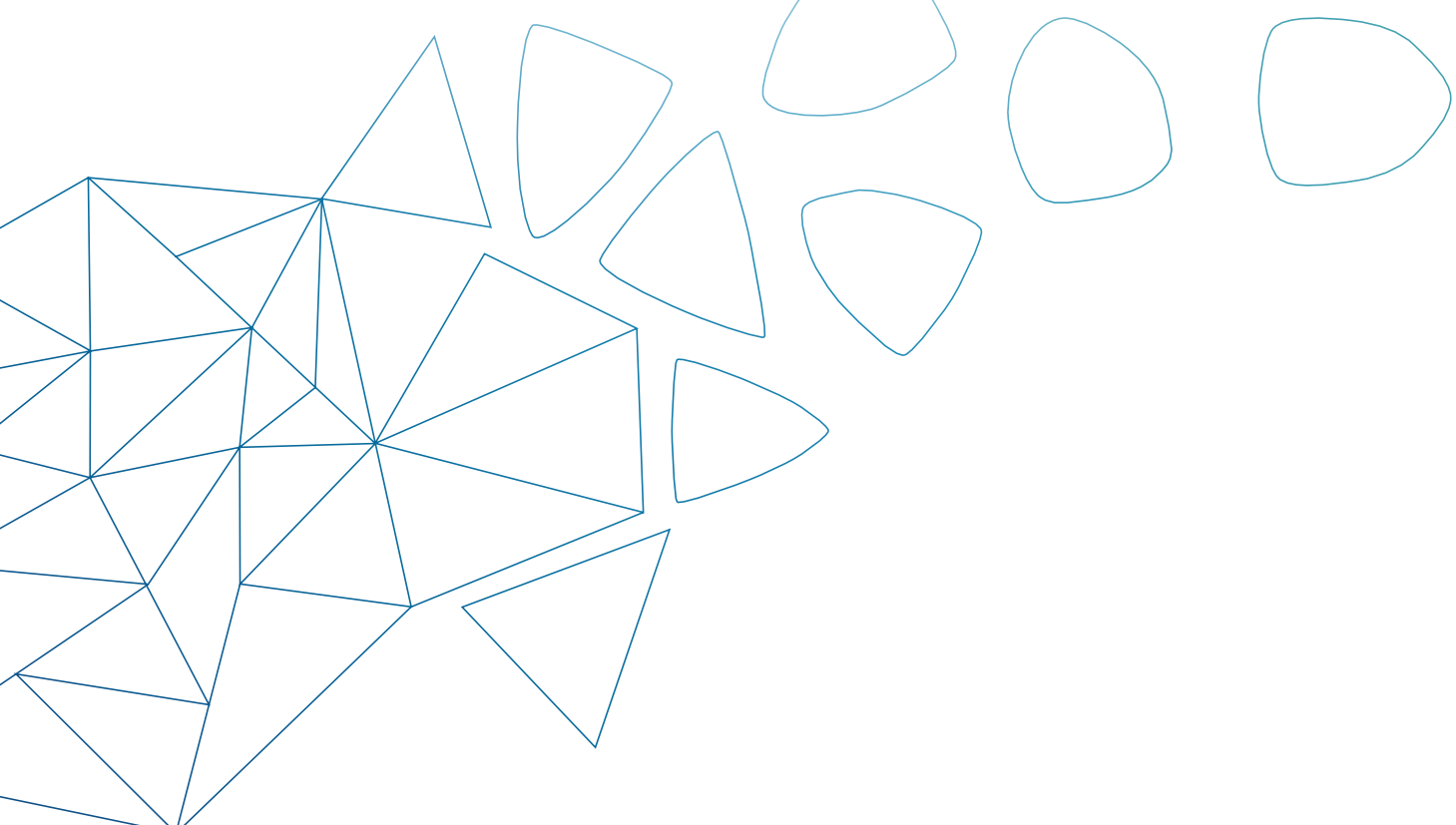


Minor and major insights are giving rise to minor and major innovations which are transforming life as we know it today. The TÜV NORD GROUP has been underwriting this progress with its expertise for over 150 years.

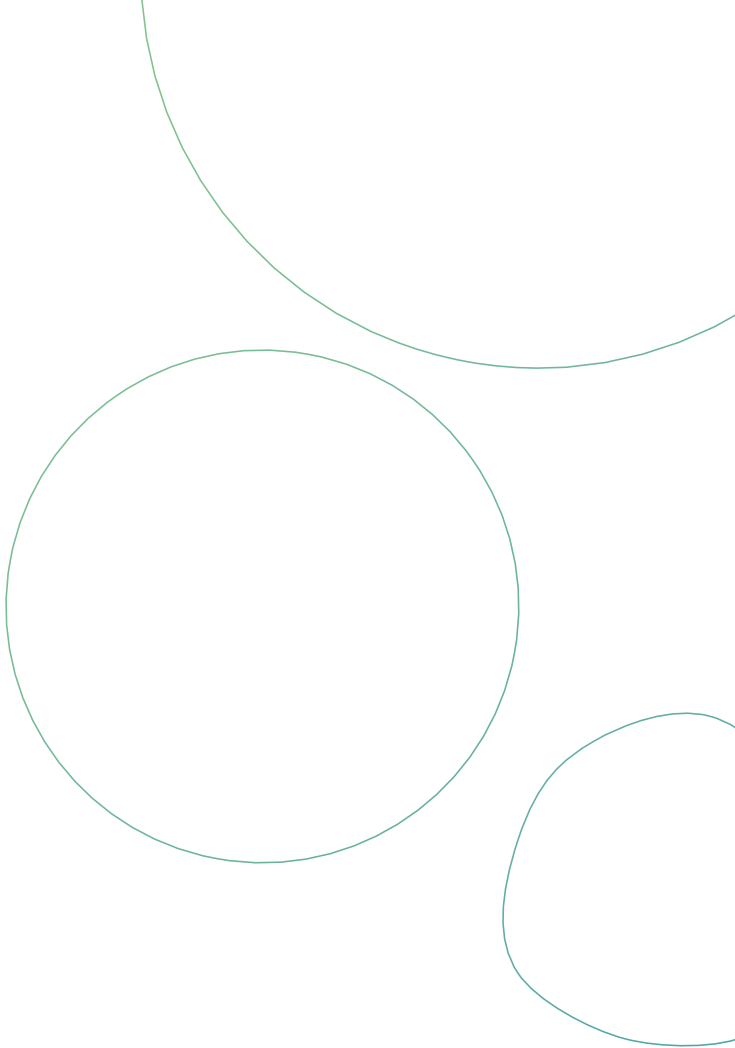
Knowledge changes life



**TÜV NORD GROUP**

Expertise for your Success





What we know today will have an impact on the life we will lead tomorrow. The TÜV NORD GROUP is supporting the economy, policy-makers and society on our shared journey into a safe and secure future.

# The TÜV NORD GROUP in figures

## KEY FINANCIAL RATIOS 2020

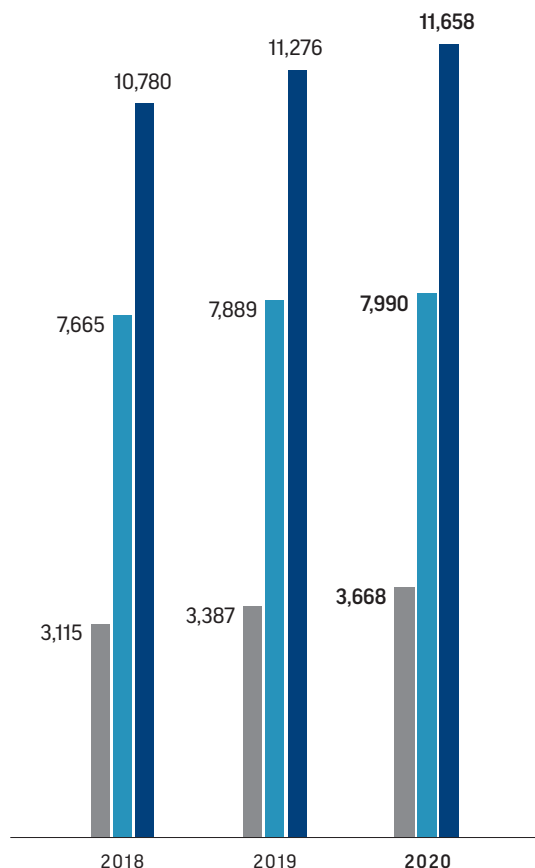
In € million

	2020	2019
EBIT*	47.8	75.2
EBT	31.9	74.0
Balance sheet total	1,045.6	1,042.9
Net financial position	82.6	37.0
Pension provision	531.4	528.5

\* before special effects

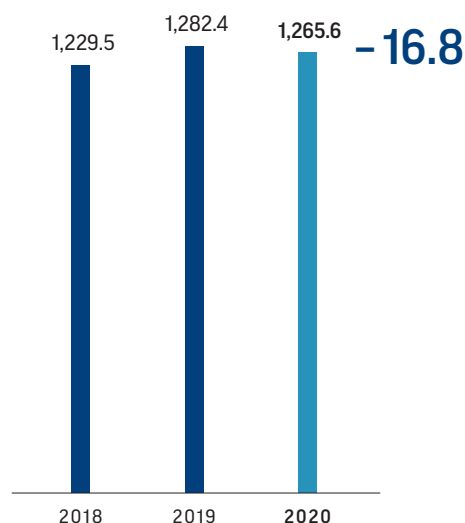
## TREND IN WORKFORCE NUMBERS

■ International ■ Domestic ■ Total



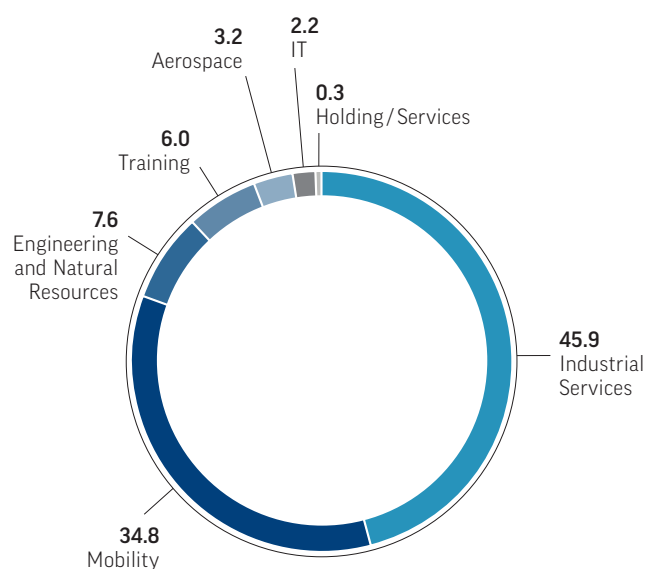
## TREND OF REVENUE

In € million



## REVENUE BY BUSINESS UNIT

in %



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## Dear clients, partners and colleagues,

The coronavirus pandemic has been impacting on the economic and social life of billions of people for more than a year. Many have fallen ill or even died with the virus. The pandemic is dramatically changing economic processes and challenging companies to quicken the pace of technological change and take social responsibility with sustainable business models.

From the very beginning of the pandemic, our ambition in the TÜV NORD GROUP was to use what many assumed would be a complete halt to business activity to continue to develop services and create innovations for people, companies and institutions worldwide. The idea was to enable our customers to carry on doing business as fully as possible, even in the crisis.

New computer-aided remote audits and inspections via digital live streams have proven to be particularly efficient. Companies, administrations, associations and organisations can now carry out parts of their legal or voluntary audits and certifications remotely. This is also resulting in a reduction in travel costs and CO<sub>2</sub> footprints. TÜV NORD has already successfully carried out thousands of remote tasks worldwide. Not only that, but our smart and tailor-made e-learning services are ensuring the continuity of vocational training.

We took samples from deliveries of well over two billion pieces of PPE to carry out laboratory tests of medical and filtering respiratory masks, mainly on behalf of the German Ministry of Health. This enabled much-needed laboratory-tested protective equipment to be provided to staff in hospitals, nursing homes and other facilities. TÜV NORD is going to further expand its portfolio of health protection tests, for example in the form of hygiene audits. Our MEDITÜV company physicians, who have for many years been routinely carrying out flu vaccinations in companies in many German states, can effectively relieve the burden on public vaccination centres and thus significantly increase the rate of vaccination against Covid-19 – always provided that sufficient quantities of vaccine are available.

Although the business units have had to live with considerable restrictions in the course of the pandemic, our employees at the TÜV STATIONS, in workshops and laboratories, on construction sites and in plants have always been available for their customers and in many cases been able to visit them on site. They have made their personal contribution to maintaining public life, production and transport and energy infrastructure in many countries, regions and municipalities. Our special thanks go to all of them. Thanks to the flexibility of our employees worldwide and a consistently liquidity-oriented corporate management policy, the revenue of the TÜV NORD GROUP decreased year-on-year by only 1.3 percent. The number of employees (14,182) reached a new high. There have never been more people working for our company. At this point, we would like once again to welcome all our new employees to the big global TÜV NORD family.

With its new "Strategy2025", the TÜV NORD GROUP is carrying on along the path of development into a customer-centric and data-driven knowledge group. Following on from the successful foundation of our Digital Academy in 2017 and many innovation projects in the business units and central divisions, we have now launched an innovation campaign under the banner of "#Go NORD – Innova-



tion by Everyone". Its goal is to motivate and empower all employees to develop and put into operational practice innovative ideas for new services and processes. With their experience, knowledge and high levels of motivation, our employees have a crucial role to play as we follow our path to becoming a "smart company". You can read more about this in the HR Report.

The core competence of the TÜV NORD GROUP remains, as it has always been, to ensure the safety and security of new, climate-friendly technologies and thereby to increase their acceptance by the population at large and the economy. Let me mention just one example. To achieve German and European environmental objectives, a rapid market ramp-up of safe hydrogen applications is needed. For this purpose, we have developed the necessary safety services, especially certifications, along the entire value chain for this volatile gas. And when it comes to climate protection, our word is our bond: the TÜV NORD GROUP has set itself the goal of making all its business activities carbon-neutral by 2030.

On behalf of the Supervisory Board, the Board of Management, the Group Executive Committee and the staff councils, I would like to thank our customers and partners for their cooperation and trust – especially in these challenging times. Particularly at this time, we have come to appreciate how valuable and irreplaceable personal contact and dialogue really are. On this theme, I am already looking forward to the opportunity to meet you all in person once again in the near future.

Kind regards,

Dr. Dirk Stenkamp  
Chairman of the Board of Management

# The Group Executive Committee



“The coronavirus pandemic has shown that the TÜV NORD GROUP provides system- and socially relevant services in many areas. We played our part in ensuring that the world could continue to function safely and securely even during the crisis.”

**DR. DIRK STENKAMP,**  
Chairman of the Board of Management



“If we are going to develop into a knowledge group, we need committed people with wide-ranging expertise. Open dialogue in mixed teams from all over the world is the basis for shaping this process.”

**DR. ASTRID PETERSEN,**  
Chief Human Resources Officer<sup>1</sup>



“In our more than 150-year history, we have always been given a great deal of responsibility: starting with the monitoring of steam boilers – and now with testing the coronavirus warning app for security.”

**JÜRGEN HIMMELSBACH,**  
Chief Financial Officer



“Remote working is now part of our daily business. This is making us even more flexible. The years of experience and knowledge of our employees remain the measure of all things.”

**DR. RALF JUNG,**  
Industrial Services business unit



“Self-driving cars are no longer the stuff of science fiction, but at the same time we still have a lot of stages of development ahead of us. That's what we're working on at TÜV NORD.”

**HARTMUT ABELN,**  
Mobility business unit



“We aim to use hydrogen as a virtually inexhaustible and clean source of energy. This goal is based on the experience drawn from other technological fields.”

**DR. MAIK TIEDEMANN,**  
Engineering and Natural Resources business unit





“We have learned that a playful approach to work and the space to come up with ideas are crucial for creative development. For example, in our Digital Academy.”

**HARALD REUTTER,**  
Chief Human Resources Officer<sup>2</sup>

<sup>1</sup> as of 1 January 2021

<sup>2</sup> until 31 December 2020



“The coronavirus pandemic hasn’t after all reduced the need for vocational education and training to zero. We’re now working to improve and expand our online product portfolio.”

**JÖRG BECKS,**  
Training business unit



“Every image and every measurement taken from space will help us unlock the secrets of how the universe began. We will no doubt discover things whose existence has never even occurred to us.”

**LUIS GÓMEZ,**  
Aerospace business unit



“IT knowledge continues to evolve fast. Quantum computers will soon be widely available. We must also fend off attacks on classical cryptographic mechanisms. That’s what we’re preparing for right now.”

**DIRK KRETZSCHMAR,**  
IT business unit

# Report from the Supervisory Board



In 2020, as before, the Supervisory Board carried out the tasks incumbent upon it according to the law and the articles of association; it regularly supervised the work of the Board of Management and continuously offered advice to the Board in its management of the company.

In particular, it received regular detailed information, both verbally and in writing, concerning the position of the Group and the business trends within it. In the year under review, four regular meetings of the Supervisory Board took place on 24 March, 9 June, 22 September and 1 December, at which the Board of Management reported in detail on the current situation of the Group and the major Group companies. On 16 September, the Supervisory Board undertook a detailed examination of Strategy2025, which was presented by the members of the Board of Management and the Group Executive Committee at an all-day event held behind closed doors. Due to social distancing requirements and travel restrictions, videoconferencing systems were used at times for the execution of the meetings on all the dates. In a written decision-making procedure between 21 December and 15 January 2021, the Supervisory Board also adopted new targets for the proportion of women on the Board of Management and the Supervisory Board. This has signalled the commitment of the Supervisory Board to increasing the proportion of women in management positions in the spirit of equality and fairness of opportunity.

The Board of Management also delivered assessments of the opportunities and risks that might present themselves in the further course of the year and the current financial and asset status of the Group. In this way, the Supervisory Board was kept abreast of corporate policy intentions, corporate planning and ongoing business transactions. Particular attention was paid to economic development under the influence of the coronavirus pandemic. Outside the meetings, the Chairman of the Supervisory Board was also kept regularly informed of current issues by the Chairman of the Board of Management.

At its meeting of 24 March 2020, the Supervisory Board appointed Dr. Astrid Petersen as Chief Human Resources Officer and Labour Director with effect from 1 January 2021. Dr. Petersen thus succeeds Mr Harald Reutter, who stepped down the Board of Management as of 31 December 2020. The Supervisory Board thanks Mr Reutter for his many years of successful work as CHRO and Labour Director at TÜV NORD AG.

At the meeting of 1 December, the budget for 2021 was discussed and approved by the Supervisory Board. At this meeting, after a thoroughgoing review and period of consultation, the Supervisory Board gave its consent to the purchase of a stake in a company for which its approval was required.

The Supervisory Board largely met in the presence of the Board of Management but also deliberated in its absence on matters such as Board member remuneration and other Board-related issues.

In order to carry out its tasks and prepare its deliberations and decisions, the Supervisory Board set up two committees which effectively support the work of the plenum.

The presidium/HR committee held four meetings in the year under review, and telephone consultations were held as required. The discussions focused primarily on the preparation of the plenary sessions and the HR and compensation decisions to be made by the Supervisory Board. Where necessary, the Supervisory Board was furnished with recommendations for decision-making.

In 2020, the Finance Committee met four times in advance of the Supervisory Board meetings and paid particular attention to the annual financial statement, earnings trends, risk and opportunities management and interest rate trends, particularly in respect of pension obligations. Particular attention was also paid to business and liquidity trends under the influence of the coronavirus pandemic. In its meeting of 24 November, the Finance Committee addressed the plans for the 2021 fiscal year. Key findings were in each case reported back to the following Supervisory Board meetings.

The auditor appointed by the General Meeting of 24 March 2020, BDO AG from Essen, audited the annual financial statement of TÜV NORD AG and the consolidated financial statement, including the associated reports on the situation of the company and the Group, published by the Board of Management on 31 December 2020. The auditors issued an audit opinion that was free of any reservations. The auditors noted that the Board of Management had established an appropriate information and monitoring system whose design and management rendered it suitable for anticipating developments that might pose a risk to the continued existence of the company.

The financial statement documents and the audit reports for the 2020 fiscal year were discussed at length in the meeting of the Finance Committee of 16 March 2021 and the Supervisory Board meeting of 23 March 2021. The Board of Management and the auditors were present at the deliberations on the annual and consolidated financial statements. The auditors reported on the main results of their audit and their determinations concerning the internal control system and risk management. They also made themselves available to the Supervisory Board should the latter require additional information.

Based on its own audit of the annual and consolidated financial statements and the management reports and the report and the recommendation of the Finance Committee, the Supervisory Board felt able to concur with the auditors' conclusions. No objections were raised. The Supervisory Board approved both the annual and the consolidated financial statements.

Dr. Elmar Legge stepped down from the Supervisory Board on 30 June 2020. The General Meeting appointed Mr Thomas Biedermann as his successor on the Supervisory Board for the remainder of Dr. Legge's term. The Chairman of the Supervisory Board acknowledged Dr. Legge's years of dedicated work on the Supervisory Board and thanked him on behalf of the committee for his constructive cooperation.

The Supervisory Board would like to thank all the Group's employees worldwide, the company management boards, the Board of Management, the Group Executive Committee and the employee representations for their contribution and energetic commitment in 2020.

The Supervisory Board

Prof. Dr. Karl Friedrich Jakob  
Chairman

Hanover, March 2021

# Corporate Respon- sibility



The Corporate Responsibility Progress Report 2020 can be found at  
[tuev-nord-group.com/en/company/facts-and-figures/annual-report-2020](https://tuev-nord-group.com/en/company/facts-and-figures/annual-report-2020)



# Our Corporate Responsibility Strategy

## THE CORPORATE RESPONSIBILITY STRATEGY OF THE TÜV NORD GROUP

Sustainability and responsibility are the driving force behind the entrepreneurial vision of the TÜV NORD GROUP, and these qualities are firmly embedded in our DNA. Our long-term Group-wide Corporate Responsibility Strategy is at the heart of all our activities. It was developed in 2018 and defines how we at the TÜV NORD GROUP seek to understand and fulfil our responsibility. Our integrated management system has proved its worth in the implementation of our CR Strategy, which is why we continued to fully adhere to it in 2020. This enabled us to continue to implement our strategy step by step at the level of both business units and Group companies. On the following pages, we use extracts to report fully and transparently from our Roadmap 2020. In doing so, we look at what has been done to achieve our objectives and the status quo at the end of the roadmap period from 2018 to 2020. An important success factor in achieving our goals this year was once again the involvement of the six business units and their companies.

Current challenges and relevant influencing factors will require us to manage our sustainable actions even more effectively and with greater focus in the future. At the beginning of 2020, we further underscored the importance of sustainability in the Group's mission statement by defining sustainability as one of six guiding values of the TÜV NORD GROUP.

The Group's clear position regarding sustainable value creation is also reflected in the new Group strategy. Sustainability is a major thrust of our "Strategy2025". In October 2020, the new strategy was presented by members of the Board of Management and the Group Executive Committee at a web conference to which all employees of the Group were invited.

In April 2020, the CR Steering Committee critically assessed the CR Strategy and CR Roadmap 2020 (> see [Corporate Responsibility Progress Report 2019](#)) and the self-selected targets and confirmed them for 2020 without further adjustments. In May 2020, the CR Steering Committee started to develop a new CR Strategy for 2025 and the first related CR Roadmap (2021 to 2023). A second CR Roadmap will then be introduced to cover the period from 2024 to 2025. This development was at an

advanced stage by the end of 2020. The new CR Strategy 2025 and the associated first CR Roadmap 2023 are expected to enter into force in the first quarter of 2021. We will provide detailed information on this process in our next Corporate Responsibility Report.

## ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) OF THE UNITED NATIONS

Our strategic orientation is not limited solely to megatrends: since 2018 we have also been increasingly aligned with the United Nations Sustainable Development Goals (SDGs). In 2020, we paid particularly close attention to the transformative potential of the SDGs for our own digitalisation projects, innovations, services and business activities and anchored this potential as an objective for our "Sustainable Product & Service Portfolio" in the new Group strategy.

In 2020, for the first time, we subjected the innovation projects of all the German business units and companies in the Group to a review based on the sustainability criteria. In the process, their impact on the SDGs was also determined in a structured way (> [for the result see table in the chapter "Our Roadmap in 2020"](#)). From now on, each innovation project will be reviewed at one of the first decision-making points in the innovation process to determine how the innovation will contribute to sustainable development. The members of staff responsible will record which SDG indicators will benefit from an innovation, and how strongly, and to what extent it will support the implementation of the Group's CR Roadmap.

Starting In 2021, we are also going to roll out the evaluation of our service portfolio and the determination of the impact of our services on the SDGs in a structured way. In this way, we aim to ensure that we will contribute to the achievement of the Sustainable Development Goals with not only our new services but our entire business activities. Based on the results of this extended evaluation process, a structured, semi-quantitative evaluation of the relevant SDG contributions of our value creation will also be carried out in the future. Our further aim will then be to manage the impact of our sustainable actions as a company in a more strategically and operationally targeted manner.

## MANAGEMENT AT ALL LEVELS

The Group's CR Steering Committee met eight times in 2020. It includes CR coordinators as representatives of the business units and functional divisions of the TÜV NORD GROUP. These coordinate all CR-related activities in their respective business units or divisions with the management group as well as coordinating the implementation of the CR Roadmap and, in 2020, played a significant part in shaping the new CR Strategy 2025 and the CR Roadmap 2023.

In the 2020 reporting year, we also intensified cooperation on CR topics between all the levels of the hierarchy. We laid the foundation for this intensified cooperation at the beginning of 2020 with a meeting between the Group's CR manager, the CR coordinators of the business units and the management representatives of the German Group companies. Approaches to effective forms of cooperation were developed to improve the integration and implementation of our strategic CR guidelines into our processes and activities.

## INTERNAL AND EXTERNAL STAKEHOLDERS INVOLVED

In April 2019, we discussed our first Corporate Responsibility Report with selected representatives of client companies, approval-issuing authorities, university agencies and NGOs. In October 2020, we continued this direct dialogue with our stakeholders at a stakeholder event. The online event was held under the banner "Sustainability opens up new paths to a common future". The aim was to present key aspects of our CR Strategy 2025 and to engage in dialogue about them with external experts who have relations with TÜV NORD GROUP. More than 60 decision-makers from companies, organisations and our Group discussed issues such as innovations and services, human rights, supply chain law and climate protection. Courtesy of this dialogue with our stakeholders, we gathered some valuable feedback for our CR Strategy 2025.

In 2020, we also used our various formats, such as management meetings, on-board events and corporate audits, to engage in dialogue with our internal stakeholders on CR topics. In 2020, at international meetings, we also filled In the foreign companies in the TÜV NORD GROUP about our CR topics, for the first time actively

involving them in the further development of our CR activities via the International Quality Conference 2020. The Management Conference in December 2020 also played an important role here. Under the headline "Leading and Prevailing in Challenging Times", 125 top executives from the Group met for a two-day online event. At this themed event, the Chairman of the Board of Management Dr Dirk Stenkamp addressed the topics of Corporate Responsibility from the perspective of the Group's "Strategy2025". Prof Stefan Schaltegger (University of Lüneburg) contributed with a keynote speech under the heading of "Sustainability as Key Driver of Market Transformation – Developing Business Cases for Sustainability".

**"With our Group Strategy 2025, we have set out to focus our services even more fully on sustainability and environmental protection. We are also consistently focusing our internal processes and consumption behaviour on sustainability-oriented value creation, thereby combining our business success with the contribution that we are making to the sustainable development of society and the preservation of our environment."**

**DR. DIRK STENKAMP**

Chairman of the Board of Management of TÜV NORD AG



# Materiality of our CR Topics

In our 2018 materiality analysis, we determined the issues which play a major role for the TÜV NORD GROUP and what we should focus on in particular in our CR Strategy. Taking into account the expectations of our stakeholders and our impact, we distilled from this analysis the most essential and important CR issues for the TÜV NORD GROUP. These form the basis of our actions and activities in the context of Corporate Responsibility. More information and a description of the materiality analysis process can be found in our 2018 Corporate Responsibility Report.

Our CR topics are listed in the right-hand column, broken down by field of action.

In order to review and keep up to date the selection of our key topics, we regularly carry out assessments of trends. In this way, we establish what is currently of particularly high social relevance. In 2020, alongside the coronavirus pandemic and the related issues of health protection and digitalisation, the subject of climate protection once again dominated the societal conversation. The companies were also motivated by the conclusion of the monitoring process for the National Action Plan on Economic Affairs and Human Rights (NAP) and, in tandem with it, the Due Diligence Act which is on course to be enacted in Germany.

At the TÜV NORD GROUP, the CR Steering Committee evaluated the attitude we have adopted to these challenges and the extent to which we want to continue to use our influence to tackle them:

We want to make an even more active contribution to climate protection and, in the second half of the year, we set out a programme for climate protection, with the aim of achieving carbon neutrality in the TÜV NORD GROUP by 2030. In the "Environmental Orientation" field of action, we set out the measures that we pushed ahead with this year. In addition to buildings efficiency, we focused on our travel patterns, which account for the majority of our CO<sub>2</sub>e emissions. We associate the requirements of the NAP with "Respect for human rights". This year, we significantly intensified our efforts to integrate human rights considerations into all our existing structures and processes. In the roadmap in the "Societal Orientation" field of action, we report on the current state of progress of the issue.

## OUR CR TOPICS



### RESPONSIBLE VALUE CREATION

- 1 Value-oriented, sustainable corporate management
- 2 Responsibility in the value chain
- 3 Sustainable innovations and services
- 4 Digital means of value creation
- 5 Integrity and compliance
- 6 Integration of Group companies



### STAFF ORIENTATION

- 7 Attractive employer
- 8 Health and safety
- 9 Value-oriented HR management
- 10 Individual development and promotion of employees
- 11 Appropriate working environment
- 12 Diversity and inclusion



### ENVIRONMENTAL ORIENTATION

- 13 Eco-friendly travel habits
- 14 Resource economy and efficiency
- 15 Energy efficiency in buildings



### SOCIETAL ORIENTATION

- 16 Societal role in accordance with our vision and mission
- 17 Involvement of stakeholders beyond the value chain
- 18 Targeted social engagement consistent with our value creation
- 19 Respect for human rights



# Our Roadmap 2020

We developed and coordinated the CR Roadmap of the TÜV NORD GROUP in a comprehensive process in 2018. At the beginning of the reporting year, we established that it would be possible to continue to use our roadmap as guidance for 2020 without further adjustments. This forms the basis of all our actions and activities relating to Corporate Responsibility and includes an overarching and specific self-determined goal for each of the fields of action that we set out to achieve by the end of 2020.

The objectives and measures of our CR Roadmap with the 2020 timeframe served as guidance for three years for all the employees of the Group in questions of Corporate Responsibility. We are already successfully managing their implementation in Germany

through the Group's central CR management team and with the aid of the CR coordinators of the business units and the functional divisions of the holding company.

The TÜV NORD GROUP is also perceived from the outside as a values-oriented and sustainable company: In 2020, we achieved EcoVadis Gold status, placing us in the top five percent of companies rated by EcoVadis with regard to sustainability.

At the end of 2020, we assess the extent to which we have achieved our CR Roadmap 2020 targets. Our meta-objectives per field of action and where we are on the path to achieving them at the end of the current roadmap period are set out below.

## ROADMAP 2020 - CURRENT IMPLEMENTATION STATUS OF OUR META-OBJECTIVES

Field of action	KPI	Status	Explanation
<b>Responsible Value Creation</b> Objective: Perception of the TÜV NORD GROUP as a value-oriented and sustainable enterprise	CR certificate or listings by 2020 in sustainability ratings/rankings	achieved	We were awarded Gold status in the EcoVadis Corporate Responsibility rating in 2020. This reflected the TÜV NORD GROUP's record of improvement in the year-on-year comparison and means that the company is now one of the top 5% of enterprises rated by EcoVadis.
<b>Staff Orientation</b> Objective: Employee satisfaction	Maintenance of the high commitment index score of over 70% in the employee survey of 2020	in progress	With the help of a wide range of measures, we are working on securing high levels of employee satisfaction. Since the employee survey has been postponed until 2021, an evaluation will not be possible until 2021. We will offer information on the outcome in our 2021 report.
<b>Environmental Orientation</b> Objective: Commitment to meet the 2-degree climate target	Significant reduction of our CO <sub>2</sub> e footprint (total greenhouse gas emissions, expressed as CO <sub>2</sub> equivalent) by 2050, development of measures to reduce our GHG emissions in line with the triad "Avoid, reduce, offset", and in that order	achieved	Compared to 2017, we were able to significantly reduce our CO <sub>2</sub> e emissions by 42.4%. Based on the structures we have developed and so that we can make an even better contribution to climate protection, we committed ourselves in mid-2020 to the 1.5-degree climate target and climate neutrality by 2030. We will provide information on the measures that will lead us to this objective in the 2021 report.
<b>Societal Orientation</b> Goal: Social engagement through innovation	Our innovations will support the sustainable development of society in 2020 and beyond	achieved	In 2020, we carried out sustainability assessments for the entire portfolio of innovation projects in the German companies of the TÜV NORD GROUP. This enabled us to demonstrate that all of our innovations support sustainable development and thereby to provide clear evidence of the societal added value of the innovations in the Group. Based on our assessment criteria, which refer to SDGs and their indicators as well as to the requirements of our CR Roadmap, we were able to determine that the Sustainability Index lies between "good" and "excellent" over the entire range of the Group's innovation projects and that not a single innovation project has been assessed negatively.



# Responsible Value Creation

“Our achievement of economic success considers the interests  
of both human beings and nature.”

## NEWS ON THE MANAGEMENT APPROACH, TOPICS AND CONTROL

The positioning of the TÜV NORD GROUP on sustainability-oriented value creation was most clearly demonstrated in 2020 by the inclusion of the sustainability dimension as a key thrust in the new Group strategy. The commitment to sustainability-oriented value creation anchored in the strategy is also reflected in the sub-strategies of our six business units, each of which has set its own objectives, to be achieved by 2025, on the subject of the “Sustainable Product & Service Portfolio”. Sustainability is thus deeply rooted at a strategic level in our value creation.

In 2020, we focused intensely on the transformative potential of the SDGs for our own digitalisation projects, innovations, services and business activities. In the first Group-wide evaluation of innovation projects in the second half of 2020, we recorded which SDG subordinate goals and indicators were benefiting from an innovation, and how strongly, and to what extent this

innovation was supporting the implementation of the Group's CR Roadmap.

From 2021, we are also going to roll out the evaluation of our service portfolio and the determination of the impact of our services on the SDGs in a structured way. In this way, we aim to enable a broad and structured evaluation of the specific contributions of our value creation to sustainable development in the short to medium term and also to manage our sustainable impact as a company in a more targeted manner.

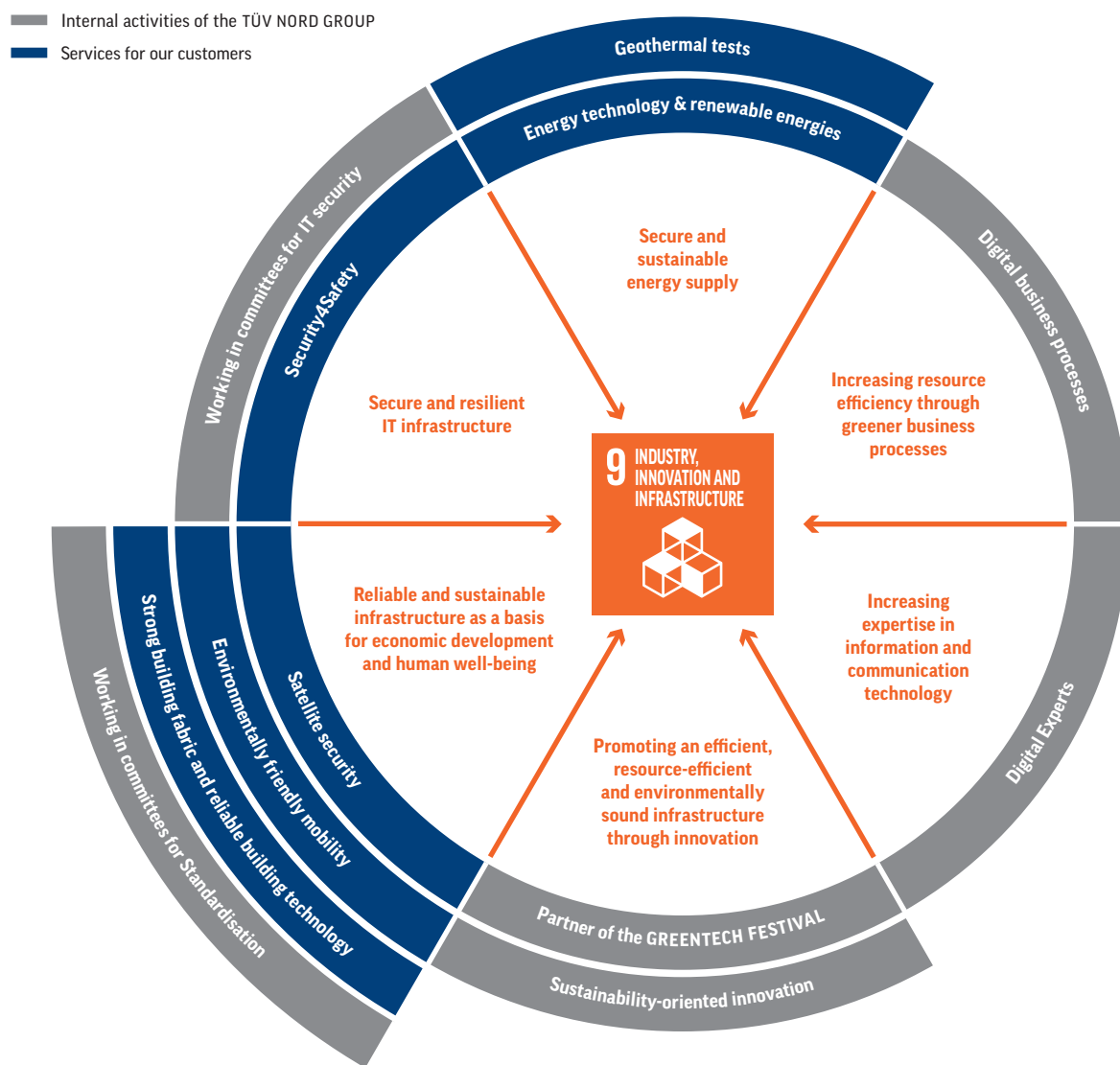
The digital transformation within the Group, which was already well advanced in 2019, was able to mitigate some of the negative impact of the coronavirus pandemic on the TÜV NORD GROUP. At the same time, this exceptional situation accelerated, as did the introduction of new digital solutions such as remote audits and online campuses, which are playing their part in securing and even expanding our value creation and thereby increasing the resilience of our company.

## ROADMAP 2020 – CURRENT STATUS OF ACHIEVEMENT OF OUR GOALS IN THE FIELD OF “RESPONSIBLE VALUE CREATION”

Topics and our goals	KPI	Status	Explanation
<b>Value-oriented, sustainable corporate management</b> Our company is perceived by our employees as acting sustainably in accordance with values.	<ul style="list-style-type: none"> <li>• Perception of our corporate activity to be rated as at least good in the 2020 employee survey</li> </ul>	in progress	<p>The workshops on the new management guidelines, which were initiated in 2019, continued in 2020 and the Group's executives continued to work to communicate their content. Initial feedback from our employees on the new Group strategy, which included sustainability as a key thrust, was positive. An employee survey, which could not take place as planned in 2020 due to the coronavirus pandemic and was postponed until 2021, is expected to confirm this.</p> <p>To track the progress towards this objective, it will be continued in the next roadmap.</p>
<b>Responsibility in the value chain</b> Sustainability criteria are integrated into the procurement processes.	<ul style="list-style-type: none"> <li>• Review of 100% of newly registered suppliers with technical and sales relevance</li> <li>• Overall share of purchase volume with these suppliers to be at least 25% in 2020</li> </ul>	achieved	<p>The central purchasing department evaluates newly registered suppliers who meet the predetermined criteria in both technical and sales terms based on clearly defined sustainability criteria and high sustainability standards. These are a binding and important part of the regular supplier evaluation. In 2020, all newly registered suppliers were assessed for sustainability, and 57% of the purchase volume was realised from suppliers which have undergone a sustainability assessment.</p> <p>The sustainability assessment is an essential tool for influencing sustainability considerations beyond our own value chain.</p>
<b>Sustainable innovations and services</b> Responsibility and sustainability are established as evaluation parameters for our innovations and services.	<ul style="list-style-type: none"> <li>• The evaluation of innovations and services to start in 2020</li> </ul>	in progress	<p>In 2020, we carried out sustainability assessments for the first time for the entire portfolio of innovation projects in the German companies of the TÜV NORD GROUP.</p> <p>Based on our assessment criteria, which refer to SDGs and their indicators as well as to the requirements of our CR Roadmap, we were able to determine that the Sustainability Index lies between “good” and “excellent” over the entire range of the Group's innovation projects, with a mean score of 4.5, and that not a single innovation project has been assessed negatively.</p> <p>On the basis of this successful first step, we intend to roll out the evaluation to our services as well in 2021. To this end, we have incorporated the current objective into the next roadmap and further refined it.</p>
<b>Digital means and methods of value creation</b> Digital Experts ensure that digitalisation knowledge is networked.	<ul style="list-style-type: none"> <li>• All business units to have digital experts in 2019</li> </ul>	achieved	<p>A total of 59 digital experts are now active in all six of the Group's business units.</p> <p>The coronavirus pandemic has accelerated the digital transformation in the introduction of new solutions with a focus on safeguarding and expanding our business (remote audits, online campuses) and on further training (Masterplan).</p>
<b>Integrity and compliance</b> A training programme on integrity and compliance is established throughout the Group.	<ul style="list-style-type: none"> <li>• An e-learning-based target group-oriented training programme to be introduced throughout the Group by 2020</li> </ul>	in progress	<p>In 2020, an appropriate training programme was designed and roll-out in the Group began. Three different modules are available for the basic training of all employees. The modules have been successfully tested in the business units.</p> <ul style="list-style-type: none"> <li>• Basic module (ready for use) for all employees of the Industrial Services, Engineering and Natural Resources, Training and IT business units</li> <li>• Basic module (ready for use) with specific questions for the Mobility business unit</li> <li>• Basic module (in use on the unit's own platform since October 2020) for the Aerospace business unit</li> </ul> <p>With the aim of pursuing the continuation of the roll-out in further organisational units, we have already included an objective to that effect in the next roadmap.</p>
<b>Integration of Group companies</b> Foreign companies are integrated into the Group's network and application landscape.	<ul style="list-style-type: none"> <li>• The degree of integration of the fully consolidated foreign companies to be at least 80% by the end of 2020</li> </ul>	in progress	<p>Due to the strict travel restrictions triggered by the coronavirus pandemic, only one of the sites planned for 2020 could be converted.</p> <p>The level of achievement of the target is thus 65%. The integration of further sites can only take place in full once the travel restrictions have been lifted.</p>

## BECOMING A SUSTAINABLE INDUSTRY THROUGH RESPONSIBLE VALUE CREATION

SDG 9 has already been identified in the 2019 Progress Report as the key UN global goal in the “Responsible value creation” field of action. Through its business activities (outer part), the TÜV NORD GROUP has a direct impact (inner part) that will in the long term reap benefits for SDG 9 (centre of the circle).



In the “Responsible Value Creation” field of action, our particular focus is on our responsible and sustainable actions as a company. With our services and internal activities, we have the opportunity to make the impact of our company and even our customer companies more sustainable in economic, environmental and societal terms. In particular, we support the path to the following six United Nations Sustainable Development Goals (SDGs): We promote Quality Education (SDG 4), Affordable and Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8), Responsible Consumption and Production (SDG 12) and Climate Action (SDG 13).

However, the biggest contribution we are making to sustainable development is in respect of SDG 9 “Industry, Innovation and Infrastructure”. ([see the 2019 Progress Report](#))

We are having an impact, for example, with our services on the transition to digital business processes. But our products related to a sustainable energy supply or the promotion of environmentally sound innovations are also paving the way to more sustainability in this area.

We made particular progress in 2020 in assessing the sustainability of our innovations.

([see also roadmap in this chapter](#))

# Highlights of 2020

"Responsible value creation" field of action

## CERA 4 IN 1 BRINGS TRANSPARENCY INTO THE SUSTAINABLE EXTRACTION OF NATURAL RESOURCES

Consumers are increasingly paying attention to sustainability, not only in food, but also in smartphones, laptops and electric cars. In the process, they are usually guided by certificates. However, the certification landscape for natural resources is still patchy at present. This is exactly what "CERA 4in1" wants to change: The certification system initiated by the TÜV NORD GROUP is the first process to enable a comprehensive assessment of environmental, social and economic sustainability along the entire mineral resource value chain.

Since 2017, DMT (the leading company in the Engineering and Natural Resources business unit) has been driving the development in partnership with TÜV NORD CERT, the Dutch University of Leiden, the Austrian University of Leoben as well as the Swedish research institution RISE ("The Research Institute of Sweden") and LTU Business, with the financial support of EIT. The first standards are currently being tested in international pilot projects. There is already enormous interest in the business community: Siemens, Volkswagen, the European Bank for Reconstruction and Development and many other companies are actively involved in the development of CERA 4in1.

## SUPPORTING THE ENERGY TRANSITION THROUGH SUSTAINABLE USE OF DEEP GEOTHERMAL ENERGY

At the beginning of 2020, DMT carried out a seismic exploration programme to the southeast of Munich. The aim was to find sources and potential for use of environmentally friendly geothermal energy from deep underground strata. The company used a special, environmentally friendly process in which sound waves are generated on the earth's surface and sent down into the ground. The underground rocks reflected the sound waves differently, and the differences were recorded using geophones (underground microphones). A 3D image of the subsoil was then produced, which yielded precise information about its thermal water-bearing formations.

## IMPROVING SAFETY FOR THE SMART CITY

Cities and municipalities are going smart. The cybersecurity and trustworthiness of digitised infrastructures are an essential prerequisite. And these are exactly what the IT business unit sets out to provide. TÜViT SeCom is currently working together with BearingPoint on an order from the Federal Office for Information Security. The commission concerns supporting municipalities in the building of secure and reliable IoT infrastructures to ensure that smart cities and regions are good places to live. The work does not just concern administrative services: areas such as transport, energy supply and education are also increasingly going digital. For this purpose, the colleagues developed a recording methodology that identifies possible security vulnerabilities and forms the basis for recommendations for action.



### DIGITAL SERVICES ARE BOOMING

The coronavirus pandemic has accelerated the high pace the TÜV NORD GROUP has already set in the digitalisation of service services. This applies to audits (remote audits), the carrying out of technical inspections and assessments (remote inspections, immediate assessments) and in particular to learning offers. In this way, we have expanded our expertise in the field of digital learning and increasingly used corresponding platforms for customers whom we have previously trained and advised non-digitally – for example, through virtual live training in the Training business unit.

### JOB SPEED DATING ALSO A SUCCESS ONLINE

Can a tried-and-tested major event be held during a pandemic? For TÜV NORD Bildung, the answer is yes, you can! By mid-year, the team had moved its popular job speed dating format into the virtual world. Well over 1,000 participants took the opportunity to talk to more than 100 employers about finding a job. A complete success that opens up new perspectives: further digital concepts for the implementation of major virtual events will follow.



# Staff Orientation

“Our employees are at the heart of our company and the key to our long-term success.”

## NEWS ON THE MANAGEMENT APPROACH, TOPICS AND CONTROL

We continued to work in 2020 to provide the best possible working conditions for our staff. In 2020, for example, all executives were called upon to communicate the Group's management guidelines in their area of responsibility and to enter into an active dialogue with their employees.

We have systematically expanded the range of digital training opportunities to further support our most important resource, our employees.

In this way, the TÜV NORD GROUP managed to meet the staff's learning needs using digital means, the pandemic having reduced classroom trainings to a handful.

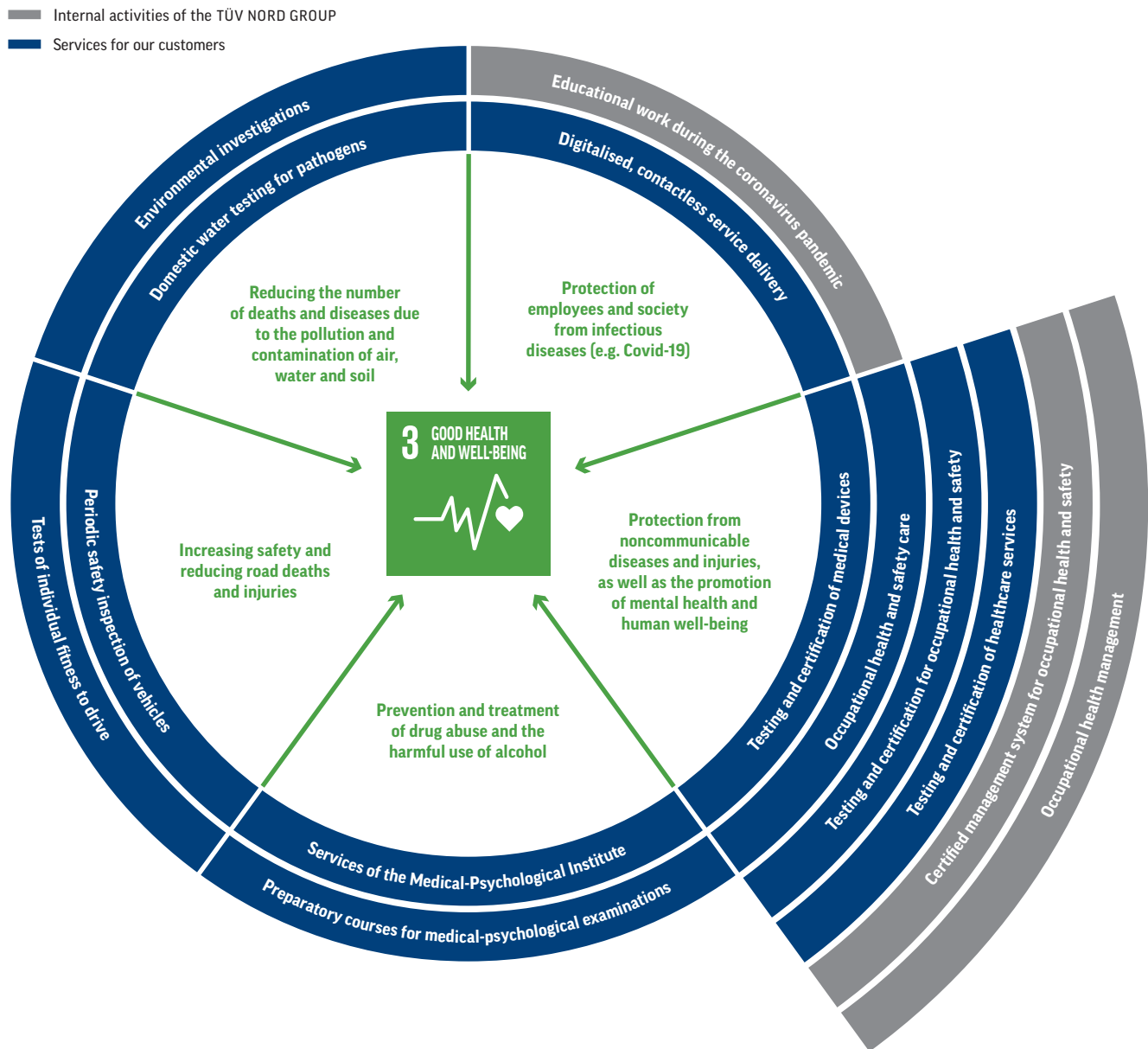
In addition, in 2020 we expanded the diversity management of TÜV NORD GROUP by creating a new position and started reporting key figures on diversity in the HR Controlling Standard Report. With this focus and the continuous improvement of the employer brand, the HR division is supporting the entire TÜV NORD GROUP in the fulfilment of its corporate responsibilities.

## ROADMAP 2020 – CURRENT STATUS OF ACHIEVEMENT OF OUR GOALS IN THE FIELD OF “STAFF ORIENTATION”

Topics and our goals	KPI	Status	Explanation
<b>Attractive employer</b> Reputation criteria for TÜV NORD as an employer are defined, systematically collected, analysed and evaluated.	<ul style="list-style-type: none"> <li>Evaluation of reputation criteria at Group level from 2020</li> </ul>	achieved	<p>Our reputation as an employer is recorded annually. The results of this Group report are assigned to four clusters in a systematic survey: Job (characteristics &amp; requirements), Compensation &amp; Promotion, People &amp; Culture and Reputation &amp; Image.</p> <p>For example, the first results of the reputational surveys show that the TÜV NORD brand enjoys a high reputation in the eyes of scientists. The TÜV NORD GROUP is now also represented in the rankings of the IT industry.</p>
<b>Health and safety</b> The Occupational Health Management Programme (OHM) promotes the health and increases the satisfaction of our employees.	<ul style="list-style-type: none"> <li>Basic requirements for OHM complied with by 2020</li> </ul>	in progress	<p>In 2019, we developed a process for the implementation of an OHM with the pillars of occupational health and safety, corporate integration management and occupational health promotion. In 2020, this process was completed throughout the Group. In addition, we established a separate steering group for the OHM including all the actors relevant to the issue. In the future, the health objectives defined here will form the central basis for all our health-promoting activities. The new structure and the optimised processes are leading to increased transparency and will guarantee a targeted, coordinated and high-quality range of measures. To enhance availability still further for employees away the main locations, we have supplemented the offers with the addition of virtual trainings. To track the progress towards this objective, it will be continued in the next roadmap.</p>
<b>Value-oriented HR management</b> The leadership guidelines of the TÜV NORD GROUP have been established and executive development programmes introduced to promote our culture of values.	<ul style="list-style-type: none"> <li>Perception of leadership guidelines and culture of values to achieve at least good ratings in the 2020 employee survey</li> </ul>	in progress	<p>Each executive has been called upon in a corresponding target agreement to inform employees in their area of responsibility about the new management guidelines and to enter into an active dialogue with them in this regard. The workshops, which began in 2019, continued in 2020. Since the planned Group-wide employee survey could not take place in 2020, the assessment of their success will have to take place at a later date. To track the progress towards this objective, it will be continued in the next roadmap.</p>
<b>Individual development and promotion of employees</b> Flexible opportunities for the professional development of our employees are put in place.	<ul style="list-style-type: none"> <li>Offers for flexible learning formats to be available by 2020</li> </ul>	achieved	<p>Previous face-to-face training offers have been systematically supplemented by further virtual offers. In 2020, classic e-learning was supplemented by other virtual learning formats as part of the standard range of trainings offered to TÜV NORD GROUP employees. Masterplan, a new learning platform, was actively used by more than 1,700 employees in 2020. From 2021, classic classroom training courses will also be offered as webinars, live streams or power trainings in a shortened face-to-face phase.</p>
<b>Appropriate working environment</b> The infrastructure provided and the working environment will support innovative, creative and healthy work.	<ul style="list-style-type: none"> <li>Analysis of the work environment for 80% of employees at German sites to be carried out by 2020</li> </ul>	achieved	<p>The survey was completed by the end of 2020 and has already been partially incorporated into the HR Strategy. The results were also made available to those responsible at business unit level. They will serve as the basis for future strategic development.</p> <p>The initial findings include positive assessments of the IT infrastructure and the location-flexible work. The focus of the recorded optimisation potential is on better withdrawal options for concentrated work as well as more workspaces that promote innovation and creativity. Further evaluations are planned for 2021.</p>
<b>Diversity and inclusion</b> Equality of opportunities is provided for all employees.	<ul style="list-style-type: none"> <li>Indicators and target values to be defined in 2019</li> <li>Evaluation of goal attainment from 2020</li> </ul>	achieved	<p>Indicators and targets were defined in 2020. The indicators are continuously reported in the HR Controlling Standard Report. The first measures were also derived in 2020 and implemented as part of the new human resources strategy. These include measures to support work and family life (e.g. training for executives) and the development of pandemic-age services (e.g. support for home schooling). In addition, from 2021, a position will be created at TÜV NORD AG to deal exclusively with matters of diversity. Moreover, in 2021, we will pilot a programme to support the handover from retiring executives to their freshly appointed successors. A talent relationship management was also implemented in 2020 for scholarship holders, trainees and students.</p>

## FOCUSING ON THE HEALTH AND WELL-BEING OF EMPLOYEES

SDG 3 has already been identified in the 2019 Progress Report as the central UN global goal in the “Staff orientation” field of action. Through its business activities (outer part), the TÜV NORD GROUP is giving rise to direct effects (inner part) that will pay back into SDG 3 (centre of the circle) in the long term.



Supporting our employees is at the heart of the “Staff orientation” field of action. With our internal activities, we are contributing to Quality Education (SDG 4), Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8) and Reduced Inequalities (SDG 10).

In this field of action, the focus is on the themes in SDG 3, Good Health and Well-being.

(> see the 2019 Progress Report)

We are of course leading the way in the health and safety of our own employees, in particular by implementing an OHM. During the 2020 pandemic, we attached great importance to educational work on health for our employees, service providers and customers.

We are also contributing to the health of the working environment and promoting the cause of safety in our society with a wide range of services, such as our domestic water tests, vehicle safety inspections and the certification of medical devices as well as management systems in the field of occupational health and safety, including for our customers.



# Highlights of 2020

"Staff orientation" field of action

## MORE SUCCESS THROUGH NEW WORK

To achieve success in a digitalised world of work, TÜV NORD Mobilität is turning to innovative working models that combine existing approaches with new methods. In addition to the training of additional digital experts, a further focus is on the agile management method known as SCRUM. With the help of SCRUM, it was possible to develop a portal for the preparation of claims and value assessments, with which the company can process customer requests and requirements much more quickly. The platform proved to be very helpful especially during the coronavirus crisis, as customers were able to submit their requests digitally. The experience of SCRUM has been consistently positive: Flexible ways of working increase employee and customer satisfaction, facilitate interaction with stakeholders and promote improved value creation.

## ACTIVELY PROMOTING MENTAL HEALTH

In order to get an overview of mental health problems in the workplace, the TÜV NORD GROUP carried out an online employee survey in 2020. In a short questionnaire, individual factors such as work content, organisation and social relationships were specifically addressed in terms of their potential for mental health issues. The survey is helping in the development of prevention and occupational safety and health: illnesses can thus proactively be avoided or their severity and consequences reduced. The evaluation was carried out via an independent external service provider; the findings will be used for the future design of the workplace.

## FAMILY-CONSCIOUS MANAGEMENT CULTURE REINFORCED

The TÜV NORD GROUP has been working for many years to ensure that employees can reconcile work and family life. Executives have a special responsibility in this regard: They act as contact persons for their team and are in the position to offer staff members individual leeway. At the same time, they can themselves exemplify a healthy balance between work and leisure. To allow them to embody this role model even more fully, this year the Group launched a webinar series in the "HR4Business" context. As well as general encouragement, colleagues are shown particularly successful examples from the Group. Together, we considered how to further underpin our family-aware corporate culture. The first three dates took place in 2020 and the seminar series will continue in 2021.



## TRAINING SHIFTED TO THE DIGITAL SPACE

In order for internal education and training measures to work from home, a good culture of trust is needed in addition to a digital infrastructure. With its staff agreement for site-flexible work, the TÜV NORD GROUP had already set the right course in January, before the coronavirus pandemic began. The switch to virtual offers was accordingly rapid. For instance, six months after the launch, the number of e-learning days had increased by an impressive 785% compared to 2019. In addition, TÜV NORD Bildung offered some training courses on the use of new technologies and devices. These offered instruction on how to effectively use a tablet, smartboard or mobile device in the working context; also on the agenda were insights into digital working methods such as blended learning and virtual classrooms. In addition, from mid-2020, all Group employees had access to a video platform which offered learning content on various topics. With the help of the online offer, a collaboration between Masterplan and the TÜV NORD GROUP, employees can develop into key players in the digital transformation of the TÜV NORD GROUP. Already at the end of a two-month pilot phase with more than 1,350 active users from 25 nations, it became clear that the offer was successful and that the employees in the Group wanted to continue using the platform.



# Environmental Orientation

“Climate protection and the preservation of the basic support systems for our way of life are among the greatest challenges of our time, and we will either rise to them together or not at all.”

## NEWS ON THE MANAGEMENT APPROACH, TOPICS AND CONTROL

We see the protection of the climate and the environment as the most important challenge of our time. In 2020, we continued to work to enhance our positive influence on the environment and to reduce the negative impact of our business. With the aim of sending an even clearer signal of our intentions in environmental and climate protection, we have committed to becoming carbon neutral by 2030. This means that the CO<sub>2</sub>e emissions in the Group which result from business-related travel, the use of real estate (scope 1 and 2) and the consumption of essential resources in the company (Scope 2, paper), will be set to zero throughout the Group. As an intermediate step, we have set ourselves the target of reducing CO<sub>2</sub>e emissions by 7.5% per year by 2025, that means, to 55% compared to 2019. In our implementation of this target, we will follow the principle of “Avoid, reduce, offset”:

- We are avoiding generating emissions within the company, for example, by developing new ways of providing services.
- We are reducing our own emissions, for example, by increasing the energy efficiency of our buildings.

- We are offsetting emissions within the company which we cannot avoid or reduce.

We are currently developing further measures, such as a mobility concept, to achieve our new climate target. Various measures are already being implemented. For example, our main sites have been using green electricity for several years. Our energy-efficient new building in Essen will be completed as planned in 2021. In 2020, we also decided to build an extensive charging infrastructure at our main locations in 2021, each of which is to be given 40 charging points for electric and hybrid vehicles belonging to employees and guests. In addition, site-flexible work is now possible for our employees starting this year, which also means that we expect our CO<sub>2</sub>e emissions to go down.

Protecting the environment and the climate is a task that we can only solve together. As a service provider, we are also supporting our customers in their efforts to make their companies more energy-efficient and thereby to save CO<sub>2</sub>e. In doing so, we are offering them expert assistance with a wide range of environmental protection issues.

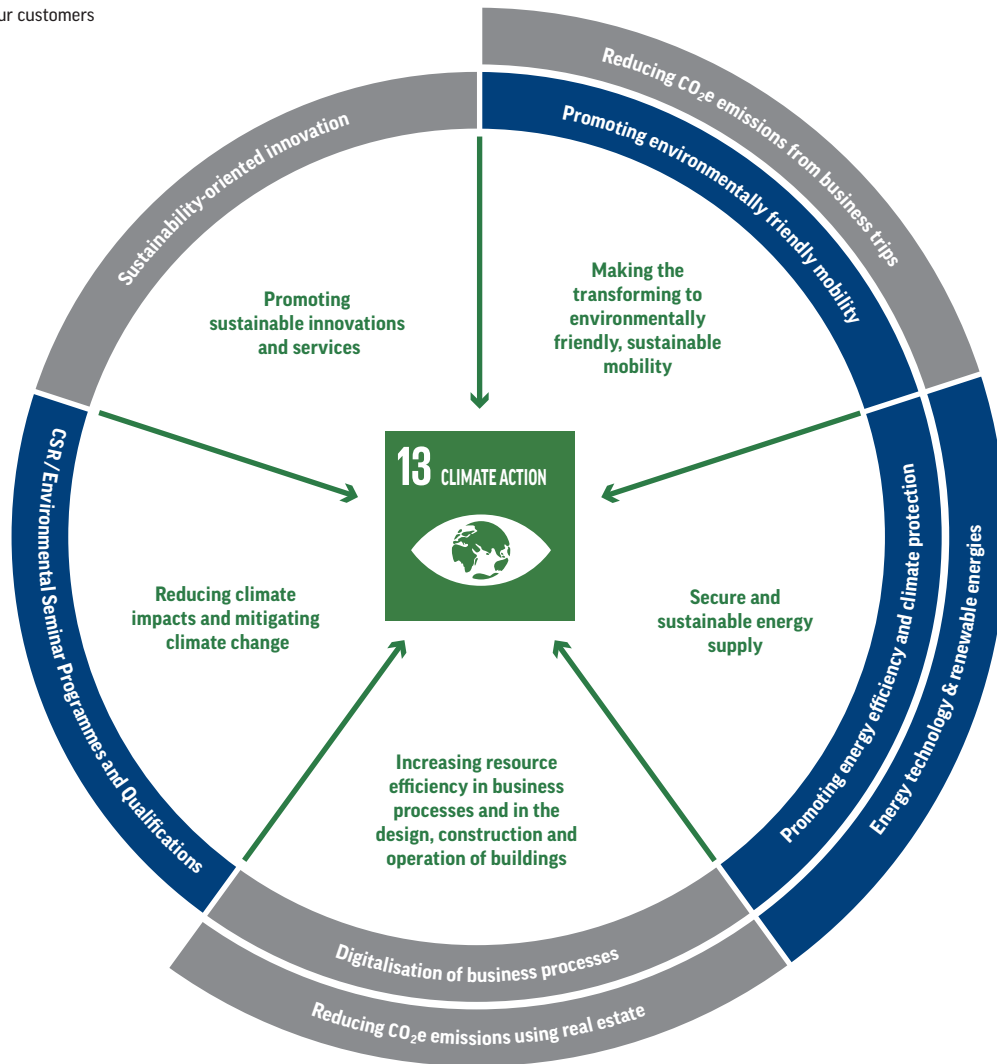
## ROADMAP 2020 – CURRENT STATUS OF ACHIEVEMENT OF OUR GOALS IN THE FIELD OF "ENVIRONMENTAL ORIENTATION"

Topics and our goals	KPI	Status	Explanation
<b>Eco-friendly travel patterns</b> A process for recording and evaluating CO <sub>2</sub> e emissions generated by business travel is well established in the entire Group.	<ul style="list-style-type: none"> <li>• CO<sub>2</sub>e emissions from business trips to be recorded across the entire Group from 2020</li> </ul>	achieved	We are now recording CO <sub>2</sub> e emissions from business trips throughout Germany. In 2020, we reduced our CO <sub>2</sub> e emissions from business trips by 24.2% year on year. The recording of CO <sub>2</sub> e emissions is to be rolled out across the Group in the next few years. Our new climate target has been defined as 2030.
<b>Resource economy and efficiency</b> A process for recording and evaluating performance in respect of resource economy and efficiency is established.	<ul style="list-style-type: none"> <li>• Material and energy consumption to be recorded from 2019</li> </ul>	achieved	We record our material consumption via the central purchasing department in Germany. The essential material that we consume as a service provider is paper. We have reduced paper consumption in Germany by 15% compared to 2019.
<b>Energy efficiency in buildings</b> A process for recording and a concept for reducing the size of the CO <sub>2</sub> e footprint of the real estate used by the TÜV NORD GROUP are established throughout the Group.	<ul style="list-style-type: none"> <li>• The CO<sub>2</sub>e footprint of the real estate to be continuously recorded from 2019, at least for the Group's main German sites</li> <li>• Targets for the reduction of the carbon footprint to be pursued from 2021</li> </ul>	achieved	We record the energy consumption of our main sites in Germany every year. Since 2019, we have been managing the demand in our own database. We use the consumption data to calculate the CO <sub>2</sub> e emissions. Reduction targets were set in 2020, and relevant measures are currently being developed. In 2020, CO <sub>2</sub> e emissions for the main sites in Germany fell by 13.5%. Targets for reducing the carbon footprint and achieving carbon neutrality by 2030 are documented in the TÜV NORD GROUP's climate protection and carbon neutrality programme which was adopted in 2020. We will report on their fulfilment starting in 2021.

## EFFECTIVE MEASURES FOR CLIMATE PROTECTION

SDG 13 has already been identified in the 2019 Progress Report as the central UN global goal in the "Environmental orientation" field of action. Through its business activities (outside), the TÜV NORD GROUP is giving rise to direct effects (inner part of the circle) that will count toward the fulfilment of SDG 13 (centre of the circle) in the long term.

- Internal activities of the TÜV NORD GROUP
- Services for our customers



Our services and internal activities in the "Environmental orientation" field of action are contributing to ecological development in many ways. We are helping to make energy affordable and clean (SDG 7) and promoting greater sustainability in industry, innovation and infrastructure (SDG 9), in cities and municipalities (SDG 11) and in responsible consumption and production (SDG 12).

At the heart of the field of action is the aspiration to curb the warming of our planet and to limit what will in some places be the catastrophic effects of anthropogenic climate change (SDG 13).

(> see the 2019 Progress Report)

Our diverse services for sustainable energy supply, the consistent detection and reduction of greenhouse gas emissions from business trips and the increased use of digitalised business processes have the aim of further significantly increasing our contribution to climate protection.

We made particular progress in our internal climate protection activities in 2020 by adopting a programme on climate protection and carbon neutrality by 2030.

(> see also roadmap in this chapter)

# Highlights of 2020

"Environmental orientation" field of action

## LEADING THE WAY IN FLOATING OFFSHORE WIND ENERGY

In 2020, TÜV NORD was one of the world's first certification bodies to gain the qualification for the evaluation of floating offshore wind farms. These make the use of wind energy possible in locations where the ocean is too deep for wind turbines to be anchored in the seabed. Due to their lack of a solid foundation, floating wind farms will also protect the flora and fauna of coastal areas. The International Energy Agency estimates that the world's best offshore wind sites could meet almost all of the world's electricity needs by 2040 on their own. With our accreditation by German accreditation agency DAkkS, we are further expanding our expertise in the field of offshore wind.

## ACTIVELY PROMOTING AWARENESS OF SUSTAINABILITY

Air, water, energy, soil: the responsible use of these resources is of fundamental importance to operational success. A lack of awareness can easily lead to environmental scandals that can damage the reputation and endanger the very existence of companies. The TÜV NORD Akademie offers clarity with its "Environment and Energy" seminar programme. It offers our customers the necessary knowledge to set up an environmental management system for their operations and sets out the current regulations and laws for companies. In 2020, in more than 450 events with almost 5,000 participants, we were able to actively contribute to the promotion of sustainable thinking and action.

## PHOTOVOLTAIC MODULES FOR A SUCCESSFUL ENERGY TRANSITION

In the photovoltaic (PV) laboratory of TÜV NORD China, the sun shines at the push of a button. With a solar simulator, test engineers irradiate PV modules to measure their output power. The high-tech modules form the key components in solar power systems and, as they convert solar energy into electricity, are thus an important element for a successful energy transition. In 2020, the team of ten tested 4,846 PV modules – 10% more than in 2019. In addition, the technical facilities of the PV laboratory were expanded in 2020, with the effect that larger solar modules can now also be tested.



## MORE DIGITAL ASSESSMENTS PROMOTING SUSTAINABILITY

With the help of immediate assessments, TÜV NORD Mobilität can record and evaluate online vehicle damage sustained by end customers. Demand for this environmentally conscious service had previously increased significantly in 2019. Therefore, the scope of this service was supplemented by another component at the beginning of 2020: Since then, it has been possible to record damage reported via car dealerships and workshops digitally, flexibly and without personal contact. In total, more than 2,000 online assessments were created in 2020. As a result, even more CO<sub>2</sub>e emissions were saved by avoiding business trips, and direct contacts were minimised. Last but not least, TÜV NORD Mobilität is helping the affiliated car dealerships and workshops to remain viable during the coronavirus pandemic.

## OBJECTIVE ON CARBON NEUTRALITY ACCELERATED BY PANDEMIC CHALLENGES

As early as 2018, the TÜV NORD GROUP had committed itself to the greatest possible decarbonisation by 2050 and agreed on targets in its CR Roadmap. As we had been energetically advancing the Group's digital transformation in recent years, we were able to move quickly to move both internal events and external services for our customers online at the start of the pandemic. This has enabled us to significantly reduce the amount of travelling we do. This rapid change has confirmed the effectiveness and efficiency of our entrepreneurial activities and made a greater contribution to climate protection possible. Based on this, we have revised our original climate target and significantly accelerated the decarbonisation process. We will provide detailed information on our programme for climate protection and carbon neutrality by 2030 in the CR 2021 report.



# Societal Orientation

“To be truly meaningful, individual human development must take place in the context of society.”

## NEWS ON THE MANAGEMENT APPROACH, TOPICS AND CONTROL

We at the TÜV NORD GROUP, we see ourselves as an integral part of society. So that we could better understand the expectations of our stakeholder groups and set the course for even closer cooperation, we continued our dialogue with them in the context of an online event. Under the banner “Sustainability opens the way to a common future”, we discussed issues such as innovations and services, human rights and climate protection with more than 60 decision-makers from companies, organisations and our Group. We also gained some valuable feedback on the design of our new CR 2025 strategy, which is expected to come into force in 2021.

In 2020, we placed particular emphasis on respect for and protection of human rights in the corporate context. In a workshop with representatives of all the relevant business areas, we succeeded in raising participant awareness on this issue by swapping ideas and reviewing our internal processes with regard to the recording and evaluation of human rights risks. To meet the requirements of the National Action Plan for Economics and Human Rights (NAP) and a future law of due diligence, we have worked with our colleagues to develop solutions where necessary. For example, we have revised our Code of Conduct and drafted a Declaration of Principles on Respect for Human Rights, to be published in early 2021.

## ROADMAP 2020 – CURRENT STATUS OF ACHIEVEMENT OF OUR GOALS IN THE FIELD OF “SOCIETAL ORIENTATION”

Topics and our goals	KPI	Status	Explanation
<b>Societal role in accordance with our vision and mission</b> Corporate Responsibility is to become part of the Group's strategy and serves as a guide for the strategies of the business units.	<ul style="list-style-type: none"> <li>From 2020 onwards, the CR Strategy is to be a solidly integrated component of the Group's strategy and the strategies of the business units and functional divisions</li> </ul>	achieved	Sustainability is a key thrust of the Group's “Strategy2025” and forms one of the six business unit strategies. The top management has communicated this intensively, both internally (worldwide web conference with employees of the Group, intranet, etc.) and externally (stakeholder event, website, etc.).
<b>Reaching out to stakeholders outside the value chain</b> The integration of stakeholder groups outside the value chain has taken place and the insights gained in the process have informed the management of Corporate Responsibility.	<ul style="list-style-type: none"> <li>Internal dialogue with relevant representatives of external stakeholder groups in 2019</li> <li>Systematic procedures for dealing with external stakeholders to be place by 2020</li> </ul>	achieved	Following our stakeholder dialogue in April 2019, we went on to exchange ideas directly with our stakeholders in October 2020 in the context of a stakeholder event. In the framework of this dialogue, we succeeded not only in gaining some valuable feedback on the Group's position in relation to sustainability but also in jointly developing systematic exchange formats, which we will implement from 2021.
<b>Targeted social engagement consistent with our value creation</b> Donations and sponsorship projects in the Group are to be systematically recorded. All the associated commitments are to honoured in accordance with the value creation principles or in association with local or regional projects.	<ul style="list-style-type: none"> <li>By 2020, the sum total of the social commitments of the Group and its companies is to be centrally recorded, and 80% of the volume is to be consistent with the defined criteria.</li> </ul>	achieved	In 2020, all the commitments of the Group and its companies were recorded centrally, based on the reporting mechanisms in accordance with the Group's “Donations and Sponsorship” policy, which encourages all companies to review donations and sponsorship projects for compliance with value creation or local visibility and to declare all spending as a donation/sponsorship. The bulk of the expenditure is spread over a few costly projects. The Donation Commission is aware of these. Also documented are the donations which TÜV NORD AG makes to associations and non-profit organisations. In this respect, we can ensure that 80% of the donation and sponsorship volume meets the established criteria.
<b>Respect for human rights</b> The processes for the assessment of and adherence to human rights have been implemented In line with the national action plan of the German government.	<ul style="list-style-type: none"> <li>As of 2020, risk analyses to be carried out continuously and the resulting measures implemented</li> </ul>	achieved	So that we may incorporate human rights risks into the existing risk assessment, we have reviewed and supplemented our existing risk process. In addition, we have drawn up a Declaration of Principles on Respect for Human Rights, to be adopted at the beginning of 2021.

## PROMOTING SUSTAINABILITY IN SOCIETY THROUGH TARGETED PARTNERSHIPS

SDG 17 has already been identified in the 2019 Progress Report as the key UN global goal in the “Societal orientation” field of action. Through its business activities (outer part), the TÜV NORD GROUP is giving rise to direct effects (inner part) that will pay back into SDG 17 (centre of the circle) in the long term.

Internal activities of the TÜV NORD GROUP



In the “Societal orientation” field of action, we are pooling those of our activities which have an impact on society. In this way, we are making a positive contribution to Quality Education (SDG 4), Industry, Innovation and Infrastructure (SDG 9), Sustainable Cities and Communities (SDG 11), and to Peace, Justice and Strong Institutions (SDG 16).

In this field of action, we are focusing in particular on our participation in committees and associations and on supporting technology-based environmentally and socially oriented projects and initiatives.  
(> see the 2019 Progress Report)

We are using our knowledge and resources to work with selected partners and social actors to promote sustainable development, especially through the opportunities offered by technology. We are in particular making a determined contribution to SDG 17, “Partnerships for the Goals”.

We made particular progress in 2020 on human rights by reviewing and expanding our existing risk process. We also drew up a Declaration of Principles on Respect for Human Rights.  
(> see also roadmap in this chapter)



# Highlights of 2020

"Societal orientation" field of action

## PROGRESS IN THE FIGHT AGAINST NUCLEAR WASTE

Our many years of experience in mining and our expertise in automation and process technology persuaded Germany's company for radioactive waste disposal, the BGE, to commission DMT with a further step in the process of recovering intermediate radioactive waste from the Asse II mine. After a successful feasibility study in 2009, DMT is now specifying the control technology and the equipment needed for the retrieval. The new design is a major step towards sustainability: Only if the waste is successfully recovered can people and the environment be protected from the consequences of nuclear residues in the long term. DMT is now active worldwide in the disposal of nuclear waste.

## "GREEN BUTTON" LAYS THE FOUNDATION FOR SUSTAINABLY PRODUCED TEXTILES

Since 2020, sustainably produced textiles have been certified in the Industrial Services business unit in accordance with the specifications of the German textile seal known as the "Grüner Knopf", or "Green Button". This state-sponsored seal of approval was developed by the Federal Ministry for Economic Cooperation and Development and the German Society for International Cooperation. TÜV NORD CERT assisted in the development of the criteria and is now one of five bodies offering certification according to the criteria for the award of the Green Button textile seal. The Green Button is seen as a blueprint for a future due diligence law which has already been the subject of much discussion.

## WORK IN SOCIAL INSTITUTIONS BROADENS HORIZONS

In 2020, the TÜV NORD GROUP participated in the "Changing Sides" programme on a trial basis. Under this scheme, executives spend a week working at a social institution, for example a drug counselling centre, a housing group for disabled people, a refugee shelter or a hospice or palliative care unit. The aim is to strengthen social skills and promote personal resilience. Axel Dreckschmidt, Managing Director of the TÜV NORD Akademie, launched the scheme in February 2020 by spending five days helping out with the Caritas homeless charity. The development portfolio for our executives now includes the possibility of getting to grips with our own value system by "changing sides" and, notwithstanding their financial responsibility, getting the chance to view their leadership role also from an unfamiliar perspective for a change.



## A CORONAVIRUS WARNING APP THAT IS BOTH SECURE AND CONSISTENT WITH DATA PROTECTION LAWS

TÜViT carried out a security-related audit of the German government's coronavirus warning app to reassure all its users that they could carry on using it without any concerns. The particular focus was on compliance with data protection. The TÜViT audit was intended to increase confidence in the digital application. This is a significant action, especially for this app, because it will only help to significantly stem the tide of the pandemic if it is actively used throughout the country.

## SAFE RESPIRATORY MASKS

On behalf of the Federal Ministry of Health, TÜV NORD CERT and DMT tested protective masks against coronavirus for quality and safety at levels FFP2 and FFP3. Among other things, attention was paid to whether the masks were sufficiently tight-fitting on the face, the level of breathing resistance and whether the mask would safely keep out particles and aerosols. In the samples tested in 2020, up to 30% did not meet the requirements, which illustrates the importance of this audit.

## VOLUNTEERING FOR MORE CORONAVIRUS TESTING

There is often insufficient capacity for testing for the coronavirus. This is something "LabHive" wants to change. Since May 2020, the online platform has been bringing together medically trained volunteers, diagnostic centres and research laboratories to enable more testing for SARS-CoV-2 to take place. To pool the test capacities and compensate for bottlenecks in diagnostic centres, qualified volunteers on the platform make their reagents and laboratory equipment available. Free capacities are flagged up for the diagnostic centres, which can then take advantage of them if necessary. LabHive initiators Philipp Nieting and Kenneth Ruiz Eiro, jobbing students at TÜViT, are working voluntarily with an interdisciplinary team to provide IT security and data protection on the platform, thereby making an important contribution to expanding the testing capacities.

# HR Report



The complete HR Report can be found at  
[tuev-nord-group.com/en/company/facts-and-figures/annual-report-2020](https://tuev-nord-group.com/en/company/facts-and-figures/annual-report-2020)

The TÜV NORD GROUP has been the byword for safety and reliability for the last 150 years. We continue to be appreciated worldwide as a guarantor of neutrality and the highest technical standards. As a service provider in the technology and safety fields, we are concerned with finding answers to the important global questions of the future – wherever we operate in the world. This is how we help shape society and people's lives every single day. "We" in this case refers to the over 14,000 employees of the TÜV NORD GROUP.

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# “People are the Key to Our Success”

At the beginning of the year, Dr. Astrid Petersen made history as the first female Board member in the more than 150-year history of the TÜV NORD GROUP to be appointed to the Board of Management, where she has taken responsibility for human resources. She combines the job with her role as Labour Director. She takes over from Harald Reutter, who has overseen these tasks since 2012. The ever broader key issues of digitalisation, demographic change and growth have always demanded complete commitment, as they still do: on this, the outgoing Board member and his successor agree.

**The year 2020 was defined by the coronavirus pandemic. Was it, to put it bluntly, a year to run away from hard choices?**

**Harald Reutter** From an HR point of view, absolutely not! Even though we were forced to introduce short-time working in some areas, we still offered job security at this difficult time. This is what we will continue to work for. Our employees changed their approach to business and how they work in the shortest possible time. We made progress on the issue of making work more flexible. And we saw a significant boost to the digitalisation of work processes, which, although it was already in evidence, developed much more dynamically than expected because of coronavirus.

**Dr. Astrid Petersen** And you have to remember that we did all this under our own steam. At the TÜV NORD GROUP, we've always done well when it comes to developing and implementing ideas which are adapted to our needs. For this, a big thank you goes out to all our employees worldwide! The vast majority of them adopted remote working models in a very short time, for example. Many team assistants also pushed ahead with digital improvements with incredible drive. There are countless examples throughout the Group of which we can all rightly be proud. People have shown just the right kind of energy at the right time ...

**... which the company will now need to achieve the objectives of the next few years. The key words here are growth and internationalisation.**

**Dr. Astrid Petersen** Right; but we mustn't forget another really big challenge: demographic change. Over the next ten years, we will need to replace 5,000 employees.

**Harald Reutter** Our advantage is that a lot of people want to work for us. We get a very large number of applications for our vacancies. We're very proud of the fact that really good, motivated people want to join us.

**Dr. Astrid Petersen** We also need these people because we not only have to compensate for all the age-related retirements, but also want to implement the Group's growth strategy. We hope to inspire a further 2,000 specialists to come and work for us over the next five years. This is about nothing less than the future viability of the Group.



**But the idea is for them to feel more at ease with digital tools than clipboards.**

**Dr. Astrid Petersen** If we want to become a knowledge group and a driver of innovation and digitalisation, we're going to need committed people with digital expertise. We want to address this issue in a targeted way that covers as wide an area as possible – we want to reach out to everyone. Digital natives are currently extremely rare in our company.

**Harald Reutter** We've already achieved good results with the Digital Academy, but further action is needed. Our HR4Business programme, for example, has given us some important pointers in our jobs analysis. Last year, we asked employees about the equipment they have for their jobs and were given some good indications of where we need to make improvements.

**In your view, does the working environment also cover the big issue of communication?**

**Harald Reutter** Definitely! It's not just a matter of exchanging information using digital tools; it's also about the preservation and exchange of knowledge. If we want to develop into a knowledge group, communication is essential. Communication also has something to do with leadership culture: as a manager, do I have the courage to give my employees creative space? And, what's more, how open and honest are we in our dealings with each other?

**Dr. Astrid Petersen** You also have the view of the employees: is permanent working from home the ideal way to go? I've spoken to a lot of people about this. Hardly anyone is willing to do without the real social contacts you get in the office. However, digital media are now indispensable whenever teams from several countries are working together on a project. By the way, it's been shown that teams get better the more mixed they are, in terms of age, gender, cultural background. We as a Group benefit from these teams and their experience – they are the key to our success!

**Mr Reutter, Dr. Petersen, thank you very much.**



# Corporate Culture

The mission statement of the TÜV NORD GROUP – “We are all the key to our success” – took on a completely new dimension in 2020: with a new code of conduct, a new strategy – and, above all, a virus which forced us to completely change the way we work together, virtually overnight.

It is thanks to the commitment of all its employees worldwide that the TÜV NORD GROUP has so far come through the crisis comparatively well.

## THE PANDEMIC AS AN OPPORTUNITY

In 2020, nothing shaped the development of cooperation in the TÜV NORD GROUP as much as the coronavirus and its economic and social consequences – and this was by no means just a bad thing. Numerous challenges also resulted in a wide range of new opportunities. Thanks to the innovative strength, commitment, flexibility and exceptional teamwork of all the employees worldwide, the Group was fully capable of action at all times, and at no time was its continued existence ever in doubt. A coronavirus coordination office, which was set up in the shortest possible time, was and remains up to speed with all the activities in the company and continues to organise them efficiently and sensibly. So far, it has been possible to safeguard jobs in the TÜV NORD GROUP across the world – through the phased use of short-time work, but above all through new orders, innovative concepts and very close communication between the executives worldwide and with their employees.

Group-wide digitalisation in particular has taken a big leap forward. So as not to endanger our business and, above all, to protect our employees and customers from harm, we placed their safety and

health at the top of the priority list from the very beginning. Many colleagues have taken advantage of the opportunity to work flexibly with regard to location and worked from home. A new digital system of communication was quickly established throughout the Group. To ensure that this changeover was as smooth as possible, the IT team worked at full speed to give all employees the support they needed, whenever they needed it. The online tools established for this purpose were very well received. Before the pandemic, for example, a maximum of 2,000 people per week were using Webex for conferences. During the first lockdown, however, we recorded a peak number of over 13,000. The Digital Academy also supported companies and employees in the swift and efficient switch to home working.

While the coronavirus pandemic meant in some cases that it was not possible to provide local services, a significant proportion of these was instead covered online. The TÜV NORD Akademie launched its online academy in April to allow events to be offered virtually which had originally been planned to take place face to face. This move turned out to be a great success: by the end of 2020, the online academy had brought together more than 3,800 participants, both internal and external. The range of events is also under constant development.

# > 1,000

## REMOTE AUDITS

were carried out by the companies of the TÜV NORD GROUP  
in April 2020 alone.

Demand for remote inspections and assessments also increased sharply. While the number of remote audits carried out in the whole of 2019 was in the low double-digit range, in April 2020 alone there were more than 1,000.

The well-established expertise of the TÜV NORD GROUP and the good cooperation between the companies also offered high levels of added value during the pandemic: As the demand for protective equipment and masks grew rapidly, we were able to offer support along the whole supply chain – and, in Germany, we moved into a leading position in the shortest possible time. Our Chinese company ensured in advance that numerous shipments would be delivered in full. Tests of goods and functionality were carried out by TÜV NORD CERT and DMT.

# > 3,800

## INDIVIDUALS

made use of the online products of the TÜV NORD  
Akademie.

“2020 has shown that, even when  
we’re working from home, the  
colleagues are there for you. Not many  
companies can boast such cohesion.  
And I appreciate that very much about  
the TÜV NORD GROUP.”

UMALAN GOGILAN, DMT





## STRATEGY2025 – OUR TRANSITION TO A KNOWLEDGE GROUP

Every five years, the TÜV NORD GROUP reviews and realigns its Corporate Strategy. In the years 2015 to 2020, key planned figures were realised or even exceeded. Our position as a group with a broad-based business portfolio has proved its worth – especially in the coronavirus crisis. Alongside our classic services, we are now also in demand in the market as technology consultants and initiators.

The goal for the period from 2021 to 2025 is therefore to further establish ourselves as a knowledge group in the digitally networked world. At the same time, our priority must always remain the success of our customers. We want to further expand our position in the market with the strategic thrusts of innovation/digitalisation, sustainability, customer focus and internationalisation.

This path should offer all our staff a wide range of opportunities for creativity and personal development. This is why we attach such great importance to offering them as much information as possible

about Strategy2025 alongside opportunities to discuss it with them. In October 2020, a worldwide web conference was held with the Board of Management and the members of the Group Executive Committee. Some 2,000 colleagues took part and were also able to participate in the discussion via chat. Information is continuously provided on the website and Intranet on the strategy issues that are emerging out of the Group and the business units. The Masterplan virtual learning platform will offer in-depth coverage of strategic issues as of 2021.

[\(> Recruiting and Developing Staff\)](#)

## THE CODE OF CONDUCT

In 2020, we rolled out a new code of conduct throughout the Group. This fleshes out our mission statement: “We all are the key to our success”. For the Board of Management, management bodies, executives, employees and trainees and apprentices alike, this forms the globally binding basis for their personal actions in the company. All other Group policies and company-internal regulations and instructions either feed into our mission statement and the code of conduct or are derived from it.



“The pandemic has challenged us, but it has also opened up a lot of new perspectives. Especially with regard to digitalisation strategies. Since I qualified as a Digital Expert, this subject has of course been particularly important to me.”

**STEFAN HOFFMANN**, TÜV NORD IT Secure Communications



## KEY CONTENT OF THE CODE OF CONDUCT

### Our individual conduct

We are a global network in which we live out our mission statement by projecting our professionalism out into the world. We always act fairly, appreciatively and without discrimination and always keep an eye on the economic, ecological and social impact of our actions.

### Our approach to customers

The focus of our company processes is on customer needs, quality and operational efficiency. We aim to constantly improve and enhance our value added in these areas. Behaving with integrity in respect of conflicts of interest, invitations, gifts and in our dealings with office bearers and government bodies is crucial here.

### Integrity and confidentiality

We protect the material and intangible assets of the TÜV NORD GROUP with the utmost care and use them exclusively for legitimate business purposes. This conduct is particularly evident in the context of financial integrity, data protection, intellectual property and insider knowledge.

## DIGITAL DAY 2020

We enjoy sharing our passion for a safe and secure life, lifelong learning and digital transformation with the interested public. For this reason, on 19 June 2020 the TÜV NORD GROUP participated in the first nationwide Digital Day under the #digital-miteinander banner. In numerous campaigns, contributions and webinars, we offered other participants the chance to look behind the scenes and answered questions about what digital change means to us, the concerns that come with it, and how we aim to learn with and from each other in the future.

“My way of working has become more flexible with regard to location, and digital meetings are no longer an exception – meaning that I can reconcile work and family life more easily. Although you can’t ever replace a personal conversation. That’s why I’m looking forward to the time after coronavirus, but I also hope that the flexibility I’ve gained will continue.”

KATRIN LEICHT, TÜV NORD Mobilität





# HR Strategy

The digital transformation is changing our markets. New business models, products and services are being developed worldwide that offer growth opportunities while at the same time demanding new skills from our employees. The HR Strategy of the TÜV NORD GROUP defines how we are going to rise to the wide-ranging challenges of our time and sets out the long-term framework for our HR work within the Group.

## TWO YEARS OF HR4BUSINESS

The aim of the HR4Business plan which ran in both 2019 and 2020 was to involve the entire HR division in meeting the requirements of the business units. To this end, we developed five priority projects from a wide range of perspectives within the company, which were dedicated to achieving this goal:

- **"Join Us"** revolved around target-group-oriented recruitment and HR marketing.
- With **"PErspekt"**, we honed our portfolio in HR development and vocational training.
- **"Plan2Success"** was concerned with HR planning and knowledge management.
- The aim of **"Diversus"** was to help us unleash the numerous potentials of diversity more effectively within the Group and to promote new work.
- **"SupVice"** analysed the economic viability, quality and speed of HR functions in the company.

We successfully implemented a total of 31 measures and will continue to work on five more in 2021. Additional follow-up measures are also planned.

## THE PROGRAMME AT A GLANCE



5 priority projects  
31 measures implemented

## EXAMPLE MEASURES FROM THE PRIORITY PROJECTS

### Introduction of a strategic professional career path

Due to increasingly flat hierarchies and the advance of digitalisation, the need for expert positions is increasing. For this reason, TÜViT, as a pioneer in the Group, has embarked on the introduction of a strategic professional career path as an alternative to the management career path. Individual development opportunities also enhance employer attractiveness.

#### Milestones and achievements:

- Evaluation of existing and potential new expert positions
- Development and approval of a concept proposal
- Call for candidates for the new expert positions (internal and external) after the adoption of the company agreement on the professional career path

### Strategic succession planning

Strategically targeted, cross-business succession planning for filling key management and technical positions from our own ranks will reduce personnel risks. For this reason, we introduced GLOBENT, a group-wide talent management system.

#### Milestones and achievements:

- Employee retention with transparent career prospects
- Clear, secure and central data overview
- Lower recruiting costs
- Increase in internal staffing quality and speed

### Further development of work and family life

We can do a great deal to ensure that employees can easily reconcile their professional and family lives: we can create opportunities, offer our staff transparent and detailed information – and ensure that the executives in the Group recognise and embody their responsibilities and role models in this relationship.

#### Milestones and achievements:

- Revised and extended Intranet presence on the reconcilability of work and family life
- Redesign of the digital vocational training portfolio for our executives with the purpose of strengthening the system for exchanging experience and the internal network

## OUTLOOK: THE NEW HR STRATEGY

Following the successful completion of HR4Business, we aim to work in a future-oriented manner throughout the HR sector and to prepare ourselves as well as we possibly can for the challenges ahead. We are therefore realigning our HR Strategy between now and 2025, thereby also feeding into the new corporate strategy. ([> Recruiting and Developing Staff](#))

Our employees are the key to our success, and each and every one of us is an important part of our company. For this reason, we also want to retain newly recruited employees in the long term, to help them in their development and to strengthen their identification with the TÜV NORD GROUP. One key phrase in this context is the digital transformation. A large part of our business is already based on new digital technologies, and many more are in prospect for the future.

For the TÜV NORD GROUP and its HR division, this means that we need to promote international and digital leadership skills even more strongly than before and break down rigid hierarchies. We need more agile and flexible work structures and models in all business units that will leave room for creativity. In doing so, we want to further reinforce the perception of the TÜV NORD GROUP as an attractive employer.

We also have many other objectives: for example, we are working on developing our HR services and concepts for employees of the international companies. In doing so, we want to design the portfolio in such a way that it can be tailored to their individual needs. It is also important to us to continue to promote all the dimensions of equality of opportunity in our activities – for employees and applicants alike. We are particularly focusing on significantly increasing the diversity of our teams in the future.



# Recruiting and Developing Staff

Finding the right professionals and offering them long-term support are crucial for growth and innovation. For this reason, we attach great importance to a modern, consistent recruitment and talent management programme with a focus on digital and leadership skills. Both internally and externally, we as an employer aim to be the byword for diverse tasks, responsibility, a forward-looking mindset, collegiality and individual development opportunities – and we work every day to bring these values to life for the long term.

## EMPLOYER ATTRACTIVENESS

Talents in the labour market rely in particular on what employees say; however, rankings and rating platforms are becoming ever more important. We are therefore delighted that we once again achieved good results in 2020. This is confirmed by an internal survey on the Group's reputation: the working atmosphere, interesting products and services and the good work-life balance crop up frequently as good reasons to choose the TÜV NORD GROUP as an employer. Last but not least, the relatively low numbers leaving the company also testify to a high level of employee loyalty: At 3.7% in 2020, we performed even better than in the previous year (3.9%).<sup>1</sup> Also very good is the average length of service at the TÜV NORD GROUP in Germany, which has now been over ten years for some time.<sup>2</sup>

## AWARDS & RANKINGS

- For the third year in a row, the independent “**Leading Employers**” study lists TÜV NORD among the TOP 1% of all German employers and among the TOP 1% of training companies.
- The **kununu** employer evaluation platform lists TÜV NORD, as before, as an Open Company and a Top Company.
- We once again perform very well in the “**Universum-Arbeitgeber-ranking**” (“**Universal employer ranking**”). With young professionals, TÜV NORD is represented in all categories in which IT has for the first time been added to the fields which students are interested in alongside medicine, engineering and natural sciences.
- The following employer rankings and platforms also rate TÜV NORD positively: Glassdoor, Indeed, Trendence, MINT (STEM) Minded Company, Potentialpark Audit.



<sup>1/2</sup> Scope of survey: HC; Germany; active regular staff; period 01.01.–31.12.2020

## VOCATIONAL TRAINING AND DUAL STUDIES

Notwithstanding the challenges of the pandemic, the development of our current 37 trainees and apprentices and 20 dual students was a top priority. With full observation of the applicable hygiene regulations, the seminar weeks for the first and second years of vocational training took place almost as usual. For the first time, however, the skills training for quality assurance for vocational training and studies for the Group's vocational training officers and practical support providers was carried out exclusively digitally. Moreover, for the "ID Monitoring" development programme, a pilot project is currently in preparation after having been presented to the Group Staff Council. The programme should start one to two years after completion of vocational training or studies.

### VOCATIONAL TRAINING POSITIONS

- Electronics engineers for devices and systems
- IT specialists for system integration
- Precision mechanics
- Office management employees
- IT system management employees
- Mechatronics engineers
- Medical professionals
- Surveying technicians

### DUAL STUDY COURSES WITH INTEGRATED PRACTICE

- Applied computer sciences
- Computer sciences
- Electrical engineering
- Mechanical engineering
- Mechatronics
- Human Resources management
- Process engineering

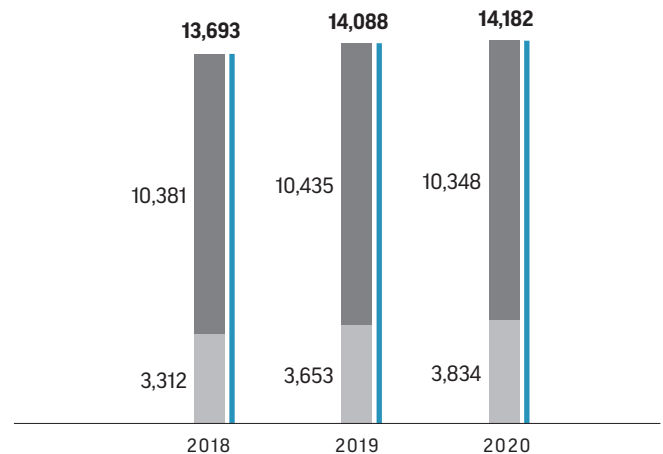
~ 90%

### HIRING RATE

among trainees and apprentices or dual students who graduated from the TÜV NORD GROUP in 2020.

### ABSOLUTE NUMBER OF EMPLOYEES (HEADCOUNT)<sup>3</sup>

■ International ■ Germany ■ Total



## NEW TALENTS

In 2020, we redesigned the onboarding event for the TÜV NORD GROUP. To enable new employees to get off to a good start in the coronavirus age, even without the option of a face-to-face meeting, those responsible in the Talent Management division joined forces with the TÜV NORD Akademie to develop the first digital international onboarding event. We were particularly pleased to note that a large number of international colleagues also took part – even though they were in some cases in completely different time zones: For some, the event started at 3 a.m.; for others it ended late at night. (> Diversity and participation)

<sup>3</sup> Scope of survey: HC; worldwide; regular and other staff; period: December 2020

~ 31,000

**PEOPLE**

visited the TÜV NORD GROUP's profile on LinkedIn.  
In 2019, this figure was around 22,000.

€ 6.9 million

**WAS INVESTED IN VOCATIONAL TRAINING**

by the TÜV NORD GROUP in 2020. This corresponds to an average investment of €600 per FTE.

The meeting for scholarship holders also took place virtually for the first time this year, also with more participants than in the previous year. The number of scholarship holders also increased overall: from 30 to 42. ([> Diversity and Participation](#))

**RECRUITMENT AND SUCCESSION**

In HR requirements planning, we focused in 2020 on the design and further development of various programmes: In the future, we want to further improve our analyses of the potential of the applicants and of all our employees. Industrial Services was the first business unit to start new diagnostic methods. In the course of our development discussions, we were also able to fill many vacant leadership positions with internal candidates. Many others have been given responsibility in technical or project management. In addition, a management audit is now professionalising the pre-selection of candidates for top management posts. A relaunch of our guidance and assessment centres is planned for 2021.

So that we can identify and develop potentials at an early stage while at the same time reducing risks, we introduced a strategic succession management system in 2020. Pilot programmes are



“I started out as a jobbing student, and now I’m leading a team. The HR development team was always available for discussions when I was on this journey and helped me choose the right vocational training courses.”

**ELISA HOPPMANN**, TÜV NORD Systems

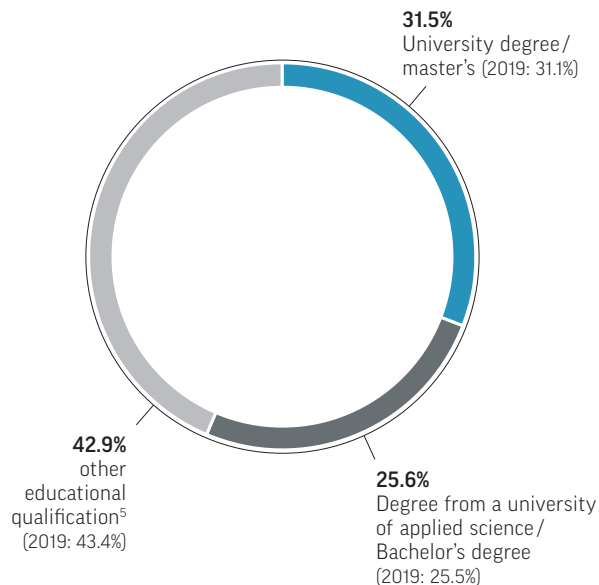
currently underway in three business units. After completion of the pilots in 2021, the experience gained will be evaluated and the Group-wide roll-out prepared.

## DIGITAL DEVELOPMENT FORMATS

In 2020 – not only in the context of the pandemic – numerous development programmes revolved around the topic of digitalisation: for example, we completely digitalised the development programmes for junior, middle and senior management in the course of the year. In the context of GEM, a mentoring programme for intergenerational work, junior participants pass on their digitalisation knowledge to senior team members, while the latter offer advice on career development and network expansion.

One particular success story is “Masterplan”, a joint project of the Digital Academy and the TÜV NORD Akademie. This virtual learning platform conveys and deepens knowledge of the basic principles and dimensions of digitalisation. It is available to all employees who wish to continue their vocational training independently. In autumn 2020, 1,300 users from 25 countries were already active.

## QUALIFICATION STRUCTURE BY TYPE OF HIGHER EDUCATION QUALIFICATION<sup>4</sup>



<sup>4</sup> Scope of survey: Germany; active regular staff; period: December 2020

<sup>5</sup> employees without a university degree are placed in the category "other educational qualification"

“The onboarding process was a great experience, full of new knowledge and new insights. I’m looking forward to carrying on with my vocational training and getting to know the values and culture of TÜV NORD even better.”

**SUPRIYA SINGH**, TÜV India







# Conditions and Supplementary Benefits

The modern world of work is characterised by flexible employment relationships and working models, international competition and digital challenges. We work every day to create a healthy and motivating work environment – a task that took on a whole new dimension in the coronavirus year of 2020.

## OCCUPATIONAL HEALTH PROMOTION

Promoting and maintaining the health of our workforce is a key priority for us – even though large parts of the workforce are not able to work on site. In 2020, we almost completely switched the existing occupational health promotion portfolio to online formats, making access to it less dependent on a particular location. We also developed and offered afresh various formats, some with an explicit coronavirus reference. In addition to the virtual early morning exercise session entitled “Healthy through the day”, also on offer was a virtual active break, a resilience seminar and a relaxation course to promote the ability to relax physically and psychologically and to apply what had been learned in everyday life. A motivational talk focused on how to maintain the work-life balance even in the era of digitalisation and how time-out opportunities for relaxation and rebalancing could be created. Also demonstrated were some of the opportunities and risks of mobile work as well as tips for good time management to help employees manage their current challenges.

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## BENEFITS

- Flexible working time models
- Opportunities for location-flexible working
- Support for childcare
- Occupational health promotion
- Travel risk management
- TÜV NORD Combined model – occupational pensions



“I always felt well informed. The health of the employees has always been at the top of the list alongside the operational and economic capacity to act.”

**ARZU SARIAL**, TÜVIT



“I think it’s really good, especially in these times, that we have the opportunity to choose where we work from. Because I belong to a risk group, that’s a great relief for me. Thanks to good equipment and technology, it’s also working fine.”

**BIRGIT BERKA**, TÜV NORD Systems

# 80

## ACCIDENTS AT WORK

were recorded in the TÜV NORD GROUP in 2020 – a comparatively low value, which has been constant in the Group for many years.

# 95%

## HEALTH RATIO

– despite the pandemic, a consistently high figure (2019: 94.8%) This high ratio is common to all the German companies in the TÜV NORD GROUP.<sup>6</sup>

<sup>6</sup> Scope of survey: national; active and passive regular staff; period: 01.01.–31.12. 2020

## RECONCILING WORK AND FAMILY LIFE

Aside from the pandemic, we placed a special emphasis on the reconciliation of work and family life in 2020, for example, by overhauling our Intranet site. This means that the available information on the range of benefits is now available to all employees in a more comprehensive, better structured, simpler and more up-to-date form than before – for example, with regard to pregnancy and parental leave or the care of relatives.

[\(> Diversity and Participation\)](#)

The conduct of our executives is crucial in determining whether our employees make use of the existing offers or, in collaboration with their superiors, find individual solutions. The executives are the first points of contact, are on hand to provide advice and have the authority to offer creative leeway to their staff. At the same time, they themselves are often faced with the challenge of balancing work and family life. In this way, they are not only enabling greater flexibility for their employees but are also acting as role models.

“The fact that the relaxation course is now taking place online has brought a little bit of normality back into everyday life.”

**MANUELA LIEBIG**, TÜV NORD Service



Moreover, the expectations brought to bear on executives have increased in this regard, especially in the case of young talent. For this reason, in August 2020, a first online seminar on the reconciliation of work and family life was held for the executives, which provided information about challenges, figures and best practices and offered stimulating ideas for their own work. The feedback from the participating executives was consistently positive, and the follow-up dates were booked out very quickly. For this reason, the plan is to establish this webinar as a permanent offer in 2021 and to develop a second webinar to address further reconcilability issues.

It should be noted, incidentally, that the good work-life balance within the TÜV NORD GROUP has also not gone unnoticed outside the Group. Internal surveys have shown that this is one of the top three reasons to choose the TÜV NORD GROUP as an employer.

([> Recruiting and Developing Staff](#))



“It’s very important to me to keep my employees informed about their options. In the annual guidance interviews, I tell them what’s on offer and also note down their wishes. There’s nothing we wouldn’t have been able to implement.”

**DAVID MOHRUNG**, TÜV NORD Systems



# 80%

**OF THE WORKFORCE**

rated the IT equipment in their workplace positively in a survey.



# Diversity and Participation

We are convinced that diversity of all kinds within the TÜV NORD GROUP and its business units represents a direct competitive advantage. In the long term, it will ensure greater innovative strength and higher profitability – and, last but not least, it simply makes work more enjoyable. This is why we once again took a whole range of measures in 2020 to consistently promote diversity throughout the whole Group.

Our society is colourful and diverse – and this should also be reflected in our working world. By signing the Diversity Charter, we have also committed ourselves to promoting this diversity. We want to support our most qualified talents – regardless of cultural background, age, nationality, gender, sexual orientation or physical abilities – and secure their long-term loyalty to the TÜV NORD GROUP as an employer.

## 3.9%

### RATIO OF SEVERELY DISABLED EMPLOYEES

The ratio of severely disabled employees has remained unchanged at 3.9% year on year – a comparatively good figure that we nonetheless want to improve with the new HR Strategy.<sup>7</sup>

### THE PRIORITY TOPIC FOR 2020: WORK AND FAMILY LIFE

So that we can put this concept into practice even more fully, particular attention was paid in 2020 to reconciling work and family life at all stages of life. The companies of the TÜV NORD GROUP see this as an integral part of their business strategies and have committed themselves to introducing appropriate activities to help employees establish a good work-life balance; this will also promote diversity within the Group. To this end, in their respective action programmes for the “audit berufundfamilie”, they have identified specific measures that follow an overarching objective: to create the framework conditions for an appreciative, open and trusting culture in which employees and executives actively approach each other to come up with shared solutions. Executives should lead by example and communicate the relevant themes and opportunities in their teams.

[\(> Conditions and Supplementary Benefits\)](#)



**charta der vielfalt**

For diversity in the world of work

**SIGNED**

<sup>7</sup> Scope of survey: Germany; active regular staff; period: December 2019 and December 2020

## FURTHER AUDIT AIMS FOR "WORK AND FAMILY LIFE"

### Aim 1 – Equality of opportunity

Greater effort will go into securing equality of opportunity for men and women. In the technical occupations and management positions, the aim is to improve gender balance in the short to medium term.

**Example:** HR controlling has been supplemented by the addition of important indicators concerning workforce diversity. With the aim of deriving targeted measures, regular information is provided on age structure, gender distribution, the ratio of employees with severe disabilities and the use of parental leave.

### Aim 2 – Flexible working

A framework for flexible working will be created where possible in negotiations with the staff councils.

**Example:** To promote more flexible working, a Group operating agreement on "occasional location-flexible work" was concluded.

### Aim 3 – Leadership

In the spirit of a life-phase-oriented HR policy, executives are to be supported to take on the role of designers of individual solutions.

**Example:** To raise awareness among executives throughout the Group of the reconcilability of work and family life and to create space for dialogue, an online seminar has been developed.

### Aim 4 – Caring for family members and work

Executives and employees are to be specifically informed so that they can learn more about the available options for the reconciliation of work and family life care duties.

**Example:** In the companies, target-group-specific support offers are being advertised, e.g., pme familienservice or the optimisation of the Intranet site.

### Aim 5 – Cooperation with staff councils

Cooperation with the staff councils will be further intensified – both through the provision of regular information and in dialogue on the design of the framework conditions.

**Example:** TÜV NORD Industrial Services is working with staff councils to improve communication – for example, through regular participation in staff council meetings, company meetings and discussions on reconcilability issues. Staff council representatives are being involved in relevant projects at an early stage.

# 29.2%

## RATIO OF WOMEN IN THE GROUP

– a year-on-year increase (2019: 28.9%)<sup>8</sup> 24% of our leadership positions worldwide are also occupied by women.<sup>9</sup> To accelerate these developments, we are increasingly promoting the involvement of women in STEM occupations.

<sup>8/9</sup> Scope of survey: worldwide; active regular staff; period: December 2019 and December 2020

27%

#### INTERNATIONAL

3,834 employees are employed outside Germany in the international companies of the TÜV NORD GROUP (2019: 25.9%).<sup>10</sup>

> 50

#### NATIONALITIES

are represented in the TÜV NORD GROUP in Germany alone.<sup>11</sup>

#### EVENTS

On Diversity Day on 26 May 2020, we explicitly celebrated the diversity of the TÜV NORD GROUP. Alongside a major quiz campaign, numerous submissions from our employees have given rise to a cookery book with more than 20 international recipes. Diversity Day is an initiative of the Diversity Charter.

In addition, other event formats also had a terrific effect: at the "International Digital Onboarding Week", which included colleagues from all the companies for the first time in 2020, a total of 118 employees from England, India, Mexico, Brazil, Spain, Croatia, Malaysia, Poland, Germany and the Netherlands took part. ([> Recruiting and Developing Staff](#))

<sup>10</sup> Scope of survey: HC; worldwide; regular and other staff; period: December 2020

<sup>11</sup> Scope of survey: HC; Germany; active regular staff; period: December 2020

"In international projects, professional communication is often initially a challenge. Ultimately, however, I always gain great insights into other working methods and mindsets, improve my language skills – and get to know some nice people."

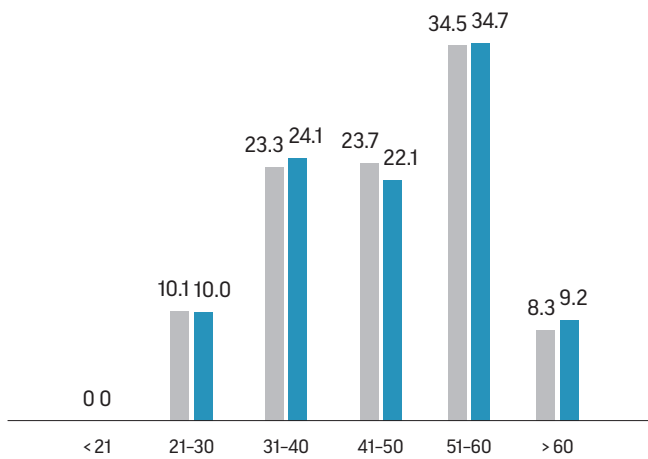
**VIKTOR GRIGORTSCHENKO**, TÜV NORD Mobilität



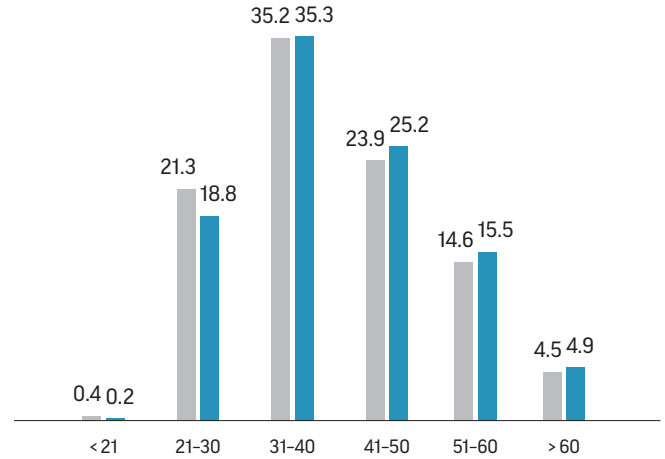


AGE DISTRIBUTION IN THE GROUP IN GERMANY<sup>12</sup>

Employees in % ■ 2019 ■ 2020

AGE DISTRIBUTION IN THE GROUP, INTERNATIONAL<sup>12</sup>

Employees in % ■ 2019 ■ 2020



<sup>12</sup> Scope of survey: HC; Germany and international; active regular staff;  
period: December 2019 and December 2020

“Interdisciplinary teams allow me to understand how geology is integrated with other disciplines. I get to address complex questions and issues which might not occur to me in the first place. This helps me to approach and resolve problems effectively.”

**MANSI CHAUHAN**, DMT Consulting India





# Employee Representation – Having a Say

We always attach great importance to finding solutions that are directly relevant to the individual lives of our employees. For this, close cooperation between the staff councils and the TÜV NORD GROUP as employer is decisive – even or especially in challenging times.

The work of our staff councils was all about the coronavirus pandemic in 2020: Staff council meetings took place largely virtually, as did negotiations on company agreements. This even applied to collective bargaining with the trade unions. The principle of co-determination also proved its worth in these times: due to the crisis, short-time working agreements were concluded in a wide range of companies.

The decisive Group operating agreements all focused on digitalisation in 2020: for example, a software-supported global talent database was introduced in the Group for strategic succession management and numerous agreements on digitalised workflows were signed. From a crisis-management point of view, however, the agreement on the Group-wide introduction of the Jabber communication client proved to be particularly helpful – following on from a 2019 decision collaboration with the Group Staff Council to allow occasional, location-flexible work in. In addition, Microsoft Teams was initially rolled out as a pilot project in some companies in 2020, and, at the end of the year, the corresponding operating agreement was also concluded for the entire Group.

# 68

## **STAFF COUNCILS**

are in place in the TÜV NORD GROUP in Germany:  
a Group Staff Council, nine general staff councils and  
58 local and company staff councils.





“The pandemic caught us unawares. Suddenly, in addition to the planned subjects, we also had to discuss issues such as crisis management and short-time working. Thanks to the trust which has been built up over years within the committees, this situation brought us even closer together.”

**RÜDIGER SPARFELD**, TÜV NORD Mobilität

“Coronavirus has acted like a digitalisation accelerator. With this impetus, we want to continue to accelerate the implementation of digital projects.”

**MARLIS KOOP**, TÜV NORD AG



“Location-flexible working played a minor role before coronavirus and didn’t have a good reputation among many executives. In the meantime, as everyone can see, it works. I hope that we will keep and develop these models.”

**SVEN SCHRÖDER**, TÜV NORD International

# Financial Report

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# Group Management Report

## FUNDAMENTALS OF THE GROUP

### Business activity

The TÜV NORD GROUP is a global technology group which offers its customers impartial, reliable and expert support in all matters concerning safety and security. Testing technology for safety has always been the focus of its business activities. However, the Group has continuously addressed new issues, monitoring and supporting the development of new technologies and their safe use. The technical professionals and experts inspect, advise and train with the highest levels of skill and according to standards that are applicable worldwide. In addition, their engineering expertise is in demand. Customers can rely on the know-how in the Group – regionally, domestically and internationally.

The TÜV NORD GROUP has been active in the TICCET (Testing, Inspection, Certification, Consulting, Engineering, Training) market for over 150 years. The inspection, consulting and training business is offered in six operating business units; thanks to the services in the Engineering and Natural Resources as well as Aerospace business units, the Group has a unique selling proposition compared to its competitors in the sector. In addition to its operating business units, the Group's internal services are also grouped together in the Holding/Services division.

- The Group offers a wide range of testing and certification services for systems, products and complex plants courtesy of its **Industrial Services** business unit.
- The **Mobility** business unit offers numerous services, such as vehicle and driving tests, vehicle assessments, testing of vehicle components and vehicles (homologation) and development-related consulting for the automotive sector.
- The experts in the **Engineering and Natural Resources** business unit are active in plant construction and process engineering, construction and infrastructure, mining and the energy markets.
- The **Training** business unit offers qualifications and training for specialists and executives, along with publicly funded training measures.
- The **Aerospace** business unit provides its services to the aerospace industry and other highly specialised industries. These consist primarily of the procurement, modification, integration, testing and certification of electronic components.

- Inspection, testing and certification services relating to IT security fall within the remit of the **IT** business unit. In addition, the business unit advises on the operation and planning of telecommunications and IT networks.

As of 31 December 2020, the Group with its management company TÜV NORD AG embraced a total of 82 fully consolidated companies, 40 of them domiciled in Germany and 42 abroad. The TÜV NORD AG consolidated financial statement includes all major companies in Germany and abroad in which TÜV NORD AG either directly or indirectly holds the majority of voting rights.

## ECONOMIC REPORT

### Macroeconomic and sector-specific conditions

As a result of the coronavirus pandemic, the global economy underwent a sharp decline in 2020. Since the first easing of measures to curb infections in the middle of the year, the economy has partially recovered. However, the risks to investor confidence and world trade remain high, as, despite all the containment measures, the number of infections worldwide is rising again, and an escalation of trade conflicts, especially between the US and China, as well as uncertainties in the wake of the Brexit deal, cannot be ruled out.

These uncertainties are reflected in a global growth of -3.9% in 2020, which was well below the previous year's figure of 2.6%. Regions around the world are affected to varying degrees by coronavirus. China is the only major economy to have grown in the pandemic year of 2020, albeit at a much lower rate of 2.3% than in the previous year (6.1%). India's economy, which was likewise considered a major growth factor in the previous year (4.2%), declined by more than 8% as a result of the coronavirus pandemic. In the previous year, the US had also been a driver of growth at 2.3%, but, in 2020, the growth rate slumped to -3.7%. In Europe, the coronavirus pandemic is expected to impact on the economy in the longer term. At -7.6%, growth in the euro area was well below the previous year's level (1.3%).

The German economy slid into recession during the year, with exports being particularly hard hit. As key customer countries were all affected by the coronavirus pandemic at roughly the same time, exports of goods fell by 9.3% in 2020. Imports also declined by 7.1%. The services sector struggled more than manufacturing under the coronavirus pandemic measures. The willingness to invest

remained at a lower level than before the crisis, thereby weakening domestic demand. In order to stem the decline in private demand, the government initiated stimulus measures. At -5.0%, growth in 2020 was nevertheless significantly lower than in the previous year (0.6%).

In line with the general economic trend, the TICCET market was also not spared the negative impact of the pandemic. All manufacturing companies in industries ranging from the automotive and aerospace sectors through to chemicals and consumer goods partially suspended production in 2020, leading to a decline in demand for testing, inspection and certification services. In this context, cross-border import and export activities were also in part limited to essential goods, which had a negative impact on the general demand for testing services.

At the same time, however, the fight against the coronavirus pandemic significantly increased the demand for particular services, including in the chemical-pharmaceutical industry, with the increasing demand for vaccines and medicines, and in the health-care sector, for the testing of medical devices and components. New and digitally developed technologies will ensure the competitiveness of the TÜV NORD GROUP. We systematically use data to protect and benefit people, technology and the environment. In this way, the TÜV NORD GROUP continues to develop into a data-driven international knowledge group which has set itself the twin goals of going carbon neutral by 2030 and supporting its customers in their efforts to become sustainable.

### Business trends

After a good financial year in 2019, the TÜV NORD GROUP faced some major challenges in 2020 due to the pandemic. The Group achieved a positive operative result, albeit one which, especially due to the impairment of its operating business because of measures to curb the spread of the pandemic, was significantly below the operative level of the 2019 reporting period.

The revenue and earnings before interest and taxes (EBIT) financial performance indicators did not develop as planned in the 2019 management report and the outlook for 2020. The consequences of the pandemic have affected all business units in different forms.

The planned revenue increases in the **Industrial Services** business unit were not quite achieved. Nevertheless, a pleasing level of revenue growth was achieved year on year. This was due to

positive domestic developments and the testing of medical protective equipment. Earnings exceeded both the planned volume and those of the previous year.

The **Mobility** business unit did not fully realise its planned positive revenue and earnings development in 2020. This was mainly due to the negative effects of the coronavirus pandemic, although the previous year's revenue figures were exceeded in this business unit, too.

In the **Engineering and Natural Resources** business unit, there was a significant year-on-year decrease in revenue and earnings. The planned values were not achieved. Due to the coronavirus measures, projects were either postponed or cancelled by customers. Because of its strong international orientation, the business unit was particularly affected by global travel restrictions.

Revenue and earnings in the **Training** business unit in the reporting period were also significantly below the planned figure and the previous year's level. The temporary bans on classroom teaching and the contact restrictions and hygiene regulations led to a significant reduction in business operations and a decline in orders.

Due to the coronavirus pandemic, revenue and earnings in the **Aerospace** business unit were also below the previous year's and the planned levels. There were declines in orders from small and medium-sized customers and postponements of larger projects, particularly in France.

The **IT** business unit reported year-on-year revenue growth but was unable to achieve the planned values. This was due, among other things, to the travel restrictions imposed at the beginning of the pandemic, which weakened revenue. The result was below the planned figure and the level of the previous year due to the start-up losses in the consulting business as well as customer-side project postponements or cancellations.

The number of full-time employees of the Group in 2020, while being higher than the previous year, did not reach the planned figure. This was due to a reluctance to hire in the context of the pandemic.

The Group innovation projects decided upon in the context of Strategy 2020plus were continued as planned with the aim of developing new services.

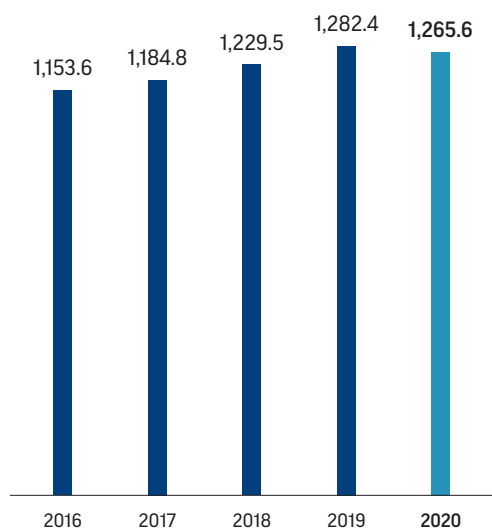
The trends within the Group in the 2020 fiscal year in comparison with the previous year were as follows:

- Revenue decreased by 1.3% from €1,282.4 million to €1,265.6 million. The decline in revenue of €16.8 million was mainly attributable to the impact of the coronavirus pandemic on the Engineering and Natural Resources and Training business units.
- Before special items, earnings before interest and taxes (EBIT) decreased by 36.4% from €75.2 million to €47.8 million. The decrease of €27.4 million was mainly due to the coronavirus-related decline in earnings in the Mobility and Training business units.
- The return on revenue, measured by EBIT, was 3.8%, after 5.9% in the previous year.
- Earnings before tax (EBT) decreased by €42.1 million to €31.9 million.
- The average number of employees, converted to full-time equivalent, increased from €11,276 to €11,658 in 2020.

### Earnings

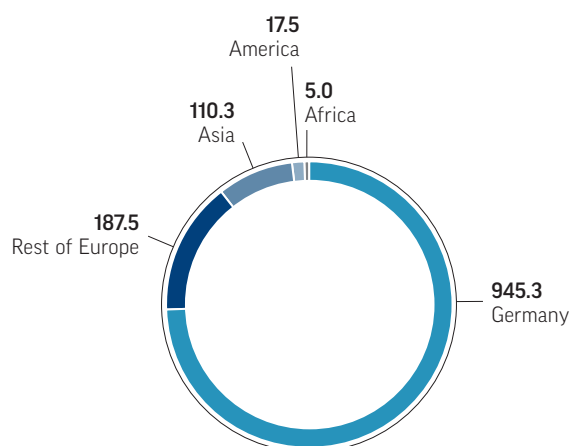
The 2020 fiscal year came to an end with a revenue of €1,265.6 million (2019: €1,282.4 million). The following figure shows the trend of revenue in the Group (€ million):

#### TREND OF REVENUE



The breakdown of revenue by region (€ million) shows the following figure:

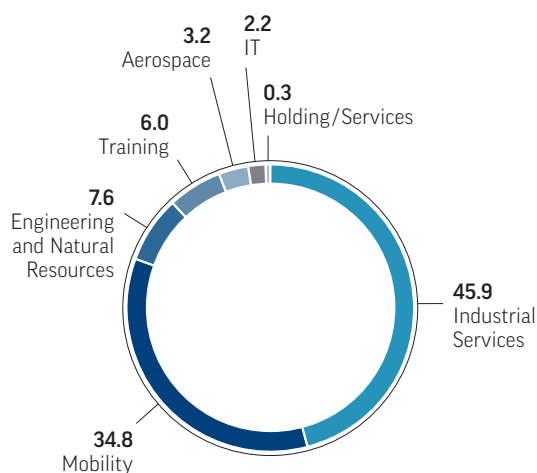
#### REVENUE BY REGION



The Group's domestic revenue in 2020 amounted to €945.3 million (2019: €948.2 million). Revenue from the international business amounted to €320.3 million (2019: €334.2 million) and achieved a share of 25.3%.

Broken down by business unit and Holding/Services, the following overall picture emerged for the year 2020:

#### REVENUE BY BUSINESS UNIT



Due to the coronavirus pandemic, the heterogeneous nature of their market presence, their various product spectra and their regional alignments, the individual business units developed very differently.

The **Industrial Services** business unit generated a revenue of €582.1 million (2019: €552.6 million), where the domestic business trend was more positive than the foreign equivalent. In Germany, revenue, at €371.7 million, were above the previous year's level, mainly due to tests of medical protective equipment. Revenue abroad were €210.4 million (2019: €206.7 million), bolstered by the positive impact of the first-time consolidation of an Italian company as of 1 January 2020.

The revenue of the **Mobility** business unit, at €440.1 million, was 3.9% higher than in the previous year, €423.7 million. The increase in revenue was primarily accounted for by transactions with co-operation partners.

In the **Engineering and Natural Resources** business unit, revenue of €96.1 million (2019: €127.3 million) was generated: The main reason for the decline was pandemic-related project postponements by customers in all business segments. Due especially to intra-Group revenue in the field of medical protective equipment testing, the year-on-year decrease in total revenues (before consolidation) was only €16.5 million or 12.6%.

The decline in revenue in the **Training** business unit to €75.9 million (2019: €100.3 million) resulted from measures to curb the coronavirus pandemic, such as bans on classroom teaching and major events, including job speed-dating.

The revenue of the **Aerospace** business unit, at €40.1 million, was lower than in the previous year (2019: €49.0 million) due to coronavirus-related declines in orders and a weak performance in France.

The development of the **IT** security business segment was the main factor behind the increase in revenue in the IT business unit to €27.6 million (2019: €25.9 million).

Group expenses increased by 1.3% to €1,269.4 million during the reporting period. This was due in particular to increases in depreciation. The cost of materials reached a peak of €236.4 million in comparison to €238.4 million in the previous year.

Personnel expense increased, primarily due to the recruitment of new staff, by 1.7% to €754.6 million.

The 29.7% increase in depreciations to €77.3 million was mainly due to a write-down of the goodwill of the Engineering and Natural Resources business unit in the amount of €10.5 million.

Further information on expenses can be found in the Notes to the Consolidated Financial Statements, under No. 3, "Consolidated Income Statement disclosures".

Earnings before tax (EBT) amounted to €31.9 million and were thus €42.1 million below the previous year's result of €74.0 million. The Industrial Services, Mobility and Aerospace business units contributed to the positive result of the Group.

Net profit, at €13.5 million, fell below that of the previous year by 70.6% (2019: €46.0 million).

## Assets

The TÜV NORD GROUP balance sheet reveals a sound structure. Total assets increased to €1,045.6 million during the reporting period, as against €1,042.9 million in 2019.

Non-current assets decreased from €656.3 million to €645.4 million. The rate of coverage of non-current assets (equity plus pension provisions divided by non-current assets) amounts to 102.3% (2019: 99.4%).

Current assets, which make up 38.3% of total assets, are recognised at €400.3 million (2019: €386.6 million). The increase is due to a growth in cash and cash equivalents to €134.9 million (2019: €89.3 million).

The Group has additional hidden reserves, which primarily take the form of property ownership and investments.

Equity capital, at €126.3 million, is above the level of the previous year (2019: €124.0 million). The equity ratio amounts to 12.1% (2019: 11.9%). Due to the lowering of the discounting interest rate for pension obligations to 0.75%, actuarial losses in the Other equity positions amounting to €8.4 million in 2020 (2019: €24.2 million) were offset, thereby affecting the consolidated income statement.



In the 2020 fiscal year, €777.4 million (2019: €765.4 million) of plan assets were netted against pension provisions. The proportion of the provisions for current and future pension obligations that is not covered by plan assets amounted to €531.4 million (2019: €528.5 million).

Reinsurance coverage of pension provisions decreased in 2020, thus narrowing the coverage gap, adjusted for the effects of a change in the discount rate, still further in comparison to the previous year.

Further information on the asset situation can be found in the Notes to the Consolidated Financial Statements, under No. 5, "Consolidated Balance Sheet disclosures".

### Financial status

The positive net financial position of the TÜV NORD GROUP improved significantly year on year due to the measures taken to ensure liquidity- and opportunity-oriented management during the pandemic, despite the coronavirus crisis and the ongoing high level of investment. As of 31 December 2020, the TÜV NORD GROUP remained free of debt and was on a solid financial footing. This has enabled targeted investment in innovation, training and the sustainability of services, even during the pandemic.

The most important objectives of the conservative financial policy remain the further maintenance of the Group's good rating and the safeguarding of an adequate level of liquidity for the centralised financing of the subsidiary companies by the Group at a level that meets their needs.

Consequently, from the start of the coronavirus pandemic, the Group was managed in a strictly liquidity- and opportunity-oriented way. The implementation of appropriate measures maintained the Group's ability to act, and no recourse to credit was necessary. In addition, it is fundamental to the Group's financial strategy to ensure a broad measure of financial flexibility along with transparent risk and opportunity management.

The Deutsche Bundesbank, having investigated important financial metrics such as profitability, internal financing strength, liquidity and capital structure on the basis of audited financial statements, has for the fourteenth year in succession awarded the TÜV NORD GROUP the accolade of eligibility for rediscount with the central bank. The Group has thus belonged since the first assessment in 2007 to the round of companies whose credit liabilities can be used

by commercial banks as collateral with regard to the Deutsche Bundesbank. This continues to guarantee the TÜV NORD GROUP a preferred position in terms of access to financial resources.

The cash flow (see "Consolidated Cash Flow Statement") amounted to €64.3 million and was essentially applied to investments in intangible asset and in property, plant and equipment, and to the reinsurance of pension liabilities. Capital expenditure excluding corporate acquisitions amounted to €56.9 million in the year under review as against €56.7 million in 2019. Of this, €50.7 million was invested by the German companies, and €6.2 million abroad. The focus was on the construction of real estate in Essen and physical investment in testing equipment, vehicle fleets and computer hardware and software. No material capital expenditure obligations existed as of the reporting date.

The Group spent a total of €6.0 million (2019: €7.4 million) on the acquisition of companies and equity holdings during the year under review. All projects were assessed by value creation criteria; every potential acquisition or capital investment project was scrutinised and analysed both with regard to the return it would bring and also from the point of view of its impact on the consolidated balance sheet.

The Group's net financial position amounted to €82.6 million at the end of the year under review; a figure which, despite the coronavirus pandemic and high investments, was above that of the previous year (2019: €37.0 million).

The syndicated loan, which expires in April 2021, was extended early to December 2023 and increased to €125.0 million. It had not been used as of 31 December 2020.

In 2020 the Group was in the position to meet its payment obligations at all times.

### Overall situation

As a result of the macroeconomic situation and the coronavirus pandemic, the TÜV NORD GROUP was confronted with major challenges in the year under review. The Group has thus far managed the effects of the crisis in a satisfactory manner.

In the future, too, every effort will be made to optimise the company's position in terms of its earnings, assets and finances. The TÜV NORD GROUP assumes that the earnings, asset and financial positions will remain stable in the future.



## NON-FINANCIAL PERFORMANCE INDICATORS

### Innovation report

New and digitally developed technologies will ensure the competitiveness of the TÜV NORD GROUP. Innovations will help the Group to take advantage of the opportunities offered by digitalisation. A culture of innovation is exemplified in the TÜV NORD GROUP, as is active innovation management. The workforce is immensely committed to the implementation of new ideas. The awards which are visible to all make us proud of our development and act as a spur to many to join in the competition for the best innovations.

Despite all its negative aspects, the coronavirus pandemic represents an opportunity for the TÜV NORD GROUP to accelerate its digital transformation.

At the beginning of the pandemic, the ability of the employees to work independently of location had to be ensured with the aid of innovative communication solutions. Digitalisation has made it possible to serve customers at very short notice.

Moreover, the targeted innovation initiatives of recent years have paid off. For example, the TÜV NORD GROUP has managed to significantly increase the number of remote audits. Prior to the coronavirus pandemic, most customers preferred to have the auditor physically present on site. The pandemic has also boosted customer acceptance of digital solutions developed by the TÜV NORD GROUP in the context of forward-looking innovation projects. The Training business unit managed to create a very good alternative to classroom events through the short-term development and expansion of an online campus.

In the context of the coronavirus pandemic, the TÜV NORD GROUP launched some new and innovative services. While under critical time pressure, the Industrial Services as well as the Engineering and Natural Resources business units carried out tests of large quantities of protective masks – both at home and abroad. In the IT business unit, experts from TÜViT examined the IT security of the German coronavirus warning app.

The Digital Experts trained by the Digital Academy are supporting innovation activities and the further development of new services in all business units.

### Employees

Knowledge and expertise are the key to the long-term success of the TÜV NORD GROUP and must be preserved and developed. For these to be maintained, a comprehensive portfolio of measures for the training and development of staff and executives alike is an absolute necessity. The development and expansion of digital skills is a key priority. Expenditure amounting to €6.5 million was incurred in 2020 for the use of internal and external training services (2019: €8.2 million).

Our employees enjoy working in the TÜV NORD GROUP which they regard as an open, authentic and secure employer. The average length of service is over ten years. Loyalty and trust shape the relationship between employer and employees.

Every day, our employees devote themselves to the cause of safety and security, sharing their knowledge, and protecting life, technology and the environment. They contribute their experience and knowledge every day to achieve the best possible results. It is diversity that forms the basis for successful teamwork. The “Open Company” and “Top Company” seals, which the company has regularly been awarded for many years, confirm the successful implementation of these values in the company.

As of 31 December 2020, the domestic and foreign companies of the TÜV NORD GROUP employed an average of 11,658 staff (converted to full-time equivalent) in comparison to 11,276 in the previous year. On the sampling date of 31 December 2020, the absolute number of employees was 14,182. The share of women working in the Group remains at 29%.

7,990 employees work in Germany. The number of employees abroad increased in 2020 to 3,668. The largest business unit is Industrial Services, with 6,197 employees in Germany and abroad, followed by the Mobility business unit with 2,803 employees.

The Board of Management would like to thank all the staff and company managers, both at home and abroad, for their commitment. The success achieved in the year under review would have been impossible without their dedication to their work. Their thanks also go out to the employee representatives for their constructive collaboration in a spirit of trust.

## OUTLOOK, OPPORTUNITY AND RISK REPORT

### Outlook

The latest outlook (January 2021) from the International Monetary Fund (IMF) predicts a rate of growth of 5.5% for the global economy in 2021, slightly above the autumn 2020 outlook. This reflects the expectation of a vaccination-fuelled economic recovery later in the year and the additional political support that has been forthcoming in some major economies. However, the outlook remains uncertain and depends on whether the second and third waves of infection, particularly in Europe and the US, can be stopped and contagion rates reduced.

The outlook for the euro area accordingly assume a growth rate of 4.8% in 2021, following on from the 2020 slump in economic output. The growth of the export-dependent German economy, which is outlook to be 3.5%, will show a marked recovery compared to 2020. The US is also returning to a growth trajectory with a projected 4.1% growth in economic output for 2021. Very strong growth is expected in 2021 for the two major Asian economies, China (10.2%) and India (9.5%).

Further drivers of growth in the dynamic global TICCET market, alongside the harmonisation of standards and guidelines and the introduction of new legal frameworks and standards, are the increase in security requirements for new technologies and the digital transformation. The domestic and European markets will also be characterised by positive growth rates in 2021. At the same time, these markets are characterised by high competitive pressure and an ongoing shortage of skilled workers. The global market for TIC services is estimated at approx. €173 billion and the European market at approx. €43 billion. In general, the market for TIC services continues to develop positively.

For the 2021 reporting period, the TÜV NORD GROUP thus expects a stable development with regard to performance indicators. However, the key ratios will continue to be affected by the impact of the pandemic in 2021.

Revenue are expected to rise to slightly above 2020 levels. All business units are expected to contribute to the increase in revenue. The TÜV NORD GROUP anticipates that all the business units, with the exception of the Training business unit, will continue to contribute positively to earnings. The outlook result (EBIT) for the 2021 reporting period is expected to be slightly

above the level of the 2020 reporting period, as the prospects for an end to the pandemic should improve, resulting in the gradual withdrawal of measures to contain it.

For the **Industrial Services** business unit, moderate organic revenue growth is expected in the classic business segments, both in Germany and abroad in the 2021 reporting period. In this reporting period, the result will be negatively impacted mainly by staff increases and costs associated with innovation and digitalisation projects, and will only increase slightly.

The **Mobility** business unit expects a moderate increase in revenue and a significant rise in earnings for 2021. The business segment for driving licence applicants, the expansion of the partner organisation and the digitalisation and further development of services should contribute significantly to the planned development.

The expectation for the **Engineering and Natural Resources** business unit is of stabilisation of the domestic business and muted development abroad. A moderate rise in revenue is outlook. Almost all business segments will contribute positively to the slight improvement in the result in 2021. In growth projects, the focus is on revenue support alongside targeted innovations and efficiency improvements. At the same time, customer access is to be improved with the aid of location concepts.

The **Training** business unit expects a significant increase in revenue in 2021. Assuming the relaxation of coronavirus measures with the continuation of hygiene rules and ongoing restrictions on small-scale meetings, a slightly improved result is expected. There is still a risk that planned events will be postponed or cancelled.

The **Aerospace** business unit is planning for a moderate increase in revenue and earnings for 2021. The business unit is continuing with its strategy of focusing on engineering services.

The **IT** business unit is planning for moderate revenue and earnings increases, particularly in the IT security field, which will continue to develop in 2021.

The planned increases in revenue in the Group go hand in hand with a scheduled moderate increase in the number of employees. A recruitment drive in the course of business expansion will play a significant part in this.

The innovation projects identified in the context of the strategy should contribute to the organic growth of the Group in the long term. These projects will continue in 2021 with the aim of developing new services.

### **Risk and opportunity management system**

Because of its international presence, the TÜV NORD GROUP is exposed to a wide range of risks but also well positioned to take advantage of opportunities. The risk and opportunity management system is thus an elementary element of corporate governance. Early identification and forward-looking management form the basis of a systematic risk and opportunity management policy.

For all companies in which TÜV NORD holds the majority stake, market and competition data are analysed in the context of the risk and opportunity management system. Market potentials are continuously observed for the early identification of macroeconomic and sector-specific opportunities. Moreover, efficient measures to reduce or eliminate risk are introduced. Risks in the individual companies are identified using a standardised, IT-supported periodic process and classified according to the amount of damage and probability of occurrence at the end of each quarter. In this way, after classification, recommendations for action on risk reduction or elimination can be developed and implemented. The possible financial impacts of emerging risks can be limited with the aid of the Group's centralised insurance management system. Any remaining risks will then continue to be reported to the risk management of the TÜV NORD GROUP. Significant and existential risks are generally reported on at scheduled intervals with additional ad-hoc reports as and when particular events occur.

The Group Executive Committee, the Board of Management and the Supervisory Board are kept informed at regular intervals of the current risk situation of the Group and the individual business units. This information includes the causes of the risk situation and the measures taken in response to it. Additionally, the risk management is verified by the corporate audit department and external auditors. The results of these audits are also reported to the Board of Management and the Supervisory Board.

### **Risks and opportunities for the TÜV NORD GROUP**

The coronavirus pandemic has affected the business of the TÜV NORD GROUP, particularly in the Training business unit, and led to a decline in revenues. Aside from the effects of the pandemic, risks and opportunities have not changed significantly year on year. In

the 2020 reporting period, however, no risks, including those associated with the coronavirus crisis, were identified which might, either individually or as a whole, endanger the survival of the Group or substantially impair the assets, financial and earnings position. As far as can be seen at present, there are no risks in the foreseeable future which might jeopardise the survival of the Group.

Interest rate risks can arise in connection with pension obligations. The plan assets intended to finance the pension obligations are managed in a fiduciary capacity by the TÜV NORD PENSION TRUST e.V., which was founded in 2008. Changes to the actuarial interest rates in the valuation of pension obligations can have an impact on the cash value of the discounted pension obligations and thus influence the equity capital and total comprehensive income earnings.

The Group is not exposed to any material price, credit loss or liquidity risks, or to risks arising from fluctuations in cash flow. The Group's financial assets are invested in such a way that, as far as can be seen at present, no material risks exist.

Digitalisation and global networking are both an opportunity for, and a challenge to, the TÜV NORD GROUP.

The individual business units report the following risks and opportunities in their business activities:

For the next few years, notwithstanding the uncertainties of the coronavirus pandemic, the **Industrial Services** business unit expects to see a fundamentally positive trend, both at home and abroad. The trend in infections is currently mainly seen as a risk to the international business. Opportunities are arising from the increase in remote audits and remote inspections. Aside from coronavirus, the core market of Europe is particularly exposed to risks in this business unit. Competition with regard to the recruitment of qualified staff and the ongoing intensity of price competition may have a negative impact on the achievement of its objectives. One potential opportunity is presented by the standardisation and streamlining of processes and digitalisation, which might help mitigate the shortage of skilled workers that demographic developments are threatening to unleash. There is a particular risk in Germany that the regulations will be amended with the effect that previously mandatory tests will no longer be required and/or other less qualified staff will be granted permission to conduct tests in place of the experts. Another opportunity

for the expansion of business activities lies in offering new services and the expansion of existing ones. For example, the Group's market presence in the fields of wind power, railway technology, food and medical devices is being geared to international markets. The prospect of full exploitation of these opportunities is boosted by the customer-focused organisational structure that has been in place since 2019 and the accompanying strengthening of cross-border cooperation. Revenue activities in the business unit will continue to develop, in particular the expansion of cross-selling activities.

In connection with the shutdown of nuclear power plants, revenue in the nuclear administration business in Germany will decline from 2021 onwards. Contracts for the decommissioning and dismantling of nuclear power plants and the disposal of radioactive waste represent a long-term foundation for the adaptation of the portfolio with a view to its future viability. Opportunities in the German market will arise in the medium and long term in connection with final storage of radioactive waste and further diversification, e.g. in the global energy sector, which will require the modernisation and digitalisation of services. Opportunities in international markets are being further developed by the Nuclear OBS, acting in concert with other TÜV NORD companies.

In the certification business, changes to the statutory base make it impossible to rule out the risk that individual services will become obsolete or be cut back. However, due to the high level of diversification and the heterogeneity of the customer structure, this risk is manageable. The risk remains that accreditation bodies will impose drastic sanctions, up to and including the revocation of accreditation for certain areas, in the event of violations of the rules by individual employees of the certification company. In TÜV NORD CERT GmbH, a quality management system has been set up for the purpose, for instance, of obtaining the crucial DAKkS accreditation, one of whose functions is to minimise risk through internal auditing. Opportunities continue to arise through process optimisation and investments in the areas of digitalisation alongside sustainability, social standards and medical products. In addition, as the example of the examination of protective masks during the coronavirus pandemic makes clear, they may also result from short-term economic political necessity or changes in the underlying legal principles.

The massive cuts triggered by the coronavirus pandemic are leading to changes in economic conditions and potential for the overall market of the **Mobility** business unit. The dwindling number of

transfers of ownership alongside changes to vehicle inventories and customer structures may require the realignment of the business unit's own portfolio and revenue, as well as adaptations in the provision of services. The pandemic may well prove beneficial for the implementation of the digitalisation strategy in the Mobility business unit. This applies equally to the implementation of internal digitalisation projects for process optimisation and the establishment of proprietary technology and market solutions among customer groups.

The customer-group-oriented strategy of the Mobility business unit should lead to the early identification through market and competition analyses of sector-specific risks and changes in market conditions in the segments and regions. Various previously defined future fields and initiatives have been reassessed in the light of the current situation and the findings taken into account. The consolidation of the market for car dealerships and workshops is continuing to exert competitive pressure. The implementation of a nationwide market presence with franchise partners will allow services to be offered throughout Germany, with the effect of countering the trend towards increasing concentration in the car dealership and workshop sector. The Group is prey to intensive efforts by the competition to lure away both customers and staff, giving rise to a risk that top performers will be lost to the Group. Targeted measures are being implemented to find suitable applicants for vacant positions and to enhance the loyalty to the company of its top performers.

Electromobility is having an impact on the market for homologations, and the variety of models offered by vehicle manufacturers will be reduced. This may be counterbalanced by increases in demand for the approval of alternative drives and networked driving. Technological developments in the automotive sector are resulting in changes in the requirements that apply to the safety of mobility concepts and data security. The increasing complexity of equipment and vehicles requires that the existing tests be supplemented by the testing of software for security management purposes. The offer of vehicle valuations in growing second-hand car markets around the world presents further opportunities. Penetration of the market will be facilitated here by the use of new technologies and the development of targeted cooperations. Opportunities in other European countries arising from easier market access (similar legal framework conditions, proximity) have been identified. No discernible risks to the Mobility business unit have arisen out of the exhaust emissions scandal that was uncovered in the 2015 reporting period.

The trend in the **Engineering and Natural Resources** business unit shows that the coronavirus pandemic is affecting existing projects or orders in almost all business segments. Projects are being delayed, postponed indefinitely or suspended. In the infrastructure and plant construction markets, the assumption is of stable business development. The global natural resources industry is also expected to stabilise.

Alongside the risks posed by the pandemic, new opportunities have also emerged which will have a lasting positive impact on the business through expansions of the service portfolio. In the Product, Plant & Safety business segment, for instance, investments have been made in a new testing laboratory with the aim of establishing a new service on the market. In cooperation with TÜV NORD CERT, the certification of personal protective equipment (PPE), for example, of mouth-nose coverings, is now in full flow.

In the **Training** business unit, risks may emerge in the wake of the coronavirus pandemic due to the continuing hygiene and social distancing rules and the travel restrictions that make classroom events unworkable. Moreover, the multiple bans on large-scale events are putting the successful job speed-dating product under pressure. The provision of training in an alternative digital or hybrid form is reducing this risk. Furthermore, lockdown brings with it the risk of a reduction in commissions in the field of publicly funded training.

Opportunities from the coronavirus pandemic may be presented by the increase in the number of short-time workers and the unemployment rate. In the TÜV-specific areas, there is a constant need for training as a result of technical developments or changes to rules and regulations. This will result in further opportunities for the companies in the Training business unit. Opportunities will arise in the medium term in the nursing and healthcare sector, as the need for caregivers is increasing due to demographic trends.

The coronavirus pandemic is also having an impact on the **Aero-space** business unit, but the development of the companies is being influenced by the current developments in the space industry. The space industry is focusing on providing better services in many fields, such as communications, Earth observation, sustainability, security, launching, human space flights, Mars exploration, etc. The business unit has implemented a specialised service platform to minimise risk and seize opportunities. The platform is continuously being developed and provides technical, logistical and commercial information as well as offering comparison tools and crowd testing options, among other things.

Opportunities are also being presented by increased growth in Europe and other emerging markets as well as the extension of existing services and the marketing of these services for other high reliability sectors. Additionally, in the short and medium term, drones will become an important growth vector in the aeronautical industry. The new European regulation on the testing and certification of drones (mandatory as of December 2020) also offers a great opportunity for the business unit, as does the testing of small satellites.

Risks to the companies in the **IT** business unit continue to arise from the current shortage of IT security experts. Despite a coronavirus-related increase in the numbers of job seekers in the IT market, the competition for qualified specialists will continue, especially in the IT security environment. It is for this reason that particular attention is being paid internally to securing staff loyalty and offering employee development, e.g. through the introduction of an expert career path and a comprehensive range of trainings. The necessary increase in staffing levels is focusing on attracting and training junior staff from higher training and strengthening cooperation with selected external service providers. Risks have also been identified in relation to possible coronavirus-related restrictions on the provision of services or the postponement of planned projects.

And yet, the pandemic also offers opportunities. One example of the exploitation of such opportunities is the Group's participation in the establishment of the coronavirus warning app in Germany. At the same time, the pandemic is proving to be an additional driver of digitalisation, automation and networking in industry, government agencies and bodies, as well as in society, which is further reinforcing the ongoing major growth potential of the information security and cybersecurity sector. Examples include the increasing use of location-flexible working environments, the onset of the industrial use of 5G and the expansion and modernisation of safety-relevant infrastructures, such as government networks in Germany. The state regulation of cybersecurity is being extended to cover more and more industries (critical infrastructure) and technologies all the way through to product requirements (security by design). The upcoming new IT Security Act (IT-2.0), with its holistic approach to the protection of citizens, the strengthening of the role of the state, the protection of public information technology and an economy with a robust IT infrastructure, also offers enormous potential for testing and consulting services.

## CORPORATE RESPONSIBILITY

Corporate Responsibility and sustainability are important components of the entrepreneurial activities of the TÜV NORD GROUP. The TÜV NORD GROUP sees the implementation of corporate responsibility (CR) as a long-term project. This is based on the Group's six key values:

- The focus is on customers.  
The TÜV NORD GROUP considers it a responsibility to contribute to the success of its customers. The Group offers them services of the highest quality and efficiency in the context of a sustainable portfolio of services and new ideas to help them on their way into the future.
- Employees are the key to success.  
As employers, the TÜV NORD GROUP companies are responsible for creating an attractive work environment which communicates their appreciation of their staff. They offer their employees the space they need to design a working life which is characterised by individual responsibility; they set great store by teamwork, support the reconciliation of work and family and offer individual training opportunities. The employees in turn have a responsibility to contribute to the success of the company.
- Integrity is fundamental.  
The TÜV NORD GROUP operates sustainably – in respect of the economy, the environment and society. A culture of openness is cultivated which is firmly rooted in mutual respect and trust. Based on a mandatory code of conduct, the TÜV NORD GROUP always acts lawfully and transparently in respect of its business partners and society. The TÜV NORD GROUP is also responsible for taking the impact of its actions on the environment and society into account.
- Sustainability opens up new paths to a shared future.  
The TÜV NORD GROUP pays close attention to the economic, environmental and social impacts of its entrepreneurial decisions and actions. Sustainability is an elemental part of its core brand – both in the service portfolio and in every other issue relating to innovation. At the same time, it is incumbent on the TÜV NORD GROUP to continuously reduce its own carbon footprint.

- Our diversity opens up new opportunities  
Diversity and internationality are an enrichment for the business units and companies of the Group. The TÜV NORD GROUP promotes equal opportunities and respects the individuality of each and every person within it. The TÜV NORD GROUP uses mixed teams and interdisciplinary work to offer its customers tailor-made solutions.
- The Group has a forward-looking culture of innovation.  
The business units and companies of the TÜV NORD GROUP are continuously improving their products and processes, developing new ideas for their customers and driving innovation. They see it as their responsibility to future generations to measure their own services against sustainability criteria and requirements and to align themselves with the United Nations Sustainable Development Goals.

Sustainability, as a guiding value of the TÜV NORD GROUP, has been part of the mission statement since the beginning of 2020. The TÜV NORD GROUP is thereby taking into account the importance of this issue to the public and among its stakeholders.

Since 2018, the TÜV NORD GROUP has been reporting on its various activities under the banner of sustainable and responsible economic management. These were pooled into a single corporate responsibility strategy and divided into four fields of action:

- Responsible value creation
- Staff orientation
- Environmental orientation
- Societal orientation

Based on a materiality analysis which reflected the relevance of the main themes from the point of view of the stakeholders and the company itself, 19 CR Topics were identified. These were furnished with specific objectives, measures and requirements for the Group's business units and summarised in a CR Roadmap. The identified topics remained valid and material in 2020. The 2020 CR Progress Report provides information on the degree of compliance with the CR targets as of the end of 2020.

The responsibility lies with the Group Executive Committee. This body is supported by a CR manager whose job it is to coordinate the CR activities. A CR steering committee, consisting of the CR coordinators from the business units, consults internally on all cross-cutting issues and activities. The CR coordinators also



support the business unit management boards in the execution of their CR responsibilities at business unit level.

In the case of the Group companies, responsibility for CR lies with the management of the companies concerned. The management officer of the company supports the management in the planning, implementation and reporting of CR activities.

The 2018 Corporate Responsibility Report was the first document to set out information on the economic, ecological and social impact of the business activities of TÜV NORD, in which the TÜV NORD GROUP's approach to integrating Corporate Responsibility into its corporate processes was explained. A progress report is also being published for 2020. One of the main successes in 2020 in the field of sustainability was the Gold Medal award presented to the TÜV NORD GROUP by EcoVadis in its CSR rating.

## CORPORATE GOVERNANCE

For the effective implementation of corporate governance, the TÜV NORD GROUP takes its guidance from the requirements imposed by the German Corporate Governance Codex on capital-market-orientated companies. The governance structure is thus consistently aligned with the globally recognised governance model, the Three Lines of Defence (TLoD), and is the byword for responsible management and control with the aim of long-term value creation. With its three connected lines of defence – operative management; risk management, controlling, law, compliance etc.; and internal auditing – the TÜV NORD GROUP ensures the lawfulness of all its business processes and organisational structures along with the efficiency and effectiveness of its established internal control system (ICS).

The Compliance Management System (CMS) of the TÜV NORD GROUP, which was established over 10 years ago, is an essential element of corporate governance as stipulated by TLoD. Taken together with the realignment of the Group's mission statement and values, these strategies are a means of efficiently preventing potential risks. In this way, the TÜV NORD GROUP is protected from damage. The CMS is, moreover, closely linked to TÜV NORD GROUP's CR Strategy, of which compliance and integrity are important components. Compliance objectives, such as preventing corruption by means of e-learning modules, are therefore an integral part of the CR objectives.

The central CMS in TÜV NORD AG coordinates compliance issues and tasks and is available to all employees as a point of contact. Appropriately conceived and clearly formulated policies and regulations, accessible to all staff at all times via the Intranet, are fundamental factors when it comes to ensuring good corporate governance. The adoption of a corporate philosophy and a binding code of conduct have given employees a concrete framework of guidelines for their actions, thus reinforcing good business practices in compliance with the law. Information events and trainings which make use of e-learning modules raise awareness among the staff of the significance of compliance-relevant issues such as data protection or personal conduct at work.

The preventive approach of the TÜV NORD GROUP reinforces a corporate culture that uses awareness-raising measures and staff training to prevent breaches of the rules before they have a chance to occur. Another significant component is the risk-oriented evaluation in the development of new business models or the acquisition of companies in the context of M&A projects.

Compliance is also an important assessment criterion in the selection of suppliers and business partners and is guaranteed by a Compliance Code for suppliers and business partners which forms the basis of existing and future business relationships. By signing the agreement on the Compliance Code, the suppliers of the Group undertake to act in the spirit of the TÜV NORD compliance standards. These include the basic requirements of human rights, equal opportunities and non-discrimination, environmental protection, product and occupational safety, the observance of the law and the extirpation of corruption.

In the form of an ombudsman system, bound by principles of confidentiality and anonymity, members of staff, business partners and customers have a further possibility to communicate compliance issues or draw the Group's attention to breaches of the compliance regulations of the TÜV NORD GROUP. Information on any violations of the law or policy, either domestically or abroad, is gathered by a renowned lawyer, appointed as an external point of contact.

All corporate governance structures and processes are regularly reviewed to ensure that they are up to date and, if necessary, adapted to meet new requirements. Compliance with the corporate governance rules and regulations is continually monitored by the Internal Audit Department on the basis of risk-orientated audit planning. The quality management system implemented by the

Group's internal audit department serves to guarantee the efficiency and effectiveness of its auditing work. The effectiveness of the established processes is regularly confirmed by an external and voluntary audit in accordance with the DIIR (German institute of internal auditing) standard.

The CMS has been tested by external auditors on the basis of the IDW auditing standard PS 980. The audit report deemed the implementation and orientation of the CMS to be appropriate. The verdict of the audit confirms with sufficient confidence that the compliance management system is suitable for both the identification of risks of major violations of the rules and the prevention of such violations before they occur.

Awareness and sensitivity concerning compliance at corporate management level and among the employees have been deemed exemplary across the Group. Regular compliance queries submitted by the employees and the recommendations for conduct issued in reply in advance of active business transactions are effective and efficient measures for the prevention of damage. Risk-based process controls, such as a compliance check for business partners, systematically reduce potential compliance risks. The tracking, sanctioning, evaluation and documentation of breaches of compliance represent an integral part of the continuous improvement process. The Group's point of contact for compliance keeps the Board of Management and the Group Executive Committee continuously updated on relevant compliance issues. These measures strengthen the tried-and-tested compliance structures and permanently reinforce awareness of the mandatory nature of TÜV NORD compliance in the Group's day-to-day business.

## STATEMENT ON CORPORATE GOVERNANCE

### **Findings on the promotion of the participation of women in leadership positions according to Article 76 (4) and Article 111 (5) German Stock Corporation Act**

The TÜV NORD GROUP pursues a strategy of diversity and is striving to increase the percentage of women in managerial positions<sup>1</sup>.

In December 2020/January 2021, the Supervisory Board resolved on new targets for the share of women in the Board of Management and the Supervisory Board for the period ending on 30 June 2025. The target for the share of women on the Supervisory Board is set at 30%; for the Board of Management, it is 33%.

With the appointment of a female member of the Board of Management for the HR/Labour Director portfolio as of 1 January 2021, the share of women on the Board of Management is now one third. The target has thus already been met. The share of women on the Supervisory Board is currently 25%.

For each of the first and second tiers of management below the Board of Management a target of 30% was set, with a deadline for implementation at the end of 30 June 2022. These targets are currently being not only met, but surpassed.

For the other affected companies in the Group, the targets for the share of women in the Supervisory Board, the Board of Management and the next two tiers of management and implementation deadlines were set on time.

<sup>1</sup> Pursuant to the act on the equal participation of women and men in managerial positions in the private and public sectors, certain companies in Germany are committed to setting targets for the proportion of women on their supervisory boards, executive boards and in the following two management tiers and to set a date for the achievement of these targets. The TÜV NORD GROUP pursues a strategy of diversity and is striving to increase the percentage of women in managerial positions.



## FURTHER INFORMATION

TÜV NORD AG is deemed to be directly dependent within the meaning of Sec. 17 of the Stock Corporations Act (Aktiengesetz – AktG) upon TÜV Nord Holding GmbH & Co. KG of Hamburg and TÜV HSA Holding GmbH & Co. KG of Hanover, and indirectly dependent upon TÜV Nord e.V. and TÜV Hannover/Sachsen-Anhalt e.V. For the period from 1 January to 31 December 2020 and in respect of relevant special transactions during the 2020 fiscal year, the Board of Management of TÜV NORD AG has drawn up a report pursuant to Sec. 312 of the AktG regarding relations between the company on the one hand and TÜV Nord Holding GmbH & Co. KG, TÜV HSA Holding GmbH & Co. KG, TÜV Nord e.V., TÜV Hannover/Sachsen-Anhalt e.V. and the affiliated companies on the other.

This report ends with the following declaration:

“We declare that, in the case of the legal transactions listed in the report on relations with affiliated companies, TÜV NORD AG received appropriate consideration for each transaction in accordance with the circumstances known to us at the time in which the legal transactions were executed.

No measures were taken or omitted on the initiative or in the interests of the dominant enterprise or any enterprise affiliated with it.”

Hanover, 26 February 2021

TÜV NORD AG  
The Board of Management



The complete Consolidated Financial Statements can be found at  
[tuev-nord-group.com/en/company/facts-and-figures/annual-report-2020](https://tuev-nord-group.com/en/company/facts-and-figures/annual-report-2020)

# Consolidated Income Statement

€k	Note	2020	2019
Revenue	3.1.	1,265,649	1,282,351
Other internally generated additions to assets		0	720
Other operating income	3.2.	39,160	45,160
Cost of materials	3.3.	-236,383	-238,408
Personnel expense	3.4.		
a) Wages and salaries		-618,349	-606,278
b) Social security contributions, post-employment and welfare benefits		-136,255	-135,628
Depreciation, amortisation and impairment losses	3.5.	-77,257	-59,575
Other operating expense	3.6.	-201,196	-213,037
<b>Operating profit</b>		<b>35,369</b>	<b>75,306</b>
Income from investments consolidated at equity		-1,961	169
Income from other equity investments		765	272
Interest income		874	1,134
Interest expense		-2,648	-2,730
Other financial items		-471	-101
<b>Financial result</b>	3.7.	<b>-3,441</b>	<b>-1,256</b>
<b>EBT (earnings before tax)</b>		<b>31,928</b>	<b>74,049</b>
Taxes on income	3.8.	-18,405	-28,002
<b>Consolidated earnings after tax</b>		<b>13,523</b>	<b>46,047</b>
The consolidated earnings after tax are attributable to			
owners of TÜV NORD AG		9,880	42,673
non-controlling interests		3,643	3,374

# Consolidated Balance Sheet

ASSETS	Note	31.12.2020	31.12.2019
€k			
<b>A. Non-Current Assets</b>			
Intangible assets	5.1.	91,537	99,559
Property, plant and equipment	5.2.	249,408	245,827
Rights of use from leases	5.3.	69,213	79,132
At equity consolidated investments	5.4.	4,924	8,233
Other financial assets	5.5.	26,880	28,640
Trade and other receivables	5.7.	1,131	127
Other assets	5.8.	5,926	5,245
Deferred tax assets	3.8.	196,336	189,507
<b>Total Non-Current Assets</b>		<b>645,355</b>	<b>656,270</b>
<b>B. Current Assets B.</b>			
Inventories	5.6.	5,320	5,291
Trade and other receivables	5.7.	237,502	265,428
Other assets	5.8.	17,296	16,594
Current tax assets		4,839	9,964
Cash and cash equivalents	5.9.	134,908	89,321
<b>Total Current Assets</b>		<b>399,865</b>	<b>386,598</b>
<b>C. Assets Held For Sale</b>	5.10.	<b>406</b>	<b>0</b>
<b>Total Assets</b>		<b>1,045,626</b>	<b>1,042,868</b>

<b>EQUITY AND LIABILITIES</b>			
€k	Note	<b>31.12.2020</b>	31.12.2019
<b>A. Equity</b>			
Subscribed capital	5.11.	10,000	10,000
Capital reserves	5.11.	114,413	114,413
Subordinated registered debenture	5.11.	50,000	50,000
Retained earnings	5.11.	267,449	258,990
Other Comprehensive Income	5.11.	-335,117	-321,281
Non-controlling interests	5.11.	19,516	11,865
<b>Total Equity</b>		<b>126,261</b>	<b>123,987</b>
<b>B. Non-Current Liabilities and Provisions</b>			
Provisions for pensions and other post-employment benefits	5.12.	531,409	528,470
Other provisions	5.13.	30,429	34,583
Amounts payable to banks		102	135
Liabilities from leases	5.14.	49,082	58,748
Trade and other payables	5.14.	7,381	11,572
Deferred tax liabilities	3.8.	11,895	12,262
<b>Total Non-Current Liabilities and Provisions</b>		<b>630,298</b>	<b>645,770</b>
<b>C. Current Liabilities and Provisions</b>			
Provisions	5.13.	66,128	50,262
Amounts payable to banks		69	171
Liabilities from leases	5.14.	21,008	21,022
Trade and other payables	5.14.	188,954	190,037
Current tax liabilities		12,908	11,619
<b>Total Current Liabilities and Provisions</b>		<b>289,067</b>	<b>273,111</b>
<b>Total Equity and Liabilities</b>		<b>1,045,626</b>	<b>1,042,868</b>

# Governing Bodies

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<b>Dr. Astrid Petersen (from 1 January 2021)</b>	Human Resources
<b>Harald Reutter M.A. (until 31 December 2020)</b>	Human Resources

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CEO LAMARA Holding GmbH

Hanover, 26 February 2021

Dr. Dirk Stenkamp      Jürgen Himmelsbach      Dr. Astrid Petersen



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