downstream areas and the level of detail of upstream data.

In 2023, the focus was on the new requirements of the Corporate Sustainability Reporting Directive (CSRD). The introduction and optimisation of the necessary processes was a major task that will continue to occupy us in the coming years.

This change in the reporting process means that the TTS Group's Finance department has a key role to play, which is why a separate unit has been set up for ESG controlling. We are responsible for the data collection and reporting systems, as well as the associated processes to create transparency in ESG (environmental, social and governance) data management and to make the achievement of sustainability targets measurable.

As the Management Board, we stand united behind the issue of sustainability, and are aware of our responsibility in this area. I am glad that, in my role as CFO, I can make a significant contribution to transparency, and that we are taking another step on our sustainability journey with this report.

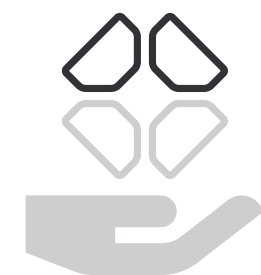
**I hope the report is an informative read for you.**

**Yours sincerely,  
Dr Birgit Braches**

A handwritten signature in black ink, reading "Dr. Birgit Braches". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.



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**Information**

To improve readability, plural pronouns are used in this sustainability report to refer to a singular subject of any gender.

ESRS 2

# General information

# ESRS 2 – General information

This sustainability declaration was prepared with reference to the ESRS (European Sustainability Reporting Standards) published by the European Financial Reporting Advisory Group (EFRAG). The data items contained in the E, S and G (environmental, social and governance) sections were categorised as 'material' as part of the double materiality assessment, and are therefore reported in this sustainability declaration. [ESRS 2-BP-1](#)

## BASES FOR THE CREATION OF THE SUSTAINABILITY DECLARATION

The sustainability report was prepared on a consolidated basis and includes TTS Tooltechnic Systems Holding AG and its operating European subsidiaries within the scope of consolidation in the consolidated accounts. The information described relates to the business year from 1st January to 31st December 2023. [ESRS2-BP-1-5 \(a\) + \(b i\)](#)

## INFORMATION IN CONNECTION WITH SPECIFIC CIRCUMSTANCES

The sustainability declaration of the TTS Group is made for the first time in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD). However, due to the current corporate structure and data situation, some of the requested data records

are not fully available or there are no established data management processes yet. [ESRS2-BP-1-5 \(c\)](#)

The TTS Group currently consists of several subsidiaries, most of which are fully owned by the TTS Group. Within the scope of a strategic realignment in 2022, the five premium brands exoIQ, Festool, SawStop, Shaper and TANOS became independent companies. The other subsidiaries of the TTS Group, some of which have supplier relationships with Festool, are together presented externally as parts of Festool. This Group structure leads to different governance structures in relation to ownership and data management. [ESRS2-BP-2-6](#)

The holding company does not carry out its administrative activities in a standardised manner. Some of the subsidiaries have their own administrative functions in addition to the holding company, while others rely exclusively on the central administration of the holding company. This results in inconsistent data collection and management, which makes comprehensive reporting on the company's own activities and the entire value chain more difficult.

With regard to the upstream value chain, the sustainability declaration does not currently include complete data on the ESG impacts of the TTS Group's suppliers, as a standardised data process has not yet been established. In particular, the sustainable and ethical procurement of raw materials is only reported for certain subsidiaries that have their own administrative functions and can collect and analyse data accordingly.

For the downstream value chain, the TTS Group sometimes records the carbon footprint associated with the transport and distribution of its products, particularly for some of its established brands. However, there is a lack of comprehensive data on the impacts while products are being used by customers and on the end-of-life phase, including recycling and disposal. This is mainly, due to the fact that this data only exists in fragments and the collection processes still have to be further developed.

The TTS Group strives to continuously improve the reach of its sustainability declaration and to standardise data collection and management, in order to fully meet the requirements of the CSRD and guarantee comprehensive transparency across the entire value chain. The TTS Group uses rounding in text and tables when presenting the key figures. Therefore, individual figures in the tables may not add up exactly to the total specified, and the percentages given may not reflect the corresponding absolute values precisely. [ESRS2-BP-2-10 \(d\)](#)

## THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

### SUPERVISORY BOARD

The Supervisory Board consists of six members, including four men (external members) and two women (members of the owner family without a managerial role). The four external members of the Supervisory Board have extensive experience and qualifications, and work as managers or hold management positions in the areas of consulting, sales, auditing, logistics, development and production. In addition,



they all have experience in collaborating with family-owned companies. We see this as an important prerequisite for the Supervisory Board providing optimum support for our group of companies. [ESRS2-GOV-1-21 \(a\)-\(c\) & 22 \(a\)](#)

The Supervisory Board provides the Management Board with strategic guidance, performance evaluations, strategic decision support, financial and supervisory control, risk identification, and assessment and advice with regard to impacts and opportunities. The members of the Supervisory Board are:

- **Barbara Austel – Chairwoman**
- **Rüdiger Hahn**
- **Michael Kalmbach**
- **Dr Axel Kniehl**
- **Stefanie Luik**
- **Werner Müller**

## MANAGEMENT BOARD

In 2023, the Management Board was made up of four members, namely one woman (CFO) and three men (CEO, CMO/CSO and CTO/COO). The Management Board is responsible for strategy development, strategic alignment (vision, long-term targets), compliance, monitoring, stakeholder relations, and crisis and risk management. The members of the Management Board are: [ESRS2-GOV-1-21 \(c\) & GOV-1-5 \(a\)](#)

- **Sascha Menges (CEO)**
- **Dr Birgit Braches (CFO)**
- **Dr Wolfgang Knorr (CTO/COO)**
- **Christian Oltzsch (CMO/CSO) – stepped down at the start of 2024**

In addition to their main tasks, the members of the Management Board take on additional roles as sponsors for important projects:

- **CEO – Sponsor for corporate culture, diversity and inclusion**
- **CFO – Sponsor for strategic financial projects**
- **CTO/COO – Sponsor for sustainability**
- **CMO/CSO – Sponsor for strategic growth projects**

In accordance with Section 76(1) of the German Stock Corporation Act, the Management Board is responsible for managing the company, and is therefore responsible for all issues and tasks arising from the company's business or business policy. According to Section 90 of the German Stock Corporation Act, the Management Board reports to the Supervisory Board. This means that the Supervisory Board has the right to control the Management of the Management Board. [ESRS2-GOV-1-22 \(c\) i & ii](#)

These legal obligations are implemented via a cascading strategy within TTS Tooltechnic Systems AG & Co. KG by the Articles of Association (AoA)/company agreement (as of 07/2023) and the rules of procedure for the Management Board resulting from the Articles of Association (as of 07/2014), and in turn the distribution-of-business plan resulting from the rules of procedure (as of 02/2024). As a selection criterion for its highest governance body, the TTS Group does not focus exclusively on expert knowledge, but also takes into account professional experience in family-owned companies.

In order to avoid conflicts of interest within the stakeholder groups when selecting members of the Supervisory Board, the TTS Group has defined Codes of Conduct for employees and managers as well as guidelines on ethical company management. The term of office for members of the Supervisory Board is between 3 and 20 years. The role of the Supervisory Board comprises various tasks and responsibilities. The Supervisory Board works closely with the Management Board, providing input and impetus for strategy and sustainable company development as well as advice and feedback. The Supervisory Board is also actively involved and plays a substantial role in the development of guiding principles and values. It provides sup-

port through regular dialogue with the Management Board and, if necessary, with other management levels. As the highest governance body, the Supervisory Board is ultimately responsible for appointing the Management Board and for reviewing and approving change processes, targets and the consolidated accounts.

The Management of the TTS Group is obliged to organise and lead the company so that violations of the law are avoided. Within the Group, this obligation is the responsibility of the Group Management Board. Managers play a key role in fulfilling this corporate responsibility. The Management Board has therefore issued the guideline for managers for the management of the TTS Group and the associated companies ("TTS Subsidiaries"). This guideline informs managers about their contribution to and responsibility for proper corporate governance.

## GUIDELINE FOR MANAGERS

The guideline for managers defines the delegation of obligations within the TTS Group from the Management Board to the managers, and sets out requirements for the internal approval of business processes. It also defines requirements for the creation, approval and communication of internal guidelines and other regulations. This guideline is aimed at persons who report directly, the Management of affiliated companies, Commercial Managers and persons with the power of attorney or comparable functions, National Sales Managers and Finance Managers of the local entities, the sales management team, employees in committees and those with disciplinary or particular functional responsibility. [G1-MDR-P-01-65 \(a\)-\(c\)](#)

## CASCADE PRINCIPLE OF RESPONSIBILITY

The TTS Group uses a cascade principle to ensure transparent and clear structuring of responsibilities within the Group. Responsibility is delegated from the Management Board to Division Managers, from Division Managers to Department Managers, from Department Managers to team leaders and from team leaders to employees.





**Dr Wolfgang Knorr**  
(CTO & COO)

**Dr Birgit Braches**  
(CFO)

**Sascha Menges**  
(CEO)

**Christian Oltzcher**  
stepped down at the start of 2024  
(CSO & CMO)

(from left to right)

## ROLES AND RESPONSIBILITIES OF MANAGERS

In addition to their professional responsibilities, managers in the TTS Group have the task of supporting the Management Board and the supervisory committees of the affiliated companies in fulfilling their legal responsibility to provide proper corporate governance. They must ensure that their organisational unit is aligned with the strategic guidelines, that legal regulations and internal specifications are implemented, that their employees are managed, that comprehensible and documented processes as well as appropriate and effective internal controls are implemented, and that risks are identified and dealt with.

Managers are obliged to independently and regularly learn about the applicable guidelines and set targets for their employees, to organise their tasks and responsibilities, to make decisions, to ensure and assess work performance and work results, to maintain regular dialogue and a regular exchange of information, and to give their employees opportunities for promotion and further development. They are also responsible for the occupational safety of their employees.

## IMPLEMENTATION OF PROPER CORPORATE GOVERNANCE

To ensure proper corporate governance, managers implement comprehensible and documented processes as well as appropriate and effective internal controls. Examples of this are:

- Expertise management
- Clear work instructions
- Ensuring the 'four-eye principle'
- Transparency in communication
- Traceable archiving of documents

Thanks to these measures and structures, supervision of the management level and its delegated roles and committees is exercised effectively, and proper corporate governance is ensured within the TTS Group.



Sustainability is an integral part of the TTS Group's TTS2030 strategy. The Management Board meets regularly with the Supervisory Board, and the Chairwoman of the Supervisory Board also has regular and direct contact with the Management Board and is accessible to managers and employees by regularly being on site, participating in meetings and having her own mailbox to promote dialogue. The Management Board and the Supervisory Board also regularly hold Management Board meetings, in order to discuss importance issues in depth. Depending on the focus, managers and employees are invited to present specific topics. This ensures that the Supervisory Board is involved, receives first-hand information and personally gets to know the managers who are advancing important and relevant issues.

The Management Board organises two-day "board workshops" twice a year. In addition, Management Board meetings – known as "TTS board meetings" – are held every fortnight. With these meetings, the group of companies ensures that the Management Board has an overview of the issues and can monitor their progress. Some issues are regularly on the agenda, others are added if necessary – for discussion, for approval or to check their status.

The TTS summit takes place once a year. The participants are selected individuals – General Managers, Division Managers and Programme Managers – who contribute to the topics of the TTS2030 strategy. To ensure transparency and to support regular dialogue with the subsidiaries at other production sites, brand reviews take place three times a year in order to monitor progress on financial and strategic issues. Quarterly strategy circles improve the dialogue between the General Managers, so that they can discuss topics that are relevant to the Group strategy. If necessary, additional meetings are scheduled or planned meetings are shortened. [ESRS2-GOV-1-22 \(c\) iii](#)

In addition, there are monthly meetings for Division Managers and Programme Managers who report directly to the Management Board or manage large departments (~45 employees), in order to ensure communication, transparency and dialogue on current topics and monthly target achievement. Quarterly meetings are mandatory

for all managers in the TTS Group in order to inform them about issues such as the TTS2030 strategy, the TTS brands (subsidiaries) and current projects, to ensure transparency and to create a platform for questions and dialogue.

The members of the Management Board have regular one-to-one meetings with those who report directly to them (at least monthly). The subsidiaries also have their own communication and monitoring processes. Depending on the topic, formats like steering committees, technical committees, individual team meetings and project discussions are used. These comprehensive communication and monitoring processes ensure that dedicated controls and procedures are seamlessly integrated into other internal functions, thereby guaranteeing effective corporate governance and compliance with the TTS2030 strategy.

Sustainability is embedded in the brand reviews as a fixed item on the agenda, in order to ensure that the subsidiaries work on their key issues and on improving their sustainability performance. Sustainability and the associated key topics are regularly presented and discussed in the quarterly meetings (~340 TTS managers worldwide).

The CTO/COO is the sponsor for sustainability as a strategic pillar, and has therefore defined specific targets together with the members of the Management Board and the Supervisory Board. This guarantees that sustainability and its key issues have a strong presence at all levels, as the CTO/COO has a wide reach within the company and comprehensive access within the holding company. The Sustainability Manager reports directly to the CTO/COO. The sustainability team (two persons) also holds monthly one-to-one meetings with the CTO/COO.

[ESRS2-GOV-1-22 \(d\) & GOV-2-26 \(a\)-\(b\)](#)

The following measures are implemented to monitor objectives and progress:

**Brand reviews:** Sustainability is a fixed item on the agenda, in order to ensure that the subsidiaries work on key issues and improve their sustainability performance.

**Strategy circle:** Topics such as the TTS2030 corporate strategy, corporate culture, strategic networks and sustainability are discussed and presented by the TTS Group's Management Board and the General Managers of the subsidiaries, in order to guarantee effective dialogue.

**Quarterly meetings:** Key sustainability issues are on the agenda and are presented and discussed, where applicable, in front of around 340 managers from around the world.

**Specific objectives:** The CTO/COO has defined specific sustainability targets together with the Management Board and the Supervisory Board.

**Reporting line:** The Sustainability Manager reports directly to the CTO/COO, and the sustainability team holds monthly one-to-one meetings with the CTO/COO.

Through these structures and processes, the TTS Group ensures that the administrative, management and supervisory bodies and the management team monitor target setting with regard to material impacts, risks and opportunities, and continuously monitor progress towards these targets. This promotes effective implementation of the sustainability strategy at all levels of the company.

### INFORMATION AND SUSTAINABILITY ISSUES THAT THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY DEAL WITH

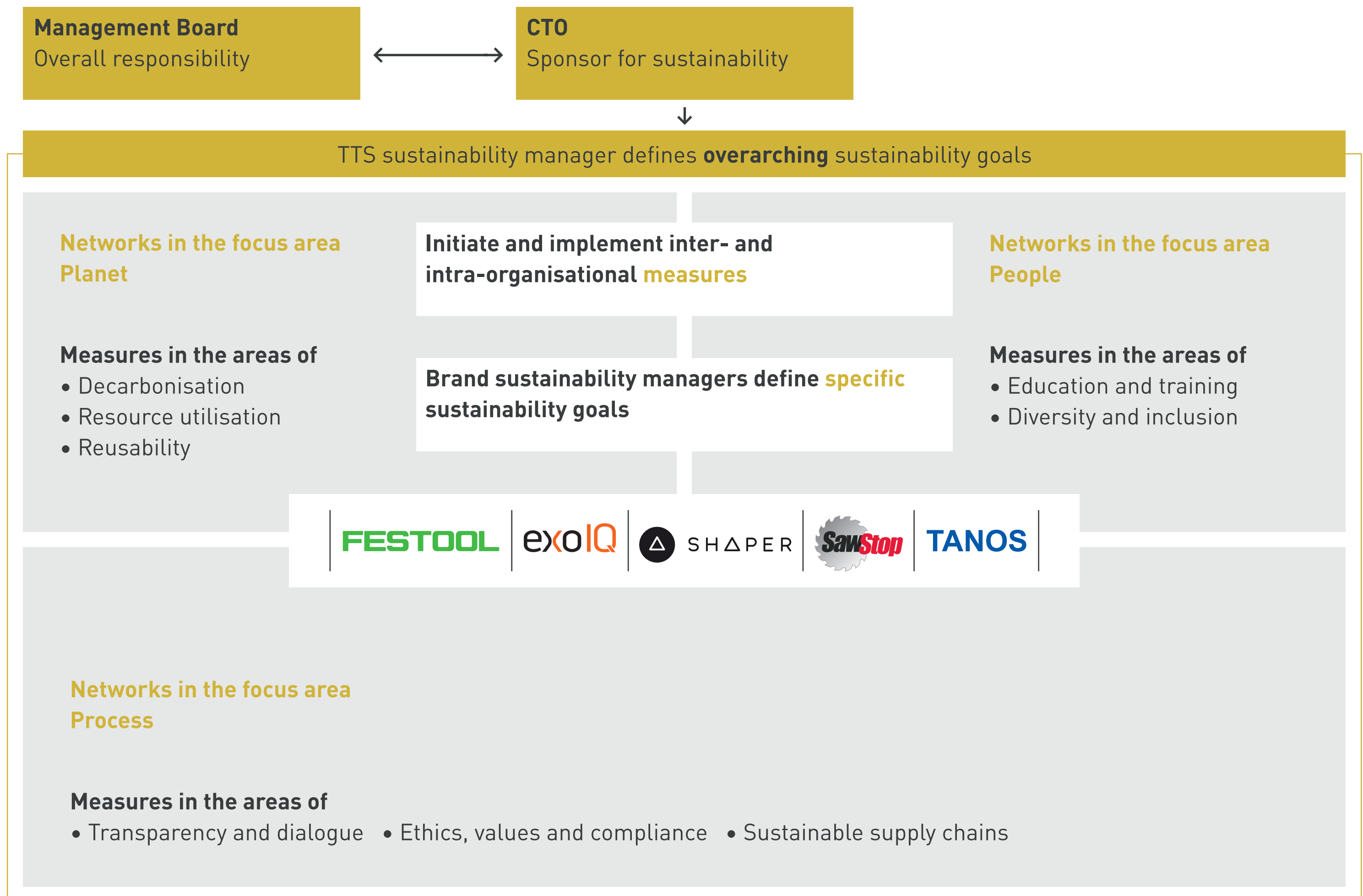
Work on sustainability issues in 2023 was carried out in close consultation with the Management Board and the General Managers of the subsidiaries. The sustainability team participated in the TTS board meetings or other special meetings roughly once a month, and was invited to the strategy circle meetings held every three months. Both the members of the Management Board of the TTS Group and the General Managers of the subsidiaries contributed to the performance

of the double materiality analysis (see IRO-1). Since 2022, the CTO/COO has acted as a sponsor for sustainability, which has given sustainability a strong presence – the sustainability team had one-to-one meetings with the CTO/COO every month. Sustainability Management reported directly to the CTO/COO, so the topic was an item on the agenda at least twice a month. The TTS sustainability team was also invited to the meeting of the Supervisory Board twice in 2023. There is a sustainability steering committee at management level.

In addition, the subsidiaries exoIQ, Festool, SawStop, Shaper and TANOS each appointed a disseminator who, in close coordination and collaboration with the TTS sustainability team, is advancing the topic in their company. Dialogue took place monthly. The results of the materiality analysis were presented, explained, discussed and finalised in several meetings of the Management Board, the strategy circle, the steering committee and the disseminators. Comprehensive communication was achieved via a dedicated intranet page for sustainability at TTS. As the TTS Group sees sustainability as an interdisciplinary topic, it does not want to implement a clear hierarchy in the organisation of its sustainability management. Instead, it wants a network in which all those responsible are allowed to help shape the sustainability management of the TTS Group. [GOV 2-26 \(a\)](#)

## STRATEGY, BUSINESS MODEL AND VALUE CHAIN

The TTS Group offers a wide range of power tools and machines that are specially tailored to the requirements of trade sectors such as woodworking and wood processing, as well as painters and private customers in the hobby and DIY sector. The range also includes organisation and storage systems, including innovative box and transport systems that improve efficiency and order on construction sites and in workshops. New additions to the range are active support systems in the form of exoskeletons, which relieve the strain of physically



TTS structure for sustainability management



strenuous activities in trade and industry, and thus promote the health and productivity of users in the long term. [ESRS 2 – SBM 1-40 \(a\) i](#)

The group of companies serves a large number of important markets and customer groups. The main target groups are trade, industry and private customers in the hobby and DIY sector. The other customer groups vary depending on the brand. In addition to the target groups mentioned above, TANOS is aimed at cross-industry and cross-sector customer groups. exoIQ serves cross-industry and cross-sector customer groups, particularly where physically demanding, non-ergonomic work, such as overhead work with heavy and unwieldy parts, is carried out. Cleantec, Microcell and Aspro are affiliated companies of Festool and also contribute to the wide customer base. [ESRS 2 – SBM 1-40 \(a\) ii](#)

In view of the current economic situation, the TTS Group is faced with the challenge of ensuring that the area of profitability is given priority when it comes to the use of its financial, temporal and human resources. The biggest challenge is to find the right balance for strategic investments and to set priorities. [ESRS 2 – SBM 1-40 \(g\)](#)

Despite these challenges, sustainability issues remain a central component of the TTS Group's corporate strategy, and are reflected in the focal areas of people, planet and process. As a holding company, the TTS Group therefore sets overarching sustainability targets in the focal areas, in order to provide the subsidiaries of the TTS Group with a framework for developing their individual sustainability strategies. The subsidiaries of the TTS Group are working on defining their sustainability targets according to the SMART principle (specific, measurable, achievable, relevant, time-bound). The following overarching targets have been defined as an outlook for 2024 for the TTS Group: [ESRS 2 – SBM 1-40 \(e\)](#)

#### **Decarbonisation:**

- Reduction of emissions for Scope 1 and 2 of 90 per cent by 2035
- Reduction of emissions for Scope 3 of 90 per cent by 2050

#### **Transparency and dialogue:**

- Establishment of consistent and stable data management for relevant sustainability areas (climate, resources, supply chains, reporting) by TTS together with the subsidiaries and affiliated companies by the end of 2026
- Integration of a continuous stakeholder dialogue into company processes

#### **Sustainable supply chains:**

- Implementation of the requirements of the German Supply Chain Due Diligence Act (SCDDA) at German companies
- Extension of transparency regarding suppliers of certain product groups to indirect suppliers
- Optimisation of logistics processes

#### **Conserving resources and promoting economic cycles:**

- Reducing packaging materials and switching to more sustainable alternatives
- Critical evaluation and extension of business models

#### **Education and training of employees:**

- Extension of learning opportunities and increasing the understanding of sustainability
- Continuously making employees aware of the topic of sustainability
- Promotion of sustainable behaviour among employees

#### **Diversity and inclusion:**

- Creating/promoting an awareness of diversity and inclusion, and empowering employees and managers to take this into account in their working environment
- Promotion of female leadership and work-life balance
- Strengthening international/intercultural collaboration at a global and local level

These targets act as a guideline for the subsidiaries of the TTS Group, so that they can develop and implement their own sustainable initiatives and measures.

At a company level, Festool has the greatest influence, both in production and in the volume of sold products. According to the Carbon Footprint Report 2022, the Festool extractor has the greatest CO<sub>2</sub> impact here, due to its high sales volume and long service life. The largest market is in the area of power tools, particularly for tradespeople, industry and private customers in the hobby and DIY sector. A significant proportion of CO<sub>2</sub> is emitted while the products are being used by the customers. It is therefore a central sustainability target to support the customers of the TTS Group in using products more sustainably. This should be achieved by education and training, as well as through the provision of more efficient and more environmentally friendly products. The TTS Group's business partners, especially dealers, rely on transparency and clear sustainability practices on the part of TTS Subsidiaries in order to develop and strengthen their own sustainable practices. The target of the TTS Group is to guarantee this transparency, and consequently to design the entire supply chain to be more sustainable. [ESRS 2 – SBM 1-40 \(f\)](#)

The TTS Group stands for strong brands in the power tool market, and includes companies that manufacture and supply power tools, electric machines, accessories and consumables for professional users. The product range covers the areas of wood, painting and renovation, as well as support systems for human motion sequences and packaging, classification and transport systems. Festool GmbH, the largest company in the Group, supports the other subsidiaries in the areas of purchasing and logistics as well as in specific topics with technical expertise. The procurement of the required materials and components is carried out by the Purchasing departments of the companies, with Festool GmbH supporting the other subsidiaries in ensuring efficient procurement. [ESRS 2 – SBM 1-42 \(a\)](#)

Engineers, application technicians and trainers from the Research and Development (R&D), Application Technology and Product Management departments work continuously on improving existing products and developing new ones. Close partnerships and cooperation guarantee that the latest technologies and developments are integrated into the products. Long-term relationships with suppliers and dealers as well as fair conditions for all dealers ensure a stable and reliable supply chain. Customer loyalty programmes and a strong employer brand strengthen the loyalty of customers and employees. Continuous communication with industry associations helps to identify current developments and trends at an early stage. The TTS Group also offers shared services in areas such as finance, IT and human resources, which enables the companies in the Group to increase their efficiency and focus on their core competences. This comprehensive approach to procurement, development and securing of inputs strengthens the TTS Group's position as a leading supplier in the power tool market and supports the achievement of its sustainability targets. In the 2023 reporting year, the turnover of the TTS Group was 869 million euros. This corresponds to a decline of -6.8 per cent or 63 million euros.

The TTS Group delivers a variety of outputs, including high-quality products, services and training, as well as substantial intellectual property protected by numerous product-related patents for increased safety, efficiency and precision. These outputs contribute to significant outcomes that offer current and expected benefits for customers, trading partners, suppliers and employees. For the customers of the TTS Group, the current benefit means high-quality premium products with innovative approaches. The products of all subsidiaries are designed to guarantee the highest possible level of safety during use. The companies of the Group actively share their knowledge with customers through various media and live events, thereby emphasising the durability and sustainability of the products. In future, the TTS Group plans to commit itself even more strongly to sustainability, and to develop ecologically responsible products and services. This enables the customer to make a contribution to social and ecological

## TTS Tooltechnic Systems



**exoIQ**

**ExoIQ**  
Support systems  
for human motion  
sequences



**FESTOOL**

**Festool**  
Power tools – Inspired  
by craftspeople



**SawStop**

**SawStop**  
Circular table saws  
with the latest safety  
technology



**SHAPER**

**Shaper**  
Robotics company with  
user-oriented technology



**TANOS**

**Tanos**  
Packaging and transport  
system for power tools  
and accessories

### Affiliated companies

**TTS Cleantec GmbH**  
Full-service provider for all dust  
engineering requirements

**Microcell PU**  
Specialist for abrasives and  
sanding pads for professional use

**Aspro GmbH**  
Developer and manufacturer of  
electronics and testing technology

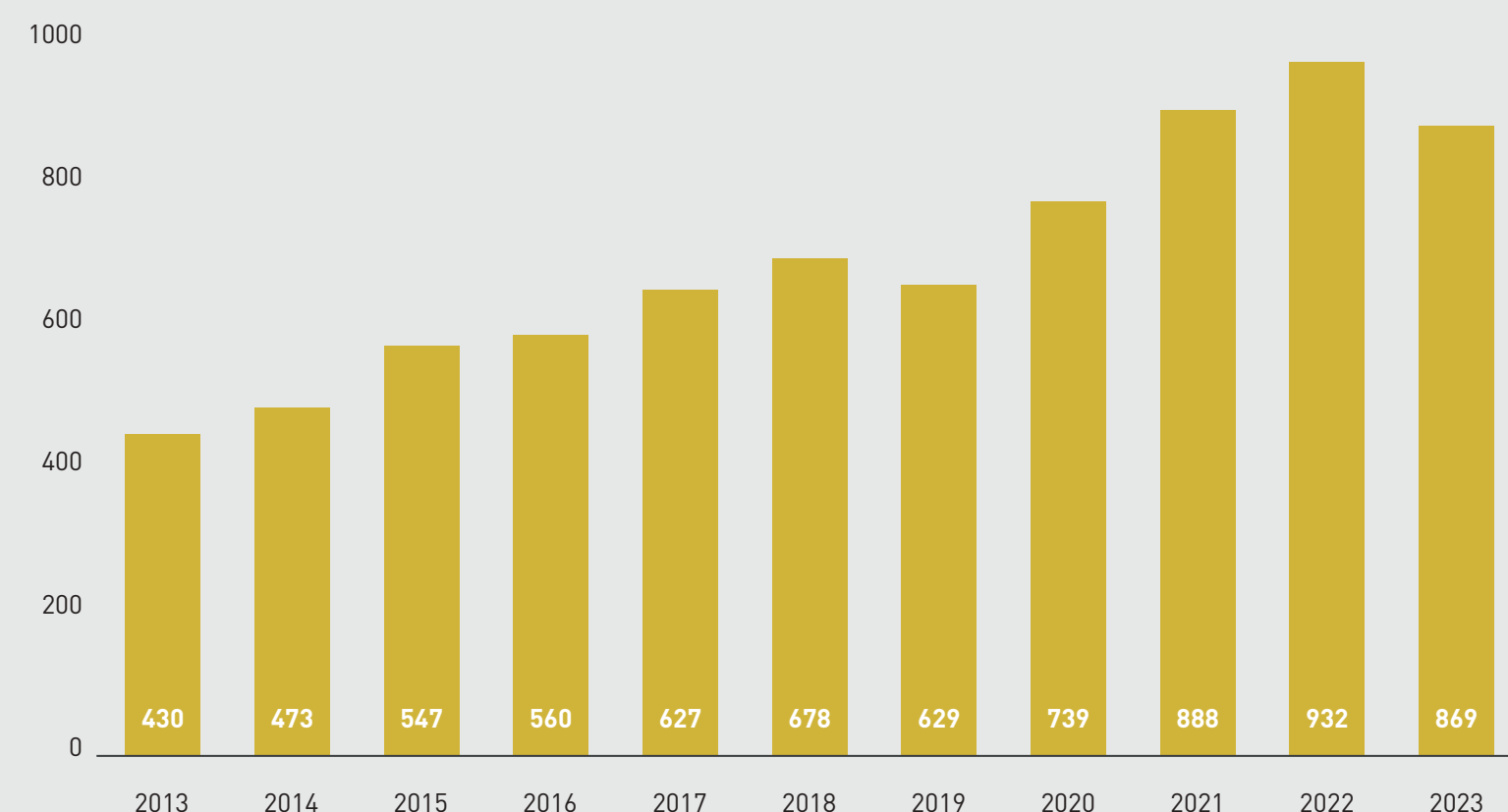


sustainability through the acquisition of products. For the TTS Group's trading partners, this collaboration means greater transparency regarding sustainability performance and increased collaboration efficiency. This strengthens the relationship and trust between the TTS Group and its trading partners. Investors do not play a role at the TTS Group and its subsidiaries, as the company has no external investors. The focus is therefore on long-term and stable relationships with other stakeholders, with suppliers benefiting from close, long-term collaboration. We are working together to promote sustainable practices throughout the supply chain. This leads to stable and environmentally friendly supply relationships in the long term. The TTS Group offers its employees a safe and respectful working environment. Professional further development is promoted by training sessions, which increase the satisfaction and loyalty of employees. Overall, through its outputs and outcomes, the TTS Group ensures that it not only offers its customers, trading partners, suppliers and employees current benefits, but also contributes to a more sustainable and more responsible economy in the long term. [ESRS 2 – SBM 1-42 \(b\)](#)

**Sustainability is a core value of the TTS Group and is firmly anchored in our corporate culture.**

### Turnover development 2013 to 2023

in million EUR



### STAKEHOLDERS' INTERESTS AND POSITIONS

The TTS Group actively engages and interacts with various stakeholder groups to guarantee effective communication and collaboration.

**Employees:** There are numerous communication channels and touch-points such as e-mails, (works) meetings, live online meetings, campaigns and action days, all of which are regularly made use of. Information is also disseminated via the intranet, Teams channels, notice boards and posters. Various networks and joint workshops promote dialogue. An anonymous pool of ideas named 'PAULA' enables employees to submit suggestions. There are always direct points of contact in the company for any kind of information. [ESRS 2 – SBM 2-45 \(a\)](#)

**Customers:** Interaction with customers is the responsibility of the individual subsidiaries within the Group. This includes marketing activities as well as sales and service activities that involve close customer contact. Customer surveys are regularly performed in order to better understand the needs and problems of the customers and to address them.

**Dealers (in companies with indirect/hybrid distribution):** Regular dialogue takes place in various formats, including in-person discussions, online meetings and annual agreement meetings. The Sales departments maintain direct contact, in order to support dealers in supporting their customers.

**Suppliers:** There is regular communication with suppliers that includes evaluations, audits and dialogues. In addition, the TTS Group annually awards the supplier prize, where suppliers are nominated in various categories. Further information on this is available on the company's website.

**Young talent:** Engagement takes place via platforms such as LinkedIn, as well as through partnerships and collaboration with vocational colleges, universities and universities of applied sciences. There are pupil open days, job fairs and other initiatives for reaching out to the younger generation and getting them interested in a career at the TTS Group.

**Owner family:** Family members actively participate in various events and take on responsibility for different topic areas. For example, Barbara Austel, who is also Chairwoman of the Supervisory Board, actively promotes diversity and inclusion as well as women in management, while Jakob Möhl deals with sustainability issues.

This active stakeholder engagement strategy enables the TTS Group to understand the needs and expectations of its various interest groups and to take well-founded decisions and measures on this basis. [ESRS 2 – SBM 2-45 \(a\) i](#)

The TTS Group has a multitude of important stakeholders, who are associated with the company in a different way and who influence its decisions.

**Employees:** The employees of the TTS Group on all levels contribute to the success of the Group and are simultaneously affected by its decisions.

**Customers:** Customers drive demand for products and services and have expectations that influence the company's decisions in terms of market success, profitability and stability.

**Dealers:** Dealers are crucial for the distribution of products, for the positioning of products and for direct customer contact. They make demands of their suppliers and can exert considerable influence through their expectations.

**Suppliers:** The suppliers provide critical inputs; their sustainable practices have a direct impact on the company's overall ecological and social footprint..

**Young talent:** Young talent constitutes the future workforce, so their preference for sustainable and ethical companies drives the TTS Group to develop responsible practices in order to attract and retain top talent.

**Owner family:** The owner family has an interest in the long-term success and reputation of the company, and ensures that sustainable business practices are in line with their values and heritage.

**Communities:** Local communities are directly affected by the company's business activities, and their support is crucial to ensuring positive social acceptance in the local area.

**Society:** The wider public is influenced by the company's environmental and social practices and, in turn, can influence the image and acceptance of the company.

The TTS Group has clearly identified and addressed opportunities and risks as part of its strategy. Strategic initiatives have been drawn up in order to ensure the continuous further development of the business model, both from a market perspective and internally. Thanks to an ongoing strategy process that includes regular reviews and adaptations, the company is able to respond quickly to changes and operate efficiently on the market. In general, the TTS Group is active in a future-proof market with a long-term growth prospect. The competences and synergies within the Group are also used to additionally strengthen the subsidiaries within the TTS Group.

Sustainability is a top priority for the TTS Group, both due to its own conviction and on the basis of social requirements. This results in an increased focus on sustainable practices in all areas of the company. At the same time, challenges such as the labour shortage open

up opportunities for innovation, which are supported by initiatives to promote diversity and inclusion as well as by flexible working models. In a VUCA (volatile, uncertain, complex, ambiguous) world, the TTS Group relies on a diverse corporate culture, strong leadership and the promotion of networks. In relation to market development, a hybrid sales model is being integrated at Festool, which includes its own shops in selected countries. [ESRS 2 – SBM 2-48 \(f\)](#)

The resilience of the strategy and the business model is analysed both qualitatively and, if applicable, quantitatively. This includes the way in which analyses are performed and the timescales applied in accordance with ESRS 1 Chapter 6. When providing quantitative information, individual amounts or ranges can be specified. Through this holistic approach, the TTS Group ensures that it is able to address key impacts and risks, and make use of key opportunities in order to guarantee long-term success.

\_\_\_\_\_ **Strategic stakeholder dialogues strengthen decision-making and promote the continuous further development of our sustainability strategy.**



## DOUBLE MATERIALITY ANALYSIS

As part of the preparations for the impending reporting obligation under the Corporate Sustainability Reporting Directive (CSRD), the TTS Group carried out a double materiality analysis based on the draft of the ESRS (European Sustainability Reporting Standards) of November 2022. The assessment was performed for the first time in 2023, in order to collect findings that are intended to refine the methodology of the TTS Group for future assessments. Taking into account EFRAG's statements and the TTS Group's own interpretation of the standards, the TTS Group has developed a systematic process, assessment matrices and a model for aggregating and prioritising sustainability issues.

The TTS Group's procedure for identifying impacts, risks and opportunities (IROs) was based on a multi-stage approach that incorporated various data sources and perspectives: [ESRS 2 –IRO-1-53](#)

**Interviews with stakeholders:** The TTS Group has conducted structured interviews with both external and internal stakeholders. External stakeholders were interviewed using prepared interview guidelines in order to capture the inside-out perspective, which considers the impacts of the TTS Group on the environment and society. Internal stakeholders were asked about the outside-in perspective, which analyses the risks and opportunities for the TTS Group. These interviews formed the basis for the initial identification of impacts, risks and opportunities (IROs). [ESRS 2 –IRO-1-53 \(b\) iii](#)

**Environment analysis:** In addition to the interviews, the TTS Group has conducted a comprehensive environment analysis. This analysis helped to identify additional IROs by taking into account relevant trends, regulatory developments and sector-specific market conditions. [ESRS 2 –IRO-1-53 \(g\)](#)

**Workshops:** After evaluating the interviews, the TTS Group organised workshops in various specialist areas such as HR, environmental management, procurement, sustainability management and compliance. The aim of these workshops was to validate the identified IROs and identify further potential IROs. In this way, the TTS Group was able to ensure that its technical experts were able to carry out an in-depth analysis of the IROs when it comes to the environment, social issues and corporate governance (ESG). [ESRS 2 –IRO-1-53 \(b\) ii](#), [ESRS 2 –IRO-1-53 \(b\) iii](#)

Through this structured and integrative process, the TTS Group ensures that both the direct and indirect effects arising from its own activities and from its business relationships are appropriately taken into account. The identified and prioritised impacts, risks and opportunities have been validated by the Management Board in a management workshop. This enables the TTS Group to react quickly to changes in its business environment or to new findings. The materiality process is regularly checked and adapted if necessary, in order to maintain the relevance and accuracy of the assessment. [ESRS 2 –IRO-1-53 \(e\)](#)

### IMPACT MATERIALITY (ENVIRONMENTAL AND SOCIAL MATERIALITY)

After the identification of potential and actual impacts, an assessment of the impacts on the environment and on society was performed. Both positive and negative impacts were assessed here based on a scale (1–5) that includes the criteria of scope, extent, probability and, in the case of negative impacts, remediability.

#### Prioritisation of negative impacts:

**Relative severity:** The negative impacts were assessed in terms of their severity, taking into account the intensity and extent of the potential harm to humans and the environment.

**Probability:** In addition to the severity, the TTS Group analysed the probability of these negative impacts occurring, so as to be able to better estimate their relative importance.

**Remediability:** For negative impacts, the TTS Group assessed the remediability, i.e. the possibility and the effort of reducing or rectifying these impacts.

**Criteria and threshold values:** Qualitative and quantitative threshold values and other criteria, as prescribed in Section 3.4 of ESRS 1, were used to assess severity, probability and remediability and to prioritise the most significant negative impacts.

#### Prioritisation of positive impacts:

**Positive contribution and extent:** When assessing positive impacts, their potential benefits and scope were taken into account. This included analysing how far-reaching and intensive the positive effects are.

**Probability:** The TTS Group assessed the probability of these positive impacts coming into effect in order to determine their relative importance.

**Criteria and threshold values:** When assessing positive impacts as well, the TTS Group used qualitative and quantitative threshold values and other defined criteria to determine their significance.

**Materiality of sustainability issues:** Based on the prioritised negative and positive impacts, the TTS Group has determined which sustainability issues are material for its reporting. These topics were categorised as 'material' for reporting in accordance with the guidelines and criteria in Section 3.4 of ESRS 1.

## FINANCIAL MATERIALITY

The process for assessing, prioritising and monitoring risks and opportunities with potential financial impacts includes several steps, and is closely associated with the TTS Group's risk management:

**Assessment:** Risk Management plays a central role in the assessment of identified risks and opportunities. The assessment standards and scales were developed in coordination with Risk Management, in order to guarantee a consistent and accurate estimation. The assessment is based on the criteria of financial loss or added value as well as probability of occurrence. This assessment was performed by topic experts and Risk Management together, and assessed based on a scale (1–5). [ESRS 2 – IRO-1-53 \(c\) ii](#)

**Prioritisation:** Following the assessment, the risks and opportunities were prioritised. The relative severity and probability of the risks as well as the relative financial possibilities and probability of the opportunities were taken into account here. This enables the TTS Group to identify the most important financial impacts and address them in a targeted manner.

## KEY SUSTAINABILITY TOPICS FOR THE TTS GROUP

When identifying and assessing potential and actual impacts, risks and opportunities, further sub-topics were taken into account in addition to the ten topic-specific European Sustainability Reporting Standards. The materiality analysis accordingly revealed that the TTS Group focuses its sustainability management, and therefore also its reporting, on the areas of the climate, environmental pollution, resource utilisation and the circular economy, its own employees, customers and governance.

ESRS	Materiality
<b>Environment</b>	
E1 Climate	✓
E2 Environmental pollution	✓
E3 Water and marine resources	✗
E4 Biodiversity	✗
E5 Resource utilisation and the circular economy	✓
<b>Social</b>	
S1 Own employees	✓
S2 Employees in the value chain	✗
S3 Communities concerned	✗
S4 Customers	✓
<b>Governance</b>	
G1 Corporate policy	✓



E

# Environment



# E1 – Climate

**Climate change is one of the most pressing global challenges of our time. Rising temperatures, melting glaciers and an increase in extreme weather events are just some of the visible signs of this profound change, which has far-reaching consequences for our environment, society and the economy. The scientific findings are clear: Without immediate and resolute action, the consequences of climate change are becoming increasingly more severe and potentially irreversible.**

For companies, climate change is not only an ecological challenge but also an economic one. The global nature of this problem requires a coordinated and comprehensive response from the business world. Companies are in the unique position of being able to make a significant contribution to reducing greenhouse gas emissions through innovations and sustainable business models, while at the same time preparing for the unavoidable consequences of climate change.

It is therefore essential that the TTS Group also plays its part in overcoming this challenge. For the TTS Group, this means implementing sustainable practices, investing in environmentally friendly technologies and designing value chains to be climate-resilient. International agreements such as the Paris Agreement and the United Nations Sustainable Development Goals provide a roadmap for the transition to a climate-neutral and resilient economy.

## **E1-1 TRANSITION PLAN TO COMBAT CLIMATE CHANGE**

Even though the TTS Group was not able to produce a transition plan for combating climate change for 2023, various measures were already being taken to reduce Group-wide greenhouse gas emissions. The current development of a climate strategy is intended to derive concrete objectives and measures to mitigate climate change by the end of 2024. The climate strategy will then form the basis for the transition plan.

A qualitative assessment of the potential indirect greenhouse gas emissions from the TTS Group's most important assets and products reveals several challenges. The Group buys products with high emission factors, without which the value creation of the TTS Group would not function. As these are necessary, the supplier network must be carefully checked, and the suppliers must be encouraged to reduce their emissions. In the worst-case scenario, the TTS Group will have to look for alternatives in order to achieve its target by 2050. Without a

rapid switch to climate-friendly energy sources at the production sites and a fundamental reassessment of the resources used for the TTS Group's products, it will be impossible to guarantee sustainable resource utilisation. This jeopardises the targets for the reduction of greenhouse gas emissions and increases the risk during the transition period. The TTS Group is determined to proactively manage its energy-intensive and emissions-intensive assets and products, in order to minimise these challenges and successfully implement its climate targets. The climate strategy of the TTS Group is targeted at creating a clear framework and consequently at systematically addressing the challenges. [ESRS E1-1-16 \(a\)](#), [ESRS E1-1-16 \(d\)](#)

## **E1-2 STRATEGIES RELATED TO CLIMATE CHANGE**

As the TTS Group is currently in the process of developing its climate strategy, there currently aren't yet any guidelines or concrete strategies for mitigating climate change. By the end of 2024, the TTS Group would like to have taken another step towards fulfilling its obligations to protect the climate. [ESRS E1-2](#)

## **E1-3 MEASURES RELATING TO CLIMATE CHANGE**

Together with an external partner, the TTS Group has been performing analyses since 2022, in order to holistically reduce its greenhouse gas emissions. These measures are an integral part of the strategy, and will be disclosed in detail in the next sustainability report for 2024 once the climate strategy has been finalised. Early ecological investments play a key role, particularly through the replacement of inefficient technical systems in buildings and additional investments in new buildings. In past years of operations, the TTS Group was able to achieve significant progress through the commissioning of a combined heat and power plant at the Group headquarters. Compared to the previous gas and oil plants, this plant has offered significant energy improvements and reduced the TTS Group's energy consumption. The centrepiece of this plant, a combined heat and power plant, achieves an efficiency of over 90 per cent from gas, which is well above the standards of conventional gas power plants. In addition to



generating electricity for internal purposes, the TTS Group feeds surpluses into the public grid and utilises the resulting waste heat both for heating the building in winter and for cooling the building in summer, supported by an adsorption refrigerator. [ESRS E1-3-29 \(a\)](#)

In the long term, further investments in renewable energies are planned in addition to the existing photovoltaic systems. In future, the area of logistics will also be analysed as part of Scope 3 emissions and integrated into the climate strategy. The logistics centre at the Wendlingen site is a first step towards sustainable logistics, in which low-emission means of transport and alternative drive technologies play a central role. Indirect emissions from suppliers' upstream and downstream services are also taken into account, in order to continuously improve the overall climate impact. Since 2020, the TTS Group has been consistently focused on expanding the use of photovoltaic systems, and has been taking the use of renewable energy sources into account in all new projects. In addition, electric and hybrid vehicles have been partially integrated into the company's operations. In the 2023 reporting year, the TTS Group carried out a comprehensive analysis of its own value chain, in order to identify the areas with the highest CO<sub>2</sub> equivalent emissions. This analysis was used to define the most important emissions hotspots within the group of companies. In addition, scenarios for the development of emissions in Scope 1 and 2 are being drawn up in 2024, in order to identify potential ways to reduce direct emissions and emissions from purchased energy.

The implementation of the measures depends heavily on the availability of resources within the TTS Group. This includes a comprehensive review of the entire value chain, starting at procurement and going all the way to financial investments. Well-trained staff in the various departments, adaptations to processes and transparent infrastructures such as software or interfaces between various solutions are particularly important. The costs for research and development as well as the time required for implementation – whether this is for the development of new products, the optimisation of processes or the modernisation of physical locations – increase fixed costs considerably. In addition to the focus on climate and environmental protection, it is

also crucial that the TTS Group remains economically successful in order to safeguard jobs and fulfil the needs of its customers, so that it can continue to play an important role in the global supply chain.

[ESRS E1-3-AR21](#)

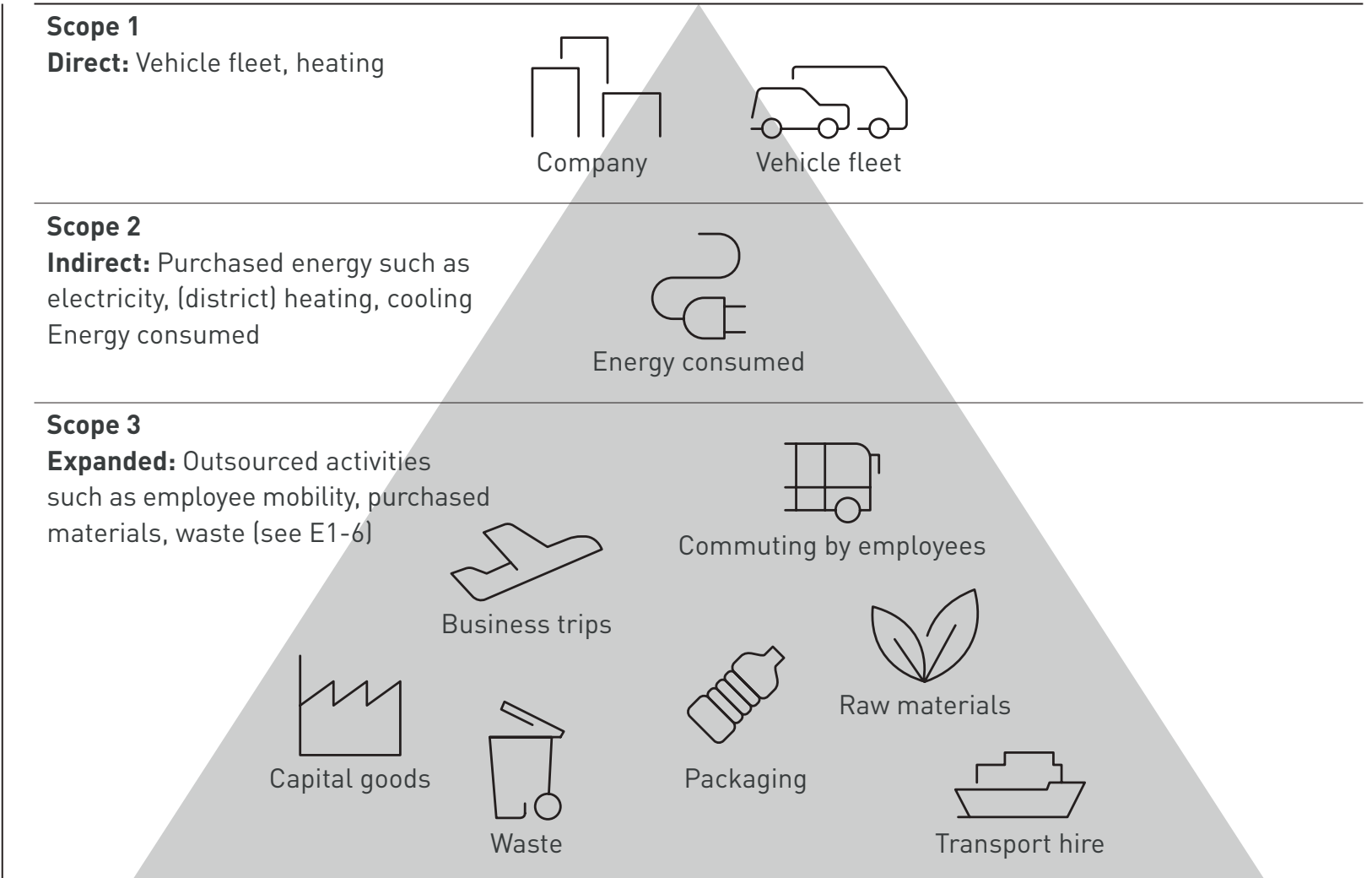
## E1-4 TARGETS RELATED TO CLIMATE PROTECTION AND ADAPTATION TO CLIMATE CHANGE

The TTS Group has already set itself initial targets for reducing its greenhouse gas emissions, which are based on the climate targets of Baden-Württemberg but are also globally orientated. It should be noted here that these targets were not officially adopted until 2024. No agreed and adopted targets were set in 2023. [ESRS E1-4-33](#)

Regarding the targets in detail	2030	2035	2040	2045	2050
Scopes 1 and 2 across TTS:	65%	90%			
Scopes 1 and 2 for production sites in Germany:	90%				
Scope 3 across TTS:	25%				90%
Scope 3 for Germany:				90%	

The TTS Group's GHG emission reduction targets include all emissions from Scope 1, 2 and 3, with all greenhouse gases included in accordance with the Kyoto Protocol. These targets cover 100 per cent of the company's total greenhouse gas emissions (GHG emissions). In order to ensure the consistency of these targets, all relevant sources of emissions and areas of emissions are integrated into target setting and transparently disclosed. [ESRS E1-4-34 \(b\)](#)


Target setting was developed in line with science-based standards to ensure that the TTS Group contributes to limiting global warming to 1.5 degrees Celsius. The framework and methodology used are in line with the concept of sector-specific decarbonisation paths, taking into account underlying scenarios and policy framework conditions. In addition, the target is to be validated externally in the future. [ESRS E1-4-34 \(e,f\)](#)



Greenhouse gas emissions in Scope 1 and 2 can be controlled by the company itself, while Scope 3 emissions originate from the supply chain, which the company cannot control directly.

Various measures were taken to ensure that the baseline value is representative. Firstly, all sources of Scope 1–3 emissions were identified as part of a materiality analysis. This included a detailed analysis of which activities and external influences could affect the emission values. A clear organisational and operational system boundary has been defined, in order to ensure that all relevant business activities and their impacts on emissions are covered. 2022 was chosen as the base year, as it is considered representative of the TTS Group's business model. Despite the ongoing COVID-19 pandemic, no extraordinary events were recorded, meaning that sales and business activities remained within a normal framework. Moreover, 2022 was a year with a very high turnover, which puts the reduction of commuter traffic or business trips, for example, into perspective. This guarantees that the





The photovoltaic system on the roof of the assembly hall in Weilheim with a capacity of 600 kWp supplies the entire production site of Weilheim with its own electricity, achieving net zero .

baseline value is a realistic reflection of the typical operating conditions and emissions patterns. [ESRS E1-4-AR25 \(a\)](#)

From 2024, the TTS Group is starting with strategic tasks and decisions in order to achieve the set climate targets through further specific measures. Efforts are focused on adapting operational strategies to reduce CO<sub>2</sub> equivalent emissions and achieving targets by implementing the climate strategy.



## E1-5 ENERGY CONSUMPTION AND ENERGY MIX

Energy consumption and energy mix	Reporting year 2023
Fuel consumption from coal and coal products (MWh)	0
Fuel consumption from crude oil and petroleum products (MWh)	493
Fuel consumption from natural gas (MWh)	11,572
Fuel consumption from other fossil sources (MWh)	8,374
Consumption from purchased or received electricity, heat, steam and cooling and from fossil sources (MWh)	4,830
<b>Total consumption of fossil energy (MWh)</b>	<b>25,269</b>
<b>Share of fossil sources in the total energy consumption (%)</b>	<b>78</b>
Consumption from nuclear power sources (MWh)	0
<b>Share of consumption from nuclear sources in the total energy consumption (%)</b>	<b>0</b>
Fuel consumption for renewable sources, including biomass	0
Consumption from purchased or received electricity, heat, steam and cooling and from renewable sources (MWh)	6,942
Consumption of self-generated renewable energy other than fuels (MWh)	0
<b>Total consumption of renewable energy (MWh)</b>	<b>6,942</b>
<b>Share of renewable sources in the total energy consumption (in %)</b>	<b>22</b>
<b>Total energy consumption (MWh)</b>	<b>32,211</b>

## E1-6 GROSS GHG EMISSIONS IN SCOPE 1, 2 AND 3 CATEGORIES AND TOTAL GHG EMISSIONS

The TTS Group has used the GHG Protocol as the basic methodology for calculating greenhouse gas emissions. Within the various scopes, specific assumptions were made, such as the emissions during the usage phase of the products. These assumptions were carefully selected to ensure the accuracy and representativeness of the calculations. The emission factors were obtained from the Dbeis and Ecoln-vent databases. These sources were selected due to their comprehensive and current data, which enables a precise calculation of the emissions of the TTS Group. In addition, specialised calculation tools were used to quantify greenhouse gas emissions. [ESRS E1-6 AR39 \(b\)](#)

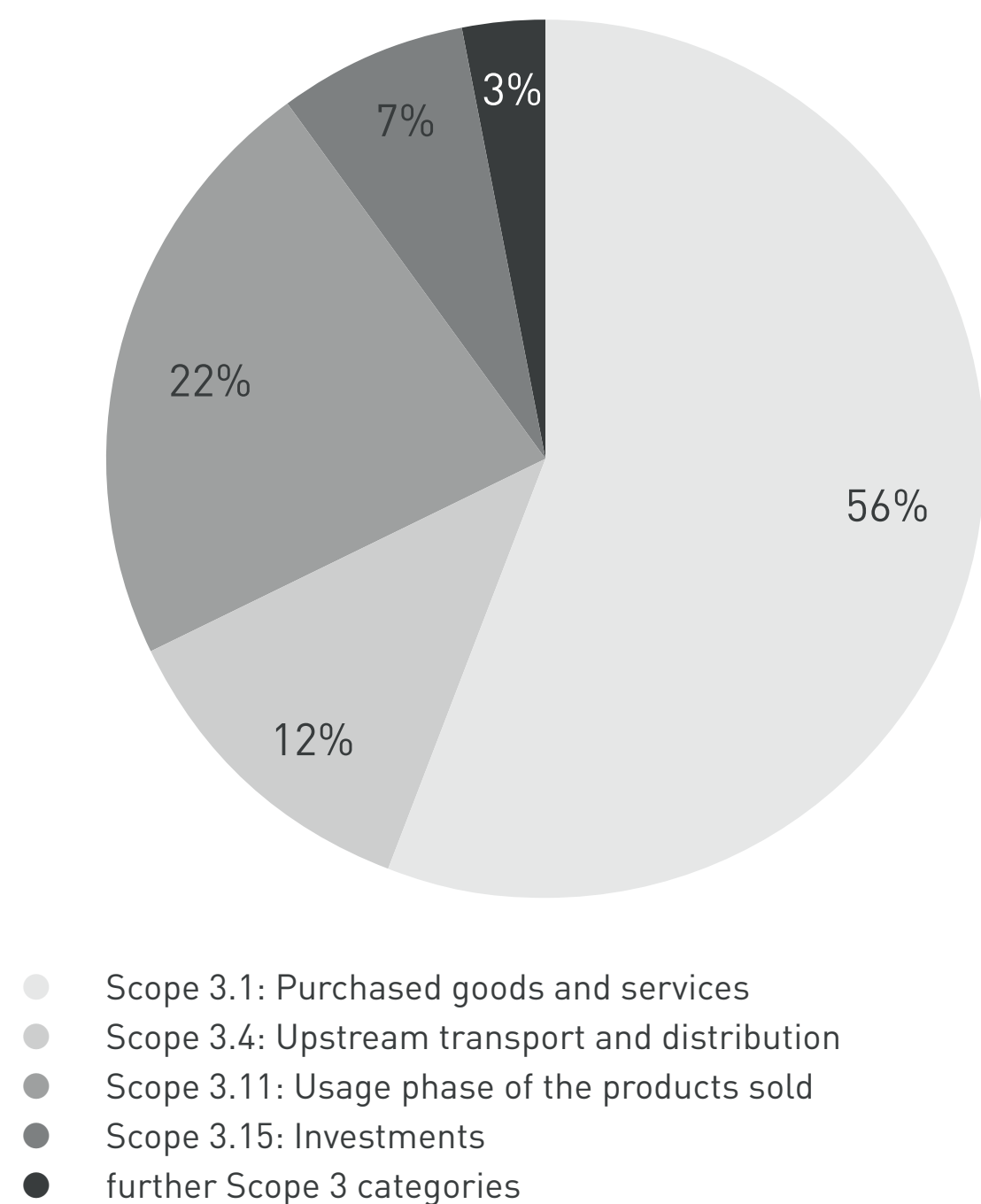
When calculating the emissions, it was not possible to determine any significant events or changes compared with the baseline from 2022. [ESRS E1-6 AR42 \(c\)](#)

In the following table, CO<sub>2</sub> emissions are shown according to the criteria of Scope 1, 2 and 3, as well as for the base year and the reporting period of 2023. In accordance with the operational control approach, the scope of consolidation for the emissions calculation comprises the entire TTS Group. [ESRS E1-6 44; 50; 51; 52 \(a\) - \(b\)](#)

Disclosure requirement – E1-6 GHG emissions	Base year 2022	Reporting year 2023*	%
<b>Scope 1 GHG emissions</b>			
Scope 1 Gross GHG emissions (tCO <sub>2</sub> eq)	6,469	5,323	- 18
Percentage of Scope 1 greenhouse gas emissions from regulated emissions trading schemes (%)	N/A	N/A	0
<b>Scope 2 GHG-emissions</b>			
Location-based Scope 2 Gross GHG emissions (tCO <sub>2</sub> eq)	5,551	6,073	+9
Market-based Scope 2 Gross GHG emissions (tCO <sub>2</sub> eq)	2,404	1,882	-22
<b>Material scope 3 GHG emissions</b>			
Total indirect (Scope 3) gross GHG emissions (tCO <sub>2</sub> eq)	580,451	517,207	
(1) Purchased goods and services	334,957	289,589	-14
(2) Capital goods	1,009	687	-32
(3) Activities related to fuels and energy (not included in Scope 1 or Scope 2)	2,076	2,006	-3
(4) Upstream transport and distribution	57,361	61,897	+8
(5) Waste generation in companies	2,425	2,814	+16
(6) Business trips	348	505	+45
(7) Commuting employees	3,220	3,936	+22
(8) Upstream, leased economic goods	N/A	N/A	0
(9) Downstream transport	738	845	+15
(10) Processing of sold products	N/A	N/A	0
(11) Utilisation of sold products	144,397	114,743	-21
(12) Treatment of products at the end of service life	4,596	2,860	-38
(13) Downstream, leased economic goods	N/A	N/A	0
(14) Franchises	N/A	N/A	0
(15) Investments	29,324	37,324	+27
<b>Total GHG emissions</b>			
Total GHG emissions (location-based) (tCO <sub>2</sub> eq)	592,471	528,603	-11
Total GHG emissions (market-based) (tCO <sub>2</sub> eq)	589,324	524,412	-11

\* Emissions from non-European sites were taken from the 2022 calculation for Scope 1 and 2 as well as Scope 3.3.

The following figure shows the Scope 3 categories that were taken into account in the calculation of the TTS Group's upstream and downstream emissions.



Due to a lack of activity from the TTS Group in the following categories, they were not included in the Scope 3 calculation:

- 3.8 Property leased from third parties
- 3.10 Further processing of sold products
- 3.13 Property leased to third parties
- 3.14 Franchises

#### **E1-7 REMOVAL OF GREENHOUSE GASES AND PROJECTS FOR REDUCING GREENHOUSE GASES, FINANCED BY CO<sub>2</sub> CREDITS**

During the reporting period, no projects to reduce and minimise greenhouse gases via CO<sub>2</sub> credits were financed by the TTS Group.

#### **E1-8 INTERNAL CO<sub>2</sub> PRICING**

The TTS Group does not currently apply any internal CO<sub>2</sub> pricing schemes.

**\_\_\_\_\_ The TTS Group is developing a climate strategy in order to implement sustainable practices, reduce greenhouse gas emissions and strengthen its role in a greenhouse gas-neutral economy.**



# E2 – Environmental pollution

**Environmental pollution affects all areas of our lives and has far-reaching negative impacts on the environment and human health. The pollution of water, soil and air as well as the improper handling of hazardous substances pose considerable risks. Pollutants in the air can cause respiratory diseases and other health problems, while pollution of water sources jeopardises the ecosystem and drinking water supply. Soil pollution can reduce agricultural productivity, and hazardous substances can pose both short-term and long-term risks to humans and nature.**

Sustainable and environmentally conscious corporate governance therefore requires targeted measures to prevent and control this pollution. By implementing guidelines and complying with international standards, the TTS Group can make a significant contribution to environmental protection. The continuous monitoring and improvement of these measures is crucial to minimising the negative impacts on the environment and contributing to a sustainable future.

## E2-1 STRATEGIES RELATED TO ENVIRONMENTAL POLLUTION

The TTS Group is absolutely determined to minimise the negative impacts of its business activities on the environment. However, as things stand, it has not yet developed a strategy, standardised guidelines and targets aimed at systematically reducing air, water and soil pollution.

As structured sustainability management at the TTS Group was only introduced in 2022 and 2023, the Group is endeavouring to

develop the missing strategy by 2026. However, compliance with applicable laws and international standards is expressly ensured.

In addition to the legal requirements, Festool GmbH has introduced an environmental standard that contains requirements for prohibited and declarable materials for all items used in products. This guarantees that economic activities have as little negative impact as possible on the environment and the health of employees and users. [E2-1-15a](#)

## E2-2 MEASURES RELATED TO ENVIRONMENTAL POLLUTION

New suppliers to the TTS Group go through a multi-stage assessment process before they are finally approved. This corresponds to the first step in the five-stage supplier management process. After self-registration, a supplier audit takes place, and a framework agreement is drawn up. All suppliers are contractually obliged to adhere to the TTS Group environmental standard. A confirmation of conformity in accordance with RoHS (Restriction of Hazardous Substances), the

German Packaging Act (VerpackG) and the European REACH Regulation on Chemicals must also be submitted. Products that contain substances of very high concern (SVHC) from the candidate list in a concentration of more than 0.1 percentage by mass (w/w) are treated in accordance with the applicable regulations and standards. The following steps are taken as a measure to ensure environmental protection and to minimise health risks: [E2-2-AR13](#)

**Identification and declaration:** All affected products are clearly identified to guarantee transparency when it comes to SVHC content.

**Provision of information:** Customers and users are informed about any substances of very high concern contained and their potential risks, in order to ensure that all necessary precautionary measures can be taken.

**Substitution and reduction:** Wherever possible, we are working on substituting substances of very high concern with less hazardous alternatives. If a substitution is not immediately possible, the aim is to reduce the SVHC concentration.

**Compliance:** All relevant legal requirements and reporting obligations are strictly adhered to, in order to ensure conformity with national and international environmental standards.

**Training and raising awareness:** Employees are regularly subjected to training and awareness-raising, in order to promote responsible handling of products containing substances of very high concern and to support compliance with environmental standards.

These measures are intended to ensure that substances of very high concern are used responsibly in the products of the TTS Group, and that the health of employees and users as well as the environment will be taken into account. Through strict supplier audits and contractual obligations, the TTS Group also ensures that its suppliers comply

with environmental standards, and thus minimise the negative impacts on the environment.

### E2-3 TARGETS RELATED TO ENVIRONMENTAL POLLUTION

There are currently no concrete targets for the prevention and monitoring of air, water and soil pollutants and their specific loads. However, the plan is to develop and define corresponding targets in the coming years.



All DOMINO wooden connectors originate from responsible forest management and are almost FSC®-certified.



The Terluran® ECO material consists to a large extent of high-quality recycled material. Hence the black colour of the Systainer3 Eco. It originates from televisions, laptops, telephones and computers, for example, that are already in use and are all different colours.

\_\_\_\_\_ **The TTS Group reduces environmental pollution through strict environmental standards, supplier obligations and the further development of its environmental strategies.**



# E5 – Resource utilisation and the circular economy

**In today's economy, manufacturing companies in particular are faced with the urgent need to optimise their resource utilisation and implement sustainable practices. The transition to a circular economy offers a promising solution that allows resources to be used more efficiently and waste to be minimised. The TTS Group is pursuing the aim of extending the lifecycle of materials and products through reuse, repair and recycling, which can both reduce the environmental impact and bring economic benefits.**

Focusing on the durability of materials and products is a key aspect of this change. Durable products not only reduce the need for raw materials, but also the amount of waste that has to be disposed of. Thanks to innovative design approaches and the use of high-quality materials, products can be used for a long time and recycled efficiently at the end of their lifecycle.

## **E5-1 STRATEGIES RELATED TO THE CIRCULAR ECONOMY**

The TTS Group's corporate strategy actively supports the transition to a circular economy by promoting the use of secondary resources and reducing dependence on the extraction of new raw materials. As part of this process, we continuously check whether the technical properties of the recycled materials meet the high quality requirements. This is done in close collaboration with the TTS Group's Product Development department, in order to ensure that the secondary resources used are both functional and sustainable. [E5-1-15 \(a\)](#)

An example of commitment in this area is the investment of TANOS in research into alternative plastic materials. In 2023, the first product that uses new alternative materials was successfully put on the market. This was the Systainer<sup>3</sup> Eco M 187, with both the body and the lid made from Terluran® ECO. In addition, TANOS has been using reclaimed materials instead of new raw materials for less technically complex parts, such as thermoforming inserts, for years.

Several projects are currently underway with the aim of increasing the proportion of recycled materials in products. These projects are closely coordinated with Product Development, in order to develop innovative and sustainable solutions that fulfil both customer requirements and the environmental targets of the TTS Group. The TTS Group's strategy includes not only increasing the use of secondary resources, but also optimising the entire product lifecycle in order to maximise resource efficiency and recyclability. The TTS Group's circular economy strategy emphasises the importance of the waste hierar-

chy and consistently focuses on prevention, reuse and recycling. Fes-tool products are known for their reliability, robustness and durability. These properties are decisive, especially in professional trade, where many factors influence the service life. The TTS Group's power tools fulfil the product promise to customers, as the data analysis of service cases shows. The demanding quality management requirements are met, and the TTS Group's power tools only need to be repaired or individual components replaced after 9.6 years on average. [E5-1-15 \(b\)](#)

All products are reported to the country-specific disposal systems in accordance with national legislation, and are thus lawfully disposed of and utilised accordingly. By way of also addressing the issue of reusability within the context of a holistic circular economy, the TTS Group places great value on the environmentally friendly disposal of old devices. After many years of use, devices can be disposed of free of charge at public collection points, at specialist dealers or at the factory service centre of the TTS Group. These old devices are then fed into the recycling systems in an environmentally friendly manner, allowing valuable materials to be reused and minimising the environmental impact. [E5-1-15 \(a\)](#);

The TTS Group collaborates closely with suppliers to find out which of them already use renewable materials. Sustainability is firmly anchored in the TTS Group's procurement strategies, ensuring that its supply chains become increasingly more environmentally friendly. These measures support a reduced ecological footprint and promote the circular economy. [E5-1-15 \(b\)](#)

## **E5-2 MEASURES RELATING TO RESOURCE UTILISATION AND THE CIRCULAR ECONOMY**

The reparability of electronic products is a key concern. Separating the production technologies makes it possible to repair individual components. The comprehensive repair service for electronic devices and the ten-year spare parts guarantee extend the service life of the products significantly, thus contributing to the protection of valuable resources. For Systainers® and accessories, the subsidiary TANOS



offers a component-specific exchange of elements in the form of spare parts. [E5-2-20 \(a\)](#)

The TTS Group has set itself the target of significantly increasing resource efficiency in the utilisation of technical and biological materials. A key step in this direction is the switch from blister packs to cardboard packaging by 2025. This would mean around 80 tonnes of plastic could be replaced by a more sustainable material. This measure reduces the use of plastic and promotes the use of renewable and recyclable materials. It was also decided to switch from bubble wrap to paper. This change will not only reduce plastic consumption, but will also increase the use of sustainable and biodegradable packaging solutions. Festool products are known for their durability, which helps to conserve resources and protect the environment. In addition, the TTS Group has achieved an annual saving of 75 per cent in padding and plastic materials through targeted investments in the area of transport packaging. [E5-2-20 \(c\)](#), [E5-2-20 \(e\)](#)

The TTS Group endeavours to reduce waste to a minimum and avoid it completely wherever possible. When disposing of unavoidable waste, the TTS Group adheres to legal requirements. The waste disposal service providers of the TTS Group are also committed to this. [E5-2-20 \(f\)](#)

### E5-3 TARGETS RELATED TO RESOURCE UTILISATION AND THE CIRCULAR ECONOMY

In line with its commitment to sustainable resource utilisation and the principles of the circular economy, the TTS Group has set itself targets for the procurement of cellulose material from responsible sources in its products and packaging. Specifically, the TTS Group has set itself the target of sourcing at least 80 per cent of its cellulose from FSC-certified sources by 2023. The TTS Group has not only achieved this target but has even exceeded it. The TTS Group currently obtains over 90 per cent of its cellulose from FSC-certified sources, which corresponds to a total volume of around 3900 tonnes of certified material per year. Another target within the TTS Group is the introduction of a product line consisting entirely of eco-materials. Here are the central elements: [E5-2-20 \(c\)](#), [E5-2-20 \(d\)](#), [E5-3-24](#)



After many years of use, Festool devices can be disposed of free of charge at public collection points, at specialist dealers or at the factory service centre.

#### Use of renewable materials:

Thermoforming inserts are sourced exclusively from renewable materials. This reduces the use of primary raw materials and supports the circular economy by reusing existing resources. [E5-3-24 \(c\)](#)

#### Choice of materials and recyclability:

The products of the TTS Group are mainly made of a single type of plastic (ABS). This simplifies the recycling process considerably, as the separation and reuse of plastics is often made more difficult by the mixing of different types of material. The standardised choice of materials enables more efficient and more environmentally friendly reprocessing. [E5-3-24 \(b\)](#)

#### Durability and lifecycle:

The TTS Group's products are known for their durability, which means that the Group makes a significant contribution to resource conservation. The expected service life of the TTS Group's products is 10–12 years, while the actual service life is often over 20 years. This exceptional durability means that TTS Group products need to be replaced less frequently, which reduces resource consumption and the volume of waste.

#### Future targets and innovations:

Through various research projects investigating ecological materials, the TTS Group is endeavouring to further reduce its ecological footprint and consolidate its role in the area of sustainable product development. New materials are carefully selected to ensure that they are both effective and environmentally friendly.

**1.** In addition to initial targeted approaches, the TTS Group is currently in the process of defining specific targets for increasing the rate of circular material utilisation. This initiative includes a comprehensive assessment of resource inflows and outflows, including waste management and the lifecycle of products and materials. Currently, the main



focus is on creating a solid framework to accurately measure the rate of circular material utilisation in companies. It is expected that sufficient data will have been collected by 2025 to determine base values and set precise, realisable targets. This data will enable the TTS Group to assess the effectiveness of resource management by identifying opportunities to incorporate more recycled and sustainable materials into the supply chain. [E5-3-24 \(b\)](#)

**2.** The aim is to improve resource outflow processes by implementing waste reduction strategies and increasing the recyclability and reusability of products and materials.

**3.** The TTS Group aims to monitor and report progress in achieving a higher rate of circular material utilisation, in order to ensure transparency and accountability in the Group's sustainability efforts.

#### E5-4 INFLOWS OF RESOURCES

Within the TTS Group, the main product groups of electrical/mechanical components, mechanically processed parts, finished casting parts (cast iron, plastic, etc.), accessories (saw blades, bits, drills, etc.) and waste wood and cardboard all flow into the production process. In 2023, 26,788 tonnes of raw materials were procured for production. Due to the availability of data, however, this only applies to the Festool and TANOS subsidiaries. [E5-4-30](#), [E5-4-31a](#)

The proportion of biological material used by the Festool brand is around six per cent, which is mainly due to the use of cellulose in the packaging. [E5-4-31b](#)

The TTS Group uses 280 tonnes of secondary materials in the manufacture of its Systainer® inserts. This practice has a positive impact on the TTS Group's environmental footprint, as it helps to reduce resource consumption and minimise environmental impact. [E5-4-31c](#)

For the Festool brand, the proportion of secondary materials used for procurement in production is 1.3 per cent; for TANOS, secondary materials account for 0.5 per cent.

#### E5-5 OUTFLOWS OF RESOURCES

The TTS Group's main products include technical items made of polyurethane and sandpaper discs. These products cannot currently be recycled. The main Systainer® product is mainly made of a plastic (ABS), which makes recycling much easier. Systainer® products from the TTS Group are known for their long service life. [E5-5-35](#)

The reparability of the TTS Group's products is a central focus. By using separate production processes for individual products, it is possible to repair individual components. The TTS Group's comprehensive repair service and the ten-year availability of spare parts significantly extend the service life, thus contributing to the protection of valuable resources (see E5-2). [E5-5-36 \(b\)](#)

#### Waste

The main components of the TTS Group's waste include waste wood, cardboard packaging and metals. The total volume of waste generated in the 2023 reporting year was 3018 tonnes. The figures are based on data exports from SAP and surveys of suppliers along the supply chain. The data is collected through direct measurements and estimates. As waste separation and recycling are processed via a waste disposal service provider, not all data on the waste generated is available.

The waste volumes stated relate to TTS Tooltechnic Systems AG & Co. KG, Festool GmbH, Festool Deutschland GmbH, Festool s.r.o., Microcell PU Tschechien s.r.o., Cleantec GmbH and TANOS GmbH. Shaper and exolQ could not be taken into account in the calculation due to a lack of data.

#### E5-6 POTENTIAL FINANCIAL IMPACTS OF MATERIAL RISKS AND OPPORTUNITIES RELATED TO RESOURCE UTILISATION AND THE CIRCULAR ECONOMY

The TTS Group currently incurs considerable costs for the services of waste disposal companies. These costs are expected to rise further in the future. Furthermore, the implementation of eco-design principles will entail additional costs. Although the introduction of eco-design principles will initially entail additional financial burdens, the TTS

Group assumes that these investments will prove to be cost-neutral in the long term. By reducing waste and utilising resources more efficiently, the TTS Group can save costs in the long term and achieve its sustainability targets at the same time.

**\_\_\_\_\_ The TTS Group promotes the circular economy through the durability and reparability of its products.**

S

# Social





# S1 – Own staff

**Employees are at the heart of the TTS Group and play a decisive role in overcoming the current challenges. At a time when the business environment is characterised by a shortage of skilled workers, changing working conditions and the increasing importance of sustainability and social responsibility, the skills and the commitment of employees are indispensable. To successfully meet these challenges and remain an attractive employer, the TTS Group has developed a series of strategies and measures. These aim to provide employees with the best possible support and offer them an environment in which they feel comfortable and can realise their full potential.**

## **S1-1 STRATEGIES RELATED TO OUR OWN STAFF**

The TTS Group expects all employees to comply with the relevant laws and legal regulations in their field of work. This also applies to the latest version of each of the internal guidelines. The Code of Conduct provides the formal framework for the corporate responsibility of the TTS Group, and contains clear rules that must be observed when dealing with colleagues, business partners and competitors. [S1-1-19](#)

Compliance with these laws and guidelines is decisive for minimising legal risks and ensuring a fair and equitable working environment. To ensure that all employees understand and comply with these expectations, regular training sessions and further training measures are offered. These training sessions cover not only legal requirements, but also company-specific guidelines and standards of behaviour.

The TTS Group also attaches particular importance to creating an inclusive and supportive working environment for all employees. This includes recognising and promoting diversity and supporting specific groups within the workforce, such as persons with disabilities and members of minority groups. Special attention is also paid to the promotion of women.

The Charta der Vielfalt [Diversity Charter] was signed in 2019 (renewed in 2021) in order to make a binding commitment to diversity in the company. The TTS Group thereby undertook to create a working environment free from prejudice and discrimination. This applies regardless of gender identity, sexual orientation, ethnic origin, age, disability, religious beliefs or personal worldview. The principles of the Charta are also firmly anchored in the internal Code of Conduct.

The TTS Group respects the diversity of all employees and is increasingly intensifying its diversity management. Diversity is seen as the basis for the management and corporate culture, and at the same time as a means of increasing competitiveness. To this end, diversity has been integrated into the corporate values and the TTS2030 strategy. Responsibility lies with the Management Board, and is overseen by CEO Sascha Menges as sponsor. [S1-1-20\(a\)](#), [S1-1-24 \(c\)](#) & [S1-1-24\(d\)](#)

A project team for Diversity & Inclusion (D&I) was set up in 2022. This team, consisting of eight employees, takes responsibility for all targets and activities in accordance with a specially developed diversity roadmap. The members of the team are experts from various areas, such as development, quality management, innovation management, logistics, human resources and finance. Together, the team has developed a comprehensive D&I strategy to promote diversity and inclusion within the company and has defined new focal topics: Diversity, equality of opportunity and internationality. A D&I steering committee was also established, whose members support diversity work at a strategic level and act as ambassadors in their areas. The steering committee consists of seven persons from the areas of sustainability, sales, development, human resources, works and marketing.

The D&I strategy aims to satisfy the wishes of employees for increased diversity. So as to be able to take this into account accordingly and advance diversity as a strategic topic for the future, questions on diversity were integrated into the survey for all employees in the reporting year. [S1-4-43](#)

The TTS Group, including the companies TTS Tooltechnic Systems AG & Co. KG, Festool GmbH, Festool Deutschland GmbH and TTS Cleantec GmbH, complies with German law. The companies TTS Tooltechnic Systems AG & Co. KG, Festool GmbH and Festool Deutschland GmbH are tariff-bound and have works agreements. [S1-1-20\(b\)](#)

The TTS Group has no guidelines relating to its own workforce that explicitly address human trafficking, forced or compulsory labour and child labour. This is due to the fact that no incidents in these areas are known, and that they are ruled out by the TTS Group's corporate principles. [S1-1-20 \(c\)](#)



The TTS Group has a guideline for the prevention of accidents at work. There is also a Group-wide guideline on the elimination of discrimination (including harassment), the promotion of equal opportunities, diversity and integration. All forms of discrimination are covered by European and national law. [S1-1-22](#)

Guidelines and procedures are in place or are planned for all subsidiaries (except Festool s.r.o. and Microcell PU Tschechien s.r.o.), in order to make qualifications, skills and experience the basis for the recruitment, placement, training and promotion of employees. [S1-1-23](#)

To encourage women when recruiting, a process of reflection is taking place between the HR department and the Division Managers. A three-part workshop series has also already been initiated by way of promoting diversity in the recruiting process, and a workshop is available to higher management. Training courses are organised throughout the Group to develop the skills of all employees. In addition, up-to-date records are kept on recruitment, training and promotions, which provide a transparent overview of the opportunities for employees and their advancement within the Group and the individual subsidiaries (with the exception of Microcell PU Tschechien s.r.o. and Festool s.r.o.). Questions on diversity are also included in the guideline for an employee appraisal. There is also a network for women in management positions (Athena). [S1-1-24 \(a\)](#)

All new employees receive training on D&I during the induction days. This training is also available for all departments with the option of department-specific prioritisation. The D&I learning path on the 'Masterplan' learning platform is available to all employees in Germany. Employees involved in recruitment have received special training on promoting diversity in the recruitment process. Activities such as cultural festivals, intranet posts and articles in the employee magazine 'Tooltimes' are used to raise awareness of various aspects of diversity. In general, all D&I activities are currently focused on Germany, and are to be gradually extended to other countries at a later date. Guidelines such as the Code of Conduct and the Charta der Vielfalt [Diversity Charter] apply to the entire TTS Group. [S1-1-24 \(d\)](#), [S1-1-AR17\(a\)](#)

New TANOS employees take part in 'TTS new employees training' (including D&I training). [S1-1-AR17\(g\)](#)

TTS Tooltechnic Systems AG & Co. KG, Festool GmbH, Festool Deutschland GmbH and TTS Cleantec GmbH carry out checks on the physical environment to guarantee the health and safety of employees, customers and other visitors. [S1-1-AR17\(d\)](#)

### **S1-2 PROCEDURE FOR THE INVOLVEMENT OF YOUR OWN WORKERS AND OF EMPLOYEE REPRESENTATIVES IN RELATION TO IMPACTS**

The subsidiaries TTS Tooltechnic Systems AG & Co. KG, Festool GmbH and Festool Deutschland GmbH have a joint works council. There is also a works council at TTS Cleantec GmbH. The companies maintain a long-standing social partnership with their works councils, which are an important institution in the companies. The works councils are a close, trusting partner for fair working conditions and forward-looking decisions. [S1-2-27&](#), [S1-8-63 \(a\)](#)

TTS Tooltechnic Systems AG & Co. KG, Festool GmbH, Festool Deutschland GmbH and TANOS GmbH are in direct dialogue with their staff and employee representatives. [S1-2-27 \(a\)](#)

The Health and Safety Committee regularly reviews the occupational safety processes at TTS Tooltechnic Systems AG & Co. KG, Festool GmbH, Festool Deutschland GmbH and TANOS GmbH as well as Festool s.r.o. In addition, the committee proposes ideas and suggestions for improvement, and is actively involved in their implementation. The Health and Safety Committee is composed of the Works Management, the Facility Management, company doctors, health and safety experts, Division Managers and representatives of the HR department (Health Management) and the works council. Within the scope of quarterly meetings, it assesses accidents at work and potential sources of danger on the basis of risk assessments and inspections, which are carried out by the respective department together with the responsible health and safety expert and, depending on the situation, the company doctor. An evaluation of the committee was carried out on 10th October 2023 as part of an external audit. [S1-2-27 \(b\)](#) & [S1-3-32 \(a\)](#)

Microcell PU Tschechien s.r.o. collaborates with an external partner to continuously and regularly assess and improve all associated health and safety processes. [S1-2-27 \(b\)](#) & [S1-3-32 \(a\)](#)

At TTS Tooltechnic Systems AG & Co. KG, Festool GmbH and Festool Deutschland GmbH, the Facility Management and the Management Board each bear operational responsibility for ensuring that a dialogue on health and safety takes place and that the results are taken into account in the TTS Group and the subsidiaries. At TANOS GmbH, the Management holds this role. [S1-2-27 \(c\)](#)

In 2023, a Group-wide employee survey was conducted, in which employee satisfaction was assessed on a wide range of topics. Regular follow-up surveys are planned for the future. In addition, employee appraisals are held at least once a year, and a new works council is elected every four years to represent the employees. [S1-2-27 \(d\)](#)

### **S1-3 PROCESSES FOR ADDRESSING NEGATIVE IMPACTS AND CHANNELS THROUGH WHICH YOUR OWN WORKERS CAN RAISE CONCERNS**

The company doctors at the respective site conduct a risk classification of the individual activities in cooperation with the health and safety expert, and define medical prevention services tailored to specific workplaces (mandatory and optional examinations).

Employees can also use software to report potential dangers at any time, which are then processed and documented by the responsible persons. For employees without access to a PC, a separate point of contact or the manager is available at all times. [S1-3-32 \(b\)](#) & [\(c\)](#)

A response process for processing information has been implemented for the software that can be used to report potential hazards, which is available to all employees of TTS Tooltechnic Systems AG & Co. KG, Festool GmbH and Festool Deutschland GmbH.



In this way, it is possible to respond effectively to specific reports, and possible violations can be reported to the authorities. Employees of TANOS GmbH and Microcell PU Tschechien s.r.o. can contact their supervisor or the occupational safety officer.

Compliance reports cannot yet be submitted via the software at this time. Instead, they are communicated in person, by e-mail or by post. The TTS Group has introduced a procedure for processing information, in order to effectively respond to certain reports and uncover possible violations. The TTS Group has set up special reporting channels such as e-mail, telephone and post, which can be used by employees as well as persons outside the company. If a violation is uncovered, it is responded to and the internal control processes are revised. The Management Board and Supervisory Board are also informed about the results and measures. [S1-3-33](#)

A presentation is available to employees on the intranet, explaining which issues can be reported where and how they can be reported. Commercial employees and all other employees who do not have access to the intranet are given this information by their supervisors during in-person training sessions. [S1-3-32 \(d\)](#)

The TTS Group holds employees themselves and the managers equally responsible for creating a safe and healthy working environment. To help with this, employees are provided with information via posters, digital platforms and compulsory safety briefings, and regular training is held. [S1-3-32 \(e\)](#)

#### S1-4 MEASURES

The corporate guidelines are available to all employees via the intranet. These guidelines include directives on compliance with legal regulations and internal company guidelines that are continuously updated to meet current requirements. In addition, compliance training was conducted for all employees, in order to ensure that they are familiar with the relevant laws and internal guidelines. In 2023, mandatory training was introduced across the Group, with the specific aim of promoting a consistent understanding of and compliance with company guidelines. [S1-4-37](#)

The approach to health and safety at the workplace within the TTS Group applies to all persons, including employees, temporary workers, external service providers and visitors who are present at one of the sites. The most senior management level has overall responsibility for occupational health and safety. Employees and managers are equally responsible for creating a safe and healthy working environment. This is supported by information for employees on posters and digital platforms, mandatory safety briefings and regular training. [S1-4-38 \(a\)](#), [S1-4-38 \(b\)](#)

Employees' remuneration is based on remuneration principles that are based on the position, the market and the individual performance. TTS Tooltechnic Systems AG & Co. KG, Festool GmbH and Festool Deutschland GmbH are also bound to collective bargaining agreements. Remuneration generally consists of a salary with fixed and variable components plus additional benefits. These additional benefits often go beyond the statutory requirements and include, for example, personal insurance with special conditions and an occupational pension scheme. The TTS Group also offers many employees the opportunity to use a company bicycle, and has special rules on the use of company cars for specialists and managers. Employees also benefit from bonuses that are awarded on the basis of the return on sales (ROS) achieved and the turnover development. In this way, the TTS Group aims to attract committed, qualified specialists and to retain employees in the company.

Employees are provided with ergonomically designed workstations and sufficient protective equipment. Healthy workplace ergonomics are important at assembly workstations in particular. Employees are made aware of and have their attention drawn to potential hazards in their day-to-day work through regular mandatory training on safety instructions and potential hazards. The TTS Group also offers regular occupational health consultations by company doctors at all sites, as well as regular inspections of all workplaces. [S1-4-38 \(c\)](#)

In addition, the two subsidiaries TANOS GmbH and Microcell PU Tschechien s.r.o. continuously perform measurements of industrial accident activities in their respective areas. An accident incidence rate

(measure of the number of injuries per 1000 employees) is drawn up once a year for Festool GmbH in relation to the Neidling-Weilheim plant network.

In addition, ongoing absenteeism statistics are kept, which refer to the productive hours to be worked. TANOS GmbH uses the measuring instruments of Group HR, as it has outsourced its personnel services to TTS Tooltechnic Systems AG & Co. KG. Microcell PU Tschechien s.r.o., on the other hand, uses an external service provider for its personnel services. [S1-4-38 \(d\)](#)

In principle, no obviously negative impacts on the TTS Group's workforce can be recognised that result from measures aimed at the transition to a greener, climate-neutral economic system. However, the company has introduced incentives for electric vehicles to counteract the rise in costs for company cars (combustion engines). In addition to the CO<sub>2</sub> cap set for company cars, further car models have been made available to order to support this measure. [S1-4-AR43](#)

#### S1-5 TARGETS RELATED TO THE MANAGEMENT OF MATERIAL NEGATIVE IMPACTS, THE PROMOTION OF POSITIVE IMPACTS AND THE HANDLING OF MATERIAL RISKS AND OPPORTUNITIES

The target setting process takes place in collaboration between the HR department and Controlling, and is approved by the Management Board. Neither employees nor the works council are involved in this process. [S1-5-47 \(a\) - \(c\)](#)

#### S1-6 CHARACTERISTICS OF THE COMPANY'S EMPLOYEES

The TTS Group has its main European sites in Germany and the Czech Republic, where the majority of employees work. In addition, the TTS Group has Sales companies in 19 countries worldwide whose employees were not taken into account in the list of employee numbers in the 2023 reporting year due to data gaps.

Number of employees	2023*
<b>TTS Group (total)</b>	<b>2419</b>
Female	889
Male	1530
<b>Germany (total)</b>	<b>1929</b>
Female	669
Male	1260
<b>Czech Republic (total)</b>	<b>490</b>
Female	220
Male	270

\* No data for Shaper and Sales companies included in the calculation

The majority of employees are on permanent (82.7%), full-time (85.2%) contracts. This stable and committed workforce reflects the TTS Group's endeavours to promote long-term employment relationships and support sustainable corporate development. [S1-6-50 \(b\)](#)

Employees by employment contract	2023*
<b>Number of employees (total)</b>	<b>2419</b>
<b>Permanent employees (total)</b>	<b>2002</b>
Female	732
Male	1270
<b>Temporary employees (total)</b>	<b>417</b>
Female	157
Male	260
<b>Employees without guaranteed working hours (total)</b>	<b>0</b>
Female	0
Male	0
<b>Full-time employees (total)</b>	<b>2060</b>
Female	666
Male	1394
<b>Part-time employees (total)</b>	<b>359</b>
Female	242
Male	117

\* No data for Shaper and Sales companies included in the calculation

The staff turnover rate is seen as an important indicator of employee satisfaction with their working conditions, with a target range of 4–6 per cent. It was a satisfactory 6.4 per cent in the reporting year. [S1-6-50 \(c\)](#)

	Total number of employees	Persons leaving the TTS Group	Staff turnover rate
Employee turnover	2419	154	6.4%

The data is system-based, and generated monthly on the last day of the previous month in each case. [S1-6-50\(d\)](#)

The numbers of employees are stated in full-time equivalent (FTE) and numbers of persons. The final data is analysed on the respectively appointed date of the reporting period. Due to data collection processes that have yet to be established, some of the data provided deviates from the actual total number of the TTS Group. [S1-6-50\(d\) i & ii](#)

### S1-7 CHARACTERISTICS OF THOSE IN THE COMPANY'S OWN WORKFORCE WHO ARE NOT DIRECTLY EMPLOYED BY THE COMPANY

In 2023, 24 temporary workers were hired in Germany in the commercial areas (production and logistics) to compensate for seasonal fluctuations. [S1-7-55](#)

No data is collected on self-employed persons. As a rule, no self-employed persons are deployed in any event. But if persons not directly employed by the company were in fact to be active in the company, the figures are also given in numbers of persons. The analysis is performed monthly, on the last day of the previous month in each case, rather than on the effective date of the reporting period. [S1-7-55 \(b\) & S1-7-55 \(b\) i & ii](#)

### S1-8 REACH OF THE COLLECTIVE AGREEMENT AND SOCIAL DIALOGUE

At Festool GmbH, Festool Deutschland GmbH and TTS Tooltechnic Systems AG & Co. KG, the collective agreement for the metal and electronics industry applies to most employees at the Wendlingen, Weilheim and Neidlingen sites. This corresponds to 67.1 per cent of employees at TTS Tooltechnic Systems AG & Co. KG, and 78.2 per cent at Festool GmbH. [S1-8-62](#)

Through the special bonus programme known as 'ALLEZ', temporary employees in production areas are offered an incentive to gain performance-based overtime pay. [S1-8-63 \(a\)](#)





At this year's trainee excursion, the trainees took on sporting challenges.

### S1-9 DIVERSITY PARAMETERS

The following tables show the diversity parameters of permanent employees, broken down by age groups and gender. This information provides an overview of the age structure and gender-specific distribution within the TTS Group.

Age groups	Number of employees *	Share of employees
Under 30	267	12%
Between 30 and 50	1269	60%
Over 50	595	28%

\* Different number of employees compared to the total number of employees (see the "S1-6 Characteristics of employees in the company" chapter) due to different data collection in the respective subsidiaries; no data available for Shaper.

Gender distribution at the top management level	Number	Share
<b>Employees in top management (total)</b>	<b>58</b>	
Female	13	22%
Male	45	78%

### S1-10 APPROPRIATE REMUNERATION

At TTS Tooltechnic Systems AG & Co. KG, Festool GmbH and Festool Deutschland GmbH, wages are either paid similarly to a collective agreement or paid outside the pay scale.

### S1-11 SOCIAL PROTECTION

All employees in the company's own workforce are covered by public programmes against loss of income due to significant life events. Significant life events include illness, unemployment, accidents at work, parental leave and retirement. The TTS Group provides social protection in accordance with statutory regulations. In addition to the statutory pension, TTS Tooltechnic Systems AG & Co. KG, Festool GmbH,

Festool Deutschland GmbH, TTS Cleantec GmbH and TANOS GmbH also offer their employees an occupational pension. [S1-11-74 \(a\) - \(e\)](#)

Type of event	2023*
<b>Illness</b> (Affects all employees)	<b>2399</b>
Germany	1909
Czech Republic	490
<b>Unemployment</b> (Affects all employees except students)	<b>2357</b>
Germany	1867
Czech Republic	490
<b>Accident at work and work-related disability</b> (Affects all employees)	<b>2399</b>
Germany	1909
Czech Republic	490
<b>Parental leave</b> (Affects all employees except students)	<b>2357</b>
Germany	1867
Czech Republic	490
<b>Retirement</b> (Affects all employees except students)	<b>2357</b>
Germany	1867
Czech Republic	490

\* Different number of employees compared to the total number of employees (see the "S1-6 Characteristics of employees in the company" chapter) due to different data collection in the respective subsidiaries; no data available for Shaper.



## S1-12 PERSONS WITH DISABILITIES

During the reporting period, the TTS Group employed persons with some degree of disability. This corresponds to a share of 2.6 per cent of the total workforce. The TTS Group also awards contracts to workshops for disabled persons. [S1-12-79](#)

## S1-13 PARAMETERS FOR TRAINING AND SKILL DEVELOPMENT

In the TTS Group, the continuous development of employees is seen as a central management task. As a learning organisation, this makes it possible to respond proactively to future challenges and to develop and expand the necessary skills in good time. Through life-long learning, the TTS Group ensures that customer focus and thus competitiveness consistently remain at a high level. Attractive jobs and a wide range of opportunities for personal and professional development are offered. This includes apprenticeships, regular further training and training for managers, as well as young talent training programmes that are geared towards the further development of employees in the long term.

Training and further education by gender	TTS Group* 2023
Total number of hours that were invested in training sessions	>18.000
Percentage of employees who have participated in regular performance and career development reviews	99.7

\* No data available for Shaper and exoIQ

The active feedback culture promotes daily learning and interdisciplinary dialogue. Since November 2021, the TTS Group has been offering a self-directed learning opportunity via the digital platform 'Masterplan.com'. This features international specialists and industry experts sharing their knowledge in short videos, known as 'learning nuggets'. In this way, employees can independently explore topics such as digitalisation and sustainability in greater depth, and further develop their soft skills and methods for 'new work'. In total, employees have invested over 18,000 learning hours in both in-person and online training in the reporting year. [S1-13-83 \(a\)](#)

## S1-14 PARAMETERS FOR HEALTH AND SAFETY

The TTS Group is supported by an external service provider in the areas of safety technology, occupational medicine and health management. This, in turn, is certified in accordance with DIN EN ISO 9001:2015 / ISO 45001:2018 / ISO/IEC 27001:2017 / MAAS-BGW (occupational safety management requirements of the German employers' liability insurance association for health services and welfare care), and reviewed by an external auditor. All TTS Group employees are fully covered by a health and safety management system that is based on legal requirements and/or recognised standards or guidelines.

[S1-14-90 & S1-14-AR81, S1-14-90 & 88a](#)

Despite the comprehensive safety and prevention measures, 653 working days were lost during the reporting period due to work-related injuries and illnesses among employees.

## S1-15 PARAMETERS FOR FINDING THE RIGHT WORK-LIFE BALANCE

In accordance with legal requirements, employees of the TTS Group have the opportunity to take parental leave or leave for family reasons. [S1-15-94](#)

Percentage of eligible employees who have taken leave for family reasons	2023
Female	91%
Male	73%
<b>Total</b>	<b>82%</b>

## S1-16 REMUNERATION PARAMETERS

In the TTS Group, the gender pay gap varies considerably depending on the location and subsidiary, ranging from 5.8 per cent to 27 per cent. These differences are due to several factors. These include the specific remuneration structures and working conditions within the individual subsidiaries, as well as regional differences in wage levels and competition on the labour market.

## S1-17 INCIDENTS, COMPLAINTS AND SERIOUS IMPACTS RELATED TO HUMAN RIGHTS

During the reporting period, a total of four cases were reported in which complaints were submitted via the channels that are provided for employees of the TTS Group to report concerns. There were no incidents of discrimination or harassment. Similarly, no complaints were submitted to the national contact points for OECD multinational companies. Furthermore, no violations of human rights were documented.

\_\_\_\_\_ **With a clear focus on inclusion, fair working conditions and innovative approaches to employee development, the TTS Group remains an attractive employer in a changing business environment**



# S4 – Customers

**In today's globalised economy, awareness of sustainability is becoming increasingly important – this includes not only ecological issues, but also responsibility towards persons in the value chain. Companies are faced with the challenge of ensuring that their high-quality products are produced under ethically acceptable conditions, while at the same time meeting the highest safety standards. Customer expectations of products and services have risen sharply in recent years. In addition to quality, functionality and price, other factors are also increasingly playing a role in the purchasing decision. Customers expect the TTS Group not only to comply with legal standards, but also to actively promote fair working conditions, environmental protection and transparent business practices.**

## S4-1 STRATEGIES RELATED TO CUSTOMERS

Maximum product safety and optimum health protection for customers as quality features of the TTS Group – this can help all customers to avoid work absences, maintain their health and performance in the long term and increase their overall productivity as much as possible. Direct and continuous dialogue with customers is therefore the top priority. The TTS Group involves its customers in the form of feedback systems and by including them in the development process of the products. [S4-1-16 \(b\)](#); [S4-5-42 \(a\)](#)

The Code of Conduct, which is binding for all subsidiaries, emphasises values such as a high level of innovation, quality and cus-

tomers focus. The company guidelines include, for instance, Codes of Conduct for employees and business partners, anti-corruption measures, management principles and data protection guidelines. These guidelines are an integral part of business activities and ensure that the TTS Group treats its customers responsibly. [S4-1-15](#) & [S4-1-16 \(a\)](#)

In addition, there are guidelines for safety-critical functions (SCF) that define the process of definition and implementation during product development (pre-development, development, realisation and qualification). The Testing department acts from the customer's perspective and checks whether the technical features of the products meet expectations. The series management process (SMP) in turn aims to ensure

product quality and thus to fulfil customer expectations. Within the framework of findings from product development, the TTS Group guarantees the fulfilment of customer expectations in the long term and implements continuous improvements in the development processes. The TTS Group guarantees respect for human rights by ensuring product safety.

As the TTS Group's greatest influence comes from its products, the product development guidelines are the instrument used to manage risks and opportunities. Development takes place in several iterative phases with several participants from different departments. All product projects are monitored in defined committees. The Administrative Board is responsible for approving the specifications and the mandatory specification gates, while the steering committee (SC) is responsible for all other gate approvals. The SCF guideline also applies here.

TANOS attaches great importance to regular dialogue with customers, whether in person or via the communication channels offered on the website. We collaborate particularly closely with key accounts, including industrial customers, to develop products together. The promise of individualisation can be kept at TANOS by closely involving customers in project realisation – from the initial idea to the finished product. The ambition here is to enable ergonomic, efficient and well-organised working, which is reflected in individual product specifications such as the design, colour, format, closure and specific inserts. [S4-1-16](#); [S4-4-31 \(a\)](#) & [S4-4-33 \(a\)](#)

At Microcell PU Tschechien s.r.o., customers are also actively involved in the development process of the products. As a company solely involved in manufacturing, direct contact with customers is not relevant for Festool s.r.o. In addition, Microcell PU Tschechien s.r.o. and Festool s.r.o. are committed to promoting environmentally conscious management through ISO 14001 certification.

Tradespeople expect not only a high level of product safety but, at the same time, technically outstanding product solutions. In order to meet these expectations, dialogue with customers is intensified through opportunities for feedback. This enables the TTS Group to let customer requirements of product properties be incorporated into product development. In this way, the TTS Group gives customers a



voice within the company and helps employees to see things from the customer's perspective.

In addition to product safety, user-friendliness is a central element of the product promise of the TTS Group. As the products and accessory parts are designed holistically as a system, the individual products complement one another perfectly, enabling more efficient and simpler operation of the entire trade-specific application.

By collecting systematic feedback on complaint management and conducting transactional customer surveys, information and complaints from customers can be integrated into processes worldwide. The aim is to increase customer satisfaction on both an ad hoc and a long-term basis through regular international surveys. For the ongoing business year, the Group plans to establish a transactional survey at additional contact points and to enable qualitative feedback analysis using an AI-assisted system.

In 2018, a customer experience (CX) team was created at Festool in order to continuously improve the customer experience at all important contact points. To ensure that all employees have a uniform understanding of customer focus and how to provide competent customer support, customer experience training was introduced in 2021 as an interactive, self-taught e-learning concept. It consists of six modules, and was integrated into the standard onboarding process for all new employees at the beginning of 2022 to strengthen customer focus. Around 1300 employees have already completed this kind of training – primarily in local units and on the topics of customer service, repairs, sales, marketing and administration. The corresponding workshop format, designed to review and consolidate the training content, has also been implemented in six local entities in order to guarantee positive experiences for customers at all contact points. CX training for all employees at the headquarters in Wendlingen is planned for 2024. [S4-3-25 \(d\)](#), [S4-1-16 \(b\)](#) & [S4-3-25 \(d\)](#), [S4-1-16 \(c\)](#) and [S4-2-21](#)

To summarise, it is stipulated that all guidelines and instructions mentioned were developed in accordance with the relevant German laws, which take into account EU directives (2001/95/EC, 2014/35/EU, 2006/42/EC, etc.). The products are developed in agreement with

Product Compliance Management. The TTS Group and its subsidiaries are regularly reviewed. Each department is obliged to carry out an annual risk assessment. [S4-1-17](#)

#### **S4-2 PROCEDURE FOR THE INVOLVEMENT OF CUSTOMERS IN RELATION TO IMPACTS**

Dialogue between the individual subsidiaries of the TTS Group and their customers and legitimate representatives takes place across various channels. Interactions on various online marketing platforms are regularly analysed and customer surveys are conducted, including NPS (net promoter score) surveys. In addition, customer feedback from various platforms such as social media or customer support is analysed. These findings flow directly into decisions and measures that are aimed at managing the actual and potential impacts on customers. [S4-2-20 \(d\)](#)

#### **S4-3 PROCEDURE FOR ADDRESSING NEGATIVE IMPACTS AND CHANNELS THROUGH WHICH CUSTOMERS CAN RAISE CONCERNS**

The TTS Group has a systematic approach and processes in place to provide or support solutions if it is determined that there has been a negative impact on customers. This is done by systematically collecting feedback on complaint management or carrying out transactional customer surveys that integrate information and complaints into processes on a global scale. In the reporting year, over 25,000 customer ratings were gathered, including 5000 comments and 10,000 complaints, through customer surveys in 24 sales countries. [S4-3-25 \(a\)](#)

The aim is to increase customer satisfaction on both a short-term and a long-term basis through regular international surveys. The net promoter score of the survey across all countries was a very good 83, with little variance. This was the same score as the previous year. Around 10,000 complaints were also submitted from 19 countries, which were reviewed and processed in the corresponding specialist departments. In order to assess the effectiveness of the measures provided, the TTS Group has implemented a transactional survey and established a system that enables qualitative assessment of the feedback.

In addition to the product development process already described, including the guideline for safety-critical functions (SCF guideline), there is also what is known as a 'main process' for service, which includes several measures to achieve the target of "customer satisfaction and added value": Continuous monitoring of problems and issues based on input from faulty devices, warranty registrations/ MyFestool logins, workshop requirements, general customer requirements, market developments and customer feedback/complaints and supported by data from SAP, Power BI, Salesforce and individual reports. All these measures help to define targets and identify areas for improvement.

A large number of departments (Sales, Marketing, Market Research, IT, Legal, R&D) collaborate in a process-orientated manner to assess the current situation and plan measures to prevent or eliminate negative impacts. Depending on the measures defined, the tasks are allocated to the individual departments. The frequency of dialogue between the departments and management levels depends on the subject matter – and ranges from annually to weekly.

Customers are currently surveyed on the occasion of the following contact points: Following an online repair procedure, a product registration, e-mail contact with Customer Service and a theft reported to Festool. [S4-3-25 \(d\)](#)

The contact options vary within the TTS Group. Below is a description of the contact options for customers and dealers of the various subsidiaries, if available. [S4-3-25 \(b\)](#)

Festool and TANOS offer various direct contact options. Via general e-mail and telephone contact, concerns are either resolved directly by customer advisors or forwarded to the relevant departments, depending on the topic. The aim is to enable a direct solution upon initial contact in 80 per cent of cases. Any written concerns received by post will also be forwarded accordingly. Customers and dealers can also meet Festool and TANOS employees in person during visits by the sales force, trade fairs and exhibitions. There is also a TTS compliance hotline for specific concerns. Dealers have dealer-specific



contact channels, including centralised sales support, key account management, service support and dedicated Sales Managers.

Festool GmbH continuously integrates customers into its processes via various channels. The main channel is the website, which provides comprehensive information. In addition to this, Festool uses social platforms such as Instagram, Facebook, LinkedIn and YouTube, all of which contain active comment fields. Festool also publishes special customer magazines for woodworkers and painters. The various online channels are reciprocally advertised, and also mentioned in manuals and on packaging. [S4-3-25 \(c\)](#)

Other channels include customer support by phone and e-mail, direct support through live or online appointments with application technicians and trainers as well as a compliance hotline which can also be reached by phone and e-mail, including anonymously. Festool also offers apps that can be used to place orders, clarify application questions and organise tool management.

Festool's partners, including dealers and suppliers, have access to their own online areas in the Festool Dealer Portal and Festool Supplier Portal, where they can find all the information and contacts they need. There is also direct contact with the sales and procurement teams. The communication guidelines are part of the brand guidelines and customer excellence training, which defines the availability and continuous promotion of the required channels. For third-party channels over which direct influence is possible, Festool's dealer contract stipulates the quality of customer service.

At TANOS, particular emphasis is placed on strong direct communication with key accounts, supported by the sales team. Within the company, there is close cross-departmental collaboration between Customer Management, Product Management, Quality Management and Order Fulfilment Management. TANOS also uses the website and social platforms such as LinkedIn, YouTube, Facebook and Instagram, with different areas assigned depending on the customer segment (industry, dealers, customers). Contact is also made by phone and in writing. The value proposition of TANOS relates to individualisation, which requires close personal and individual contact with customers.

There is a process for handling complaints. The complaint is recorded via an individual process, Festool Marketing analyses the data and prepares it in order to make it available to the specialist departments, depending on the type of complaint. The specialist departments analyse the data and, if necessary, define measures and inform Festool Marketing about the results and measures. Festool Marketing gives feedback and information about the next steps (if necessary). Tracking and monitoring are part of Festool's central service process (described under S4-3-25). [S4-3-26](#)

Product-related complaints can be submitted via numerous service channels: <https://www.festool.co.uk/service>. The contact options are listed on the product-specific pages and in the product-specific content. Employees are also trained accordingly.

Other concerns and complaints relating to the company and due diligence obligations can be submitted via the TTS Group's reporting channels: <https://www.festool.com/company/compliance>

#### **S4-4 MEASURES RELATING TO MATERIAL IMPACTS ON CUSTOMERS**

Quality Management ensures that there is a culture of consistently high quality across the entire group of companies, which all employees are committed to. In this context, the department imposes requirements on the safety and health protection offered by products, initiates corresponding processes and monitors their implementation. The primary objective here is always to protect the health of users. All products therefore undergo mandatory quality assurance processes, starting from prototypes and going right up to series production. Together with other departments, Product Development assumes responsibility for product compliance management, in order to ensure that all legal requirements and relevant standards are observed.

Product Quality and Product Development are independent departments within the TTS Group. The TTS Group also has its processes validated by external auditors in accordance with ISO 9001. In addition to product safety, user-friendliness is a central element of

the product promise. Products and accessory parts are designed as a holistic system, with the individual components complementing one another perfectly, thus enabling more efficient and simpler handling for the entire sector-specific application. The products feature various intelligent technologies to guarantee the best possible protection against acute injuries.

#### **S4-5 TARGETS RELATED TO THE MANAGEMENT OF MATERIAL NEGATIVE IMPACTS, THE PROMOTION OF POSITIVE IMPACTS AND THE HANDLING OF MATERIAL RISKS AND OPPORTUNITIES**

No concrete targets relating to customers of the TTS Group have been defined to date. However, the top priority is to protect the health of customers at all times. As part of this responsibility, specific targets are to be developed in this regard over the next few years and supported with further measures. [S4-5-41 \(a\)](#)

\_\_\_\_\_ **The TTS Group guarantees maximum product safety and customer satisfaction through continuous dialogue, strict quality controls and close customer dialogue during the development process.**

G

# Governance





# G1 – Governance

The TTS Group's corporate strategy aims to firmly establish sustainable business practices into all business processes and assume responsibility along the entire value chain. The aim is to combine economic success with ecological and social aspects. In doing so, the TTS Group relies on consistent compliance with regulations, fair supplier relationships and automated payment processes. The associated responsibilities and principles of this corporate policy are presented below.

## G1-GOV-1 ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Supervisory Board advises and monitors the Management Board in accordance with the law, the Articles of Association and the rules of procedure. It collaborates closely with the Management Board here, supports it and is in regular dialogue with it about corporate strategy and further development. The Supervisory Board is also responsible for appointing the Management Board. The Supervisory Board may inspect the books, and approves the Group's annual accounts. [G1-GOV-1-5 \(a\)](#)

The Supervisory Board of the TTS Group – under the leadership of Chairwoman of the Supervisory Board Barbara Austel – consists of a total of six members. These include two female members of the owner family who do not perform management tasks and four male members from outside the TTS Group, who were appointed based on their expertise in areas such as sales, auditing, logistics, production and development. As a selection criterion for the topmost manage-

ment committee, the TTS Group does not count exclusively on specialist knowledge but also takes into account professional experience in family-owned companies. [G1-GOV-1-5 \(b\)](#)

## G1-1 RULES OF CONDUCT AND CORPORATE CULTURE

The TTS Group has established Codes of Conduct for employees and managers, as well as guidelines for ethical corporate governance and the promotion of corporate culture. The central principles for integrity-based corporate governance are adherence to the law, honesty, transparency, fairness and openness. The Group-wide approach to compliance is therefore based on the following three principles:

**1. Adherence to the law:** The TTS Group expects all employees to comply with the relevant laws and other regulations in their area of work. This includes internal policies as per their latest updates.

**2. Fair competition:** The basis of our financial development is to achieve our corporate goals fairly. Therefore, we do not make agreements with competitors, customers and/or suppliers that negatively impact fair competition. [MDR-P-65 \(a\), \(b\), \(f\); G1-1-9](#)

**3. Anti-corruption:** Our employees adhere to ethical standards. Therefore, they are not permitted to ask for or accept gifts. To guarantee this, we have established our own policy at the TTS Group and train our staff regularly.

These principles are anchored in the Code of Conduct for business partners as well as the Code of Conduct for employees. The TTS Group thus obliges its business partners to also guarantee equal treatment and equal opportunities in their companies. If these principles are breached, the individuals affected can contact the TTS Group Compliance Officer.

The Codes of Conduct provide the legal and ethical framework for all business activities and contain clear rules that must be followed when dealing with colleagues, business partners and competitors. This forms the basis for the corporate responsibility of the TTS Group.

Both guidelines are available to all employees of the TTS Group via the intranet. A separate guideline for managers makes them aware of their responsibilities and due diligence obligations within the various areas of the company.

The Compliance Officer is in close contact with the Management Board and the Chairwoman of the Supervisory Board, in order to regularly exchange information and discuss risks and violations. Issues that are relevant to compliance are then discussed during regular update meetings and, if necessary, in extraordinary meetings with the Management Board, which holds overall responsibility for compliance. The Management Board monitors and promotes processes that guarantee lawful and ethical cooperation in the company and in dealings with customers and suppliers. This approach is currently being evaluated as part of the further devel-





Headquarters Wendlingen

The TTS Group relies on consistent compliance with regulations, fair supplier relationships and automated payment processes for efficiency and transparency.



opment of sustainability management, which may result in changes to the previous process. [G1-1-10 \(a\)](#)

Specific reporting channels such as e-mail, telephone and post have been set up, which can be used by employees as well as persons outside the company. If failings are identified, they are rectified and internal control processes are revised if necessary. Corresponding steps for reporting to the Management Board and Supervisory Board are defined.

Compliance training was introduced by the TTS Group in 2023 as compulsory training throughout the company. In addition to the introduction of the compliance management system, the potential reporting channels and the confidentiality of the person submitting the report are pointed out here. Commercial employees receive separate training from their manager. [G1-MDR-A-68 \(a\)](#), [G1-1-10 \(c\)](#), [G1-1-10 \(g\)](#) & [G1-1-3-20](#)

## G1-2 SUPPLIER RELATIONSHIPS

The terms of payment for each supplier are stored in the TTS Group's financial accounting system. An invoice date is noted for each incoming invoice and a payment term of 30 days is set. Once this term has expired, the invoice is paid automatically. This guarantees timely fulfilment of liabilities and efficient management of payment processes. [G1-2-14](#)

Within supply chain management, comprehensive guidelines are implemented in order to preserve resources and guarantee safe working conditions along the supply chains. The TTS Group attaches great importance to responsible procurement of materials and primary products that meet strict environmental and social standards. By signing the framework agreement and the Code of Conduct for business partners, all suppliers are obliged to comply with these standards of the TTS Group and thus fulfil their due diligence obligations. [G1-2-15 \(a\)](#)

Annual assessments and coaching sessions are used for the qualification and evaluation of suppliers. This includes a strict review of qualifications and regular evaluations, in order to ensure that suppliers meet the high ecological and social standards. If suppliers do not fulfil these standards, this can lead to the termination of the busi-

ness relationship. In addition, regular audits are carried out at suppliers to check compliance with environmental and social standards and to identify potential risks and opportunities for improvement. [G1-2-15 \(b\)](#)

Through these specifications, the TTS Group aims to promote responsible and sustainable relationships with its suppliers, minimise risks and strengthen positive impacts on sustainability aspects within its supply chain.

## G1-3 PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

Compliance with anti-corruption and anti-trust regulations is monitored by the compliance management system of the TTS Group. The Controlling department carries out regular checks of monthly and annual financial accounts in order to identify any potential breaches in good time. Internal auditing is also subject to risk-based inspections of business premises, including ad hoc inspections. The TTS Group has implemented a response process for processing information, in order to effectively respond to specific reports and uncover possible offences. The TTS Group has set up specific reporting channels such as e-mail, telephone and post, which can be used by employees as well as persons outside the company. If a breach is discovered, the TTS Group responds to this and revises its internal control processes if necessary. [G1-3-18 \(a\)](#)

Steps for reporting to the Management Board and/or Supervisory Board are defined. [G1-3-18 \(c\)](#)

## G1-4 INCIDENTS OF CORRUPTION OR BRIBERY

In the 2023 reporting period, the TTS Group was not aware of any incidents of corruption/bribery or procedures initiated due to anti-competitive conduct or breaches of anti-trust and monopoly law. Accordingly, no penalty fees were incurred and no employees were dismissed due to being involved in corruption incidents. [G1-4-24 \(a\)](#); [G1-4-25 \(a\)](#) und [\(b\)](#)

## G1-5 POLITICAL INFLUENCE AND LOBBYING

The TTS Group is represented in economic organisations and associations. [G1-5-29 \(b\)](#)

## G1-6 PAYMENT PRACTICES

Ninety-five per cent of the TSS Group's payment requests are settled automatically with whatever terms of payment are on file. Should there be deviations in quantity and price in the SAP system, a special process is initiated. [G1-6-33 \(b\)](#) und [\(d\)](#)



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