TAKKT AG | Presselstrasse 12 | 70191 Stuttgart

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SHIP TO:

To our Customers, Shareholders, Business Partners, and Employees

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WELL---ON OUR WAY

BUSINESS EQUIPMENT SOLUTIONS



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REPORT

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TAKKT AG

Presselstrasse 12

DE-70191 Stuttgart

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OUR OBJECTIVE

→→→ We want to be the world's leading B2B direct marketing specialist for business equipment. Furthermore, we aim to become a worldwide role model in terms of sustainability in our industry by 2016.

$\begin{array}{c} \textbf{WELL} \rightarrow \rightarrow \\ \textbf{ON OUR WAY} \end{array}$

TAKKT Group is the market-leading B2B direct marketing specialist for business equipment in Europe and North America. TAKKT has about three million customers in over 25 countries around the world. We enter new markets wherever we see positive prospects for success, by either founding new companies or acquiring existing ones. Our success is based on an efficient and strong system business, which the Group continuously optimizes.

TAKKT acts as a one-stop shop, supplying its customers with everything they need for their business. Our Group companies use hundreds of suppliers to compile a comprehensive range of more than 175,000 high-quality products. Our portfolio is complemented by an exemplary service. For us, customer focus begins before an order is placed and does not finish once the goods have been delivered.

Our actions are guided by the principles of sustainability. We actively contribute towards protecting the environment and preventing climate change in our core business. We take responsibility for our products, in manufacturing, marketing and distributing them. We are dedicated to pursuing the interests of our employees and society. We are aware that long-term economic success is not possible without acting sustainably.



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CODE OF VALUES

WE AT TAKKT

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1 | RESPECTING REALITY

At TAKKT, we ensure that corporate reality is immediately visible and perceptible to staff and management. This means that we communicate transparently and clearly, act in a direct and straightforward manner and managers and employees know how their performance is contributing to the success of the company.

4 | ENSURING CONTINUITY

At TAKKT, we stand for continuity and reliability, especially in times of change. Our actions are always undertaken with medium- and long-term goals in mind. We are committed to growth with substance, continuous learning and consistent adaptation to changes and new conditions.

2 | ACTING SYSTEMATICALLY

At TAKKT, we are constantly working on making our actions measurable, scalable and more efficient. The combination of judgement and consistency in the implementation of the TAKKT business model makes it possible to actively manage our profitability and value-creation for the benefit of all stakeholders.

5 | TAKING RESPONSIBILITY

At TAKKT, we actively accept our social responsibility and are committed to calling for and promoting ecological and human values. We take care to respect individual and cultural characteristics and consider sustainability an important element of our competitive advantage.

3 | PRACTISING PARTNERSHIP

At TAKKT, we strive to do everything we can to ensure that our customers and suppliers regard us as a partner for our mutual success and that they are highly motivated to work closely together with us. Consistent very high customer satisfaction, outstanding service quality and promoting our mutual benefit are all top priorities for us. We want to be better than the competition.

6 | ACTING IN TRUST

At TAKKT, we are true to our word. With that in mind, reliability and transparent behaviour are the benchmark for our actions. Even in case of conflicts, we assume good intentions, provide support and search together for workable solutions. Trust, respect and meeting others on equal terms are essential values for us.

These values mean, for instance:

- **for the company:** systematic and quantifiable actions; continuity; continuous improvement; willingness to innovate and change; and perfect customer and supplier relationships.
- **for the company's employees:** supporting the values; acting in a way that is based on partnership and trust; willingness to assume and share responsibility.



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MANAGEMENT BOARD INTERVIEW

SUSTAINABILITY IS COMMON SENSE

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IN RECENT DECADES, IT HAS BECOME MORE AND MORE APPARENT THAT WE MUST PRESERVE AND PROTECT OUR NATURAL RESOURCES AND THE GLOBAL CLIMATE FOR FUTURE GENERATIONS. EVERYONE IS NOW TALKING ABOUT SUSTAINABILITY. BUT IS NOT THE TERM IN DANGER OF BECOMING A BUZZWORD AND LOSING ITS MEANING AND VALUE DUE TO ITS PERVASIVE PRESENCE?

Felix Zimmermann: When I think about what earlier generations would have said about sustainability, it would probably have been a matter of "old wine in new skins" for them. Operating sustainably is a virtue that has always linked producers, tradesmen, and commerce. Therefore, in principle, sustainability is nothing new for TAKKT. This is evident from the fact that we have to build on long-term customer relationships, since our business model can only be profitable if our customers keep coming back. What is fundamentally different, due to climate change and the increased awareness of the finiteness of our resources, is the existential significance of the question of sustainability. Therefore, at TAKKT, we speak of sustainable corporate responsibility. What we mean by this is that sustainability is not a "green" shirt we put on, but an integral part of responsible corporate action. And this makes clear that the implementation of sustainability objectives demands consistency and commitment.

→ "For TAKKT, long-term customer
relationships are the key to success.
 Therefore, sustainability is an
integral part of our business model." ←

FELIX ZIMMERMANN

will in the world, sustainability has one fundamental challenge as a value-creation principle: There must be a pay-off or it cannot work. No profit-orientated company can only spend money in order to do good. This would simply not be sustainable – soon there would be no funds left. Therefore, sustainability has three aspects: economic, social, and environmental. We regard all three as synonyms for scarce and valuable resources, which we budget carefully, or as the points of a triangle that must be kept in balance.

WHERE DOES TAKKT STAND IN COMPARISON TO OTHERS?

- Franz Vogel: We should not trivialize the matter and treat it as a kind of performance competition. That quickly leads to cheating. Of course, our customers, employees, and the public would like to know where we stand in this area. We are going our own way, as TAKKT typically does: systematically and step by step. It is an enormous challenge to integrate sustainability into the entire value-creation chain of an international company. We are addressing the matter quickly without blindly taking action for action's sake. We prefer to think through the process thoroughly and set it up properly rather than continually readjust it.
- Felix Zimmermann: As with our core processes, we are not out for quick profits in the matter of sustainability, but are seeking to create structures and content that anchor the topic deeply in our company. The Management Board in agreement with the Supervisory Board has decided that sustainability must be accorded the same fundamental importance for the Group as our obligations with respect to corporate governance and our compliance rules. In other words, we do not consider sustainability to be an "add-on" which can be neglected in difficult economic times but as a "built-in", i.e. as a key component of our business model.

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MANAGEMENT BOARD INTERVIEW

Therefore, we have introduced SCORE, a program that implements measures into daily business activities across all segments and levels. However, in addition to integrating this into our daily work through a system of objectives, major efforts are also needed to convince employees. We wish to demonstrate that sustainability has positive effects on corporate success so our employees will be motivated to take these things forward.



→ → → Coming from Franz Haniel & Cie. GmbH, Felix Zimmermann began as the Managing Director for Finance und Controlling at KAISER+KRAFT in 1999 and was appointed to the Management Board of TAKKT AG the same year. In 2004, he moved to the Board of the Haniel majority shareholding, Celesio. In 2008, he became Deputy Chairman and has served as Chairman of the TAKKT AG Management Board since 2009.

Claude Tomaszewski: We are a very successful B2B direct marketing specialist for business equipment and our actions are aimed at achieving healthy profitable growth. To be sure, in these times of globally and digitally networked economies, our business is very "fast-paced". However, the mindset of our company is one of considered action with a very long-term view. In my opinion, this is the definition of sustainability. In the public discussion, this topic is characterized by a significant number of "soft facts". In the TAKKT Controlling Department, we are currently working on defining the variables - the oft-cited performance indicators – which can be used to measure economic, environmental, and social performance. A functioning reporting system should ensure a high degree of transparency – internally and externally – with respect to the progress made and the results obtained.

WHAT ARE TAKKT'S GREATEST CHALLENGES?

- Felix Zimmermann: Overall, our sustainable corporate responsibility must be completely credible. It would be a great success if, for example, a big blue chip company chose KAISER+KRAFT as an exclusive supplier due to its certified sustainability. This will happen only if we prove that we are serious at all levels of value-creation.
- agenda. One is the worldwide catalogue production, which requires considerable resources. Since our customers still widely use this proven medium, we are striving to make production and distribution as sustainable as possible and to find the optimal type of contact for each customer in order to minimize wasted effort. At the same time, as part of our multi-channel strategy, we will further expand the use of electronic media, since they reinforce the trend away from paper. In addition, we are prepared to invest financially in order to reduce our carbon footprint which we have determined for the first time for our largest sales company, KAISER+KRAFT in Germany.

The second important topic is to ensure sustainability from the point of product creation through the entire supply chain. We are currently discussing several measures in this regard, including whether joining in a certification initiative is a suitable way to require our suppliers to meet social, ethical, and environmental standards.

responsibility) performance is becoming more and more important in the B2B area, since business customers are expressly demanding more sustainability. And demands are growing every year. As a commercial enterprise with a clear focus on business customers, TAKKT can create true added value in its role as an intermediary between producers and customers by ensuring sustainability across the entire value-creation chain. Our major customers expect this of us and it gives our medium-sized and smaller customers the "additional benefit" of a good feeling when sourcing from us.

→ "Many of our customers expressly demand sustainability. This is an opportunity for TAKKT, since, as an intermediary between producers and customers, we can improve the value-creation chain." ←

CLAUDE TOMASZEWSKI

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MANAGEMENT BOARD INTERVIEW

NOW LET'S DISCUSS THE SPECIFIC FOCUS AREAS. WHERE IS TAKKT ESPECIALLY ACTIVE?

assume responsibility for the life cycle of our products, i.e. manufacturing, use, and disposal of materials and packaging. Moreover, when selecting suppliers, the aim will be to focus more intensely on the social and environmental aspects of sustainability rather than just on cost and quality. Sustainability can be the next growth opportunity. In marketing, as Franz Vogel said, we pursue a customer-oriented, multi-channel strategy. That means we do not calculate the paper used for catalogue production as compared to the energy used in e-commerce and vice versa. Rather, we attempt to optimize both. Not "either/or" but "as well as" is our maxim, so we can foster customer benefit and sustainable efficiency in equal measure.

Aspects of climate protection and conservation of resources extend to almost all our company's business processes with a focus on the areas that show the highest possible leverage and thus generate the largest possible effect. Energy conservation, conversion to renewable energies, the introduction of a CO₂ reduced fleet of company cars, and the establishment of a Group-wide environmental management system are some measures with which we intend to reach our sustainability goals.

→ "Climate protection and conservation of resources must be an integral part of our daily business so we can achieve our sustainability goals." ←

FRANZ VOGEL



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packaging solutions are the most important levers to move. Our single-tier direct sales from producer to end customer generate considerable sustainability benefits compared to multi-tier distribution systems, as Professor Lohre of the Institute for Sustainability in Traffic and Logistics at Heilbronn University has determined in a study on the CO₂ efficiency of distance selling.

employees as the cornerstone of the company and our commitment to society. Professional development, continuing education and fair profit-sharing for our employees are essential, since these things ensure a high degree of loyalty to the company. We want our employees to like working for us. Only in this way will they be fully committed and only in this way will we attract the employees we need in the future. Our social commitment is based on local initiatives for which our local employees assume responsibility under the motto: Think globally, act locally.

WHAT ROLE DOES MANAGEMENT PLAY?

Felix Zimmermann: We in Management all function as role models. "Walk the talk" as they say and, since this especially applies to us on the Management Board, we have taken responsibility for the SCORE process. Managers should always look at themselves first. Only in this way is trust fostered.

AND THEN EVERYBODY IS ON BOARD AND ENTHUSIASTIC?

Franz Vogel: No, employees always have a healthy scepticism. This is completely proper. We managers must deliver first. Then we will not have to wait long for the support of our employees. In their own areas of responsibility, they are very committed anyway.

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MANAGEMENT BOARD INTERVIEW

WHAT IS THE IMPORTANCE OF GLOBAL INITIATIVES, SUCH AS THE UN GLOBAL COMPACT OR THE GLOBAL REPORTING INITIATIVE, FOR TAKKT?

Franz Vogel: For TAKKT, our recent accession to the Global Compact is a very important step. This initiative is a reaction to the negative consequences of globalization that are emerging. Our membership requires us to make reports each year on our compliance with and improvements with respect to the ten Global Compact Principles in the areas of human rights, labor standards, environmental protection, and fighting all corruption. We at TAKKT already meet corporate requirements and regard them as a blueprint for corporate conduct in the future. Continuous development and improvement and the gradual expansion to our "sphere of influence", namely the entire value-creation chain from suppliers to customers, are important.



→ → → Claude Tomaszewski started his professional career in strategic investment controlling at Franz Haniel & Cie. GmbH in Duisburg. After holding several posts within the Haniel Group, most recently as CFO of Celesio's British subsidiary AAH Pharmaceuticals, he was appointed CFO of TAKKT AG in November 2011.

Claude Tomaszewski: Following our first CR report two years ago, we now have the first official sustainability report in accordance with the guidelines of the Global Reporting Initiative (GRI). Its criteria have become established as the standard for transparent sustainability reporting. In the future, we will make the GRI indicators and other key performance indicators important parameters in our planning and control system.

With a transparent reporting system, we ensure acceptance of our actions, which is indispensable for the success of our business.

→ "Sustainability does not happen by itself. Therefore, it is our responsibility to incorporate sustainable action into the entire organization." ←

FELIX ZIMMERMANN

MR. ZIMMERMANN, IN CLOSING, LET US TAKE A BRIEF LOOK AT THE FUTURE. WHERE WILL WE BE IN FIVE YEARS?

Felix Zimmermann: If we are currently a 4 on a scale of 1-10, I would like us to be at least a 6 in two years and an 8-9 in five years. I am very confident, because when we start something at TAKKT, we see it through with great single-mindedness and energy. We stand for reliability and working continuously on clearly comprehensible tasks was always our recipe for success. We are already well on our way with our Group-wide activities. And SCORE will make sustainable corporate responsibility an integral part of our corporate strategy. Nevertheless, we are aware that this path requires our full attention, as it will always present us with new challenges. However, the idea is not to be the most sustainable at all costs. We do not want to promise too much so that we do not have to obfuscate our shortfalls. As in other areas, we would also prefer healthy growth in sustainability. Ultimately, sustainability is not a matter of ideals, but simply a matter of common sense.



This interview was conducted by <u>Uwe Fuellenbach</u>, Head of Corporate Internal Audit & Consulting and Group-wide SCORE officer (Sustainable Corporate Responsibility) ■ 08 ■ TAKKT AG 2012 SUSTAINABILITY REPORT

COMPANY PORTRAIT

WE ARE TAKKT

ORPORATE STRUCTURE				# 0		
	TAKI	KT AG				
DIVI	SION		DIVISION			
TAKKT EUROPE GROUPS		TAKKT AMERICA GROUPS				
					BUSINESS EQUIPMENT GROUP (BEG)	OFFICE EQUIPMENT GROUP (OEG-EU)
SERVICE C	SERVICE COMPANIES		SERVICE COMPANIES			
KAISER+KRAFT EUROPA	TOPDEQ SERVICE	C&H SERVICE	HUBERT SERVICE	NBF SERVICE		
MULTI-CHANNEL BRANDS		MULTI-CHANNEL BRANDS				
KAISER+KRAFT EVERTHING FOR THE BUSINESS. GOETNET Garantier gut beraten. Gerdmans KWESTO	Topde Design your work	C&H AVENUE	HUBERT Central RESTAURANT PRODUCTS	National Business Furniture Alfax DALLAS MIDWEST		
WEB-ONLY BRANDS		WEB-ONLY BRANDS				
certeo.com we equip your business furnandi office design store		INDUSTRIAL SUPPLIES.COM	catering planet.com	office furniture.com		

BUSINESS MODEL:

CONCENTRATION ON B2B DIRECT MARKETING

The companies of TAKKT Group follow a focused business model as B2B direct marketing specialists for business equipment. We concentrate in selling durable equipment with stable prices to business customers in Europe, North America and Asia. The Group is headquartered in Stuttgart and its brands are represented in over 25 countries. The subsidiaries offer a range of more than 175,000 products in the areas of business and warehouse equipment, traditional and designoriented office equipment and accessories, equipment for the retail trade and the hotel and restaurant market. TAKKT Group has around 1,900 (full-time) employees, about three million customers worldwide and sends out about 45 million catalogues and mailings per year. The company is listed on the SDAX and was admitted to Deutsche Boerse's Prime Standard on 01 January 2003. TAKKT AG's majority shareholder is Franz Haniel & Cie. GmbH, Duisburg, which held 70.4 percent of the voting shares at 31 December 2011. In fiscal year 2011, the TAKKT Group generated EUR 852.2 million in turnover (previous year: EUR 801.6 million).

GROUP STRUCTURE

Organizationally, the Group rests on the two pillars of TAKKT EUROPE and TAKKT AMERICA. This structure is mainly based on the regions to which the individual multi-channel and web-only brands belong. At a secondary level, the divisions are broken down into product groups. TAKKT EUROPE is divided into the following groups: the Business Equipment Group (BEG) with customers from manufacturing businesses, retail, trade, and service sectors, and the Office Equipment Group (OEG) with small and medium-sized companies from the service industry as its customers. TAKKT AMERICA has three groups: The Plant Equipment Group (PEG) has a customer base in manufacturing businesses, retail, trade, and administration; the Specialties Group (SPG) focuses on the food service industry, and retail; and the Office Equipment Group (OEG) mainly supplies service companies, public bodies, government agencies, schools, and churches. Within the five groups - in each of which a service company assumes central functions, such as sourcing, marketing, warehousing/logistics, and IT - the Group's brands are affiliated with the regional sales companies. # 01

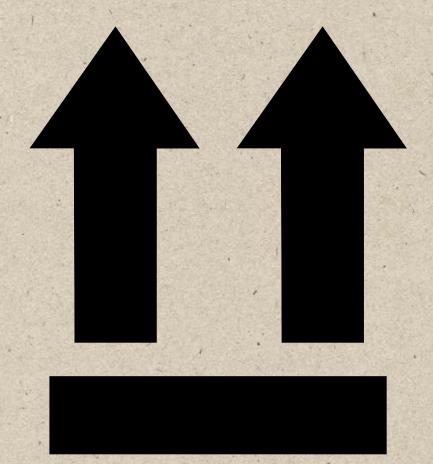
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STRATEGY



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STRATEGY



OUR STRATEGY FOR SUSTAINABLE GROWTH

The TAKKT Group is clearly value-oriented. In the balance between economic and environmental efficiency and social equity, we create sustainable company values and make our contribution to future generations.

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CORPORATE STRATEGY

SUSTAINABLE GROWTH

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1 MULTI-CHANNEL MARKETING

The expansion of our strategic multi-channel marketing via catalogues, online offerings, and integrated e-procurement enhances our customer relationships over the long term and gradually reduces the consumption of resources. The focus here is on expanding our customer-oriented product offers and services, intensifying key account management, and fully integrating e-business.

3 PRIVATE LABELS

The expansion of our private labels in all groups supplements our offerings with attractive premium products that meet the highest demands for quality and design. We ensure development and manufacturing processes that conserve resources and are environmentally friendly through our early and active commitment along the value-creation chain.

2 E-COMMERCE

With the development of web-only brands and the optimization of all online activities, we seek to continually expand e-commerce. In addition to the efficiency and economies of scale that e-commerce offers, we are paying particular attention to offerings that meet the needs of our target groups and to careful handling of customer data.

4 ACQUISITIONS

We plan targeted acquisitions of additional direct marketing platforms to expand our product portfolio and develop new customer groups. In addition to good key performance indicators at the target company, we place the highest value on the company being compatible with us not only with respect to its portfolio, but also in its orientation towards sustainability.

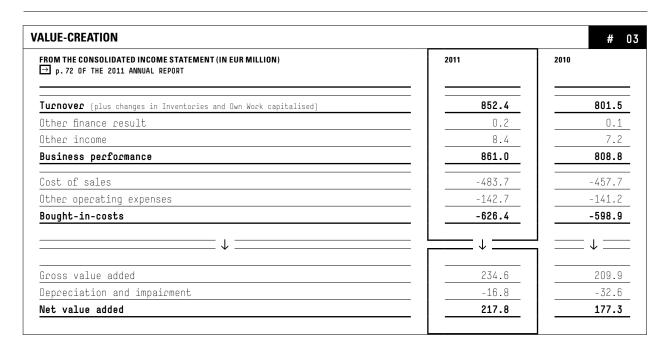
TAKKT VALUE-CREATION CHAIN ** 02 **SOURCING** Management of the product life cycle from materials selection to production to waste disposal **MARKETING** Direct sales via traditional and transport logistics, including direct delivery through drop-shipping

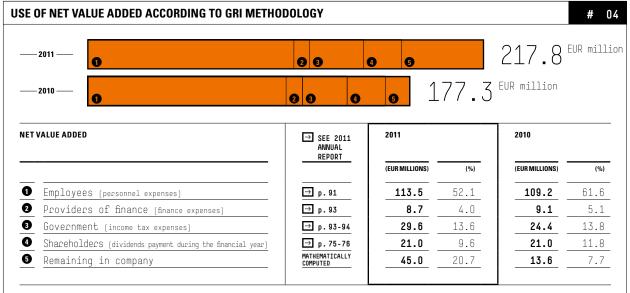
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VALUE-CREATION STATEMENT

GOOD RELATIONS

 \rightarrow \rightarrow With organic growth in turnover that significantly exceeded economic growth, we further expanded our good market position in 2011. The generated value added substantially increased compared to the previous year.





The breakdown of net value added shows how the amounts earned are returned to the stakeholders who participate in the value-creation process, such as employees, providers of finance, the government, and shareholders. In 2011, the largest portion of our net value added, 52.1 percent, went to our employees in the form of salaries and social security contributions. 13.6 percent was attributable to tax expenses to the government. 4.0 percent went to finance providers (finance expenses only), and we distributed 9.6 percent to our shareholders. A good 20 percent remained in the company for investments, and acquisitions or is used for the repayment of debts to our finance providers.

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CORPORATE GOVERNANCE

CLEAR RULES

→ → → Principles of good corporate governance and an open exchange with the various stakeholder groups are an important basis for the enduring success of TAKKT. They also reflect our long-term responsibility to our customers, employees, and shareholders.

TRANSPARENT AND READY TO ENGAGE IN DIALOGUE

Responsible corporate governance is one of the fundamental principles of TAKKT. For this reason, we expressly adopt the goals of the German Corporate Governance Code. Our management structures are distinguished by a clear organization and direct lines of reporting. In addition, the company relies on a value-oriented compensation and incentive system. This is also reflected in our basic principles of communication: Report early and transparently, be cautious in your forecasts, and identify matters openly and honestly. This long-term-oriented and transparent dialogue with our stakeholder groups has also been noted outside the company. For example, TAKKT has received numerous awards for the quality of its extensive Investor Relations work.

RISK MANAGEMENT

Responsible handling of business risks is one of the requirements for good corporate governance. The Management Board and managers in the TAKKT Group have comprehensive Group-wide and company-specific reporting and control systems at their disposal that make it possible to detect, assess and manage these risks.

CORPORATE COMPLIANCE

TAKKT places the highest priority on compliance with all statutory and contractual obligations within the framework of proper business management. Our compliance system is reviewed by the functional departments and the Group Compliance Officer and monitored by the Management Board. The policies and structures are described in detail in a Compliance Handbook. For example, a Group-wide e-mail address for whistleblowers has been established where persons can report possible violations anonymously. This process is managed by an outside law firm.

→ see "Sourcing Processes" on p. 26

The relationship between the local companies and the holding company and the involvement of the Management Board and corporate departments are governed by standardized rules of management. For example, all decisions are made with at least "four-eyes" control. Compliance is examined during accounting-related audits of the books by the Group's independent auditors and operational audits by the Internal Audit department. These safety measures are organizational precautions to identify potential compliance violations at an early stage. In 2011, there were 38 (2010: 32) audits of the books and 34 audits (2010: 32) by the Internal Audit department. As in the previous year, no compliance violations or cases of corruption were found in 2011.

CODE OF CONDUCT

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→ "We have established binding guidelines, which are the benchmark for our daily actions. The business policy principles and the "Company Policy Guidelines" for management and teamwork, quality, and the environment developed from these principles are codified throughout the Group. These guidelines are given to each employee when hired and are reinforced by regular communication measures. Our managers bear special responsibility for communicating, monitoring, and implementing the TAKKT principles and guidelines." ←

STEFAN WEHMEYER

HEAD OF CORPORATE LEGAL DEPARTMENT AND GROUP COMPLIANCE AND DATA PROTECTION OFFICER

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RISK MANAGEMENT

A BROAD VIEW

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LOW-RISK INDUSTRY

The industry risk in B2B direct marketing of business equipment is comparatively low. The barriers to the market entry of new catalogue competitors are high because building a customer base and setting up the necessary logistics infrastructure are extremely time- and cost-intensive. In general, established companies have an advantage over new ones due to economies of scale.

REGIONAL AND GLOBAL ECONOMIC DEVELOPMENTS ARE SIGNIFICANT RISKS

The B2B direct marketing businesses operated by the TAKKT Group are dependent on economic developments in the various regions and industries. To this extent, the business model is subject to general economic risk. However, in the past, TAKKT has generally been able to mitigate the effects of economic fluctuations in individual countries, industries, and groups with a well-diversified range of brands. Only in severe economic crises, such as in 2008/2009, TAKKT has been unable to profit from the effects of this diversification.

→ see 2011 Annual Report, p.32 onwards

→ "Risk management as one central instrument of corporate governance enables us to control risks and identify opportunities." ←

CLAUDE TOMASZEWSKI
CFO AND RISK MANAGEMENT OFFICER

THE INTERNET OFFERS MORE OPPORTUNITIES THAN RISKS

The use of the internet is now a fully integrated reality of life and continues to develop at a disproportionately high rate. The number of users that have not grown up with web – the so-called "digital immigrants" – is falling demographically. The large variety of offerings on the internet and the significantly enhanced transparency for all market participants ensure increased competition in all areas of commerce, but offer reliable premium suppliers significantly more opportunities than risks.

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www.takkt.de/ id-2011-877.html

SUSTAINABILITY AS OPPORTUNITY

Companies are part of society. Therefore, beyond generating profits, they should also create a benefit for the general community through sustainable and responsible action. However, sustainability is no longer simply a means of improving one's own image, but is increasingly demanded by internal and external stakeholder groups. Companies that are well-positioned in this way have a good opportunity to develop a profile that could become a measurable competitive advantage and, for some customers, a requirement for collaboration.

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RISK MANAGEMENT

SELECTED MEASURES IN TERMS OF RISK AND OPPORTUNITY MANAGEMENT

07

MULTI-BRAND AND MULTI-CHANNEL STRATEGY

We respond to changes in society and different developments in sub-markets with a differentiated multi-brand strategy. We operate our traditional direct marketing business with our established multi-channel brands, which are directed to medium- and large-sized customers with higher needs for service and advice and a greater process costs orientation via catalogue and web-shops. At the same time, we offer smaller and more price-sensitive customers web-only brands with scalable support, warranty, and advisory services.

SECURE AND HIGH-PERFORMANCE IT

Reliable, high-performance IT systems and the security of customer data are critical for TAKKT's success. Therefore, achieving the highest level of security and disturbance-free operation of data servers and inventory control and product management systems have as high a priority in our risk management system as the continuous protection of all data for existing and potential customers. To guarantee this, we invest in high-availability IT systems, high-performance webshop systems, and security technologies. We have external partners review our Group-wide IT systems on a regular basis.

ADVERTISING MEDIA ARE BUSINESS CARDS

Printed catalogues and mailings, in addition to online marketing channels, are TAKKT's primary sales media and are our business cards at the same time. Therefore, we pay particular attention to comprehensive and truthful descriptions of products and services and up-to-date and well-maintained address databases. Only high-value advertising materials, delivered to the right customers, reflect high-value products.

CLEAR RULES FOR MANAGING FINANCIAL RISKS

Financial risks affect TAKKT's business primarily through changes in exchange rates and interest levels. Any transaction risks resulting from this are continually hedged using derivative financial instruments. In addition, liquidity risks from financing transactions can be virtually ruled out through a permanent cushion of free long-term credit lines committed from an internationally diversified portfolio of banks with a good rating.

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CR STRATEGY

CORPORATE RESPONSIBILITY

 \rightarrow \rightarrow We are aware that long-term corporate success is not possible without sustainable action. Therefore, we engage in numerous activities that document the societal commitment of our subsidiaries and our Group-wide responsibility for sustainable management.

A TRADITION OF SUSTAINABILITY

Sustainable action is not new to us. In the companies of TAKKT Group, it was always a corporate tradition to manage all resources well – that is as sustainably as possible. This includes the use of energy, water, and other resources as well as the safety and quality of our products and their possible effects on people.

Guided by the principles of sustainability, we actively support climate and environmental protection in our core business and assume responsibility for our products – during manufacturing, marketing, and distribution. We are also committed to the interests of our employees and those in our social environment.

The topic of sustainability has become a matter of public discussion and media, customers, and employees as well as shareholders look at how a company handles this responsibility. Therefore, sustainability is on its way to being a requirement for entry – and corporate success is no longer possible in the long-term without sustainable action.

To maintain our leading position as direct marketing specialist for business equipment, we wish to be a model of sustainable action.

In this sustainability report, we present how and why sustainability is already codified in the business model and the value-creation chain of TAKKT and its subsidiaries.

GOOD REASONS FOR SUSTAINABLE CORPORATE RESPONSIBILITY

08

1 TRUST

The success of our business is based on long-term cooperative relationships. We invest a great deal in the satisfaction and trust of our customers, employees, and business partners. Therefore, sustainability is a basic component of our business model.

3 RESPONSIBILITY

Sustainable corporate responsibility is a central key to success today: customers, shareholders, business partners, employees, and the public expect us to live up to our <u>responsibility to society and the environment.</u>

2 GROWTH

For us, quick profits without a sustainable perspective are no <u>qood profits</u>. We want to grow steadily and profitably through our own efforts in an intact environment.

4 | APPRECIATION IN VALUE

Sustainable management enhances the $\underline{\text{value of our}}$ $\underline{\text{company.}}$ It enhances commitment and the teamwork of our employees and promotes the perception of us as an attractive employer.

2012 SUSTAINABILITY REPORT TAKKT AG 🖿 17

CR STRATEGY

SYSTEMATIC RESPONSIBILITY

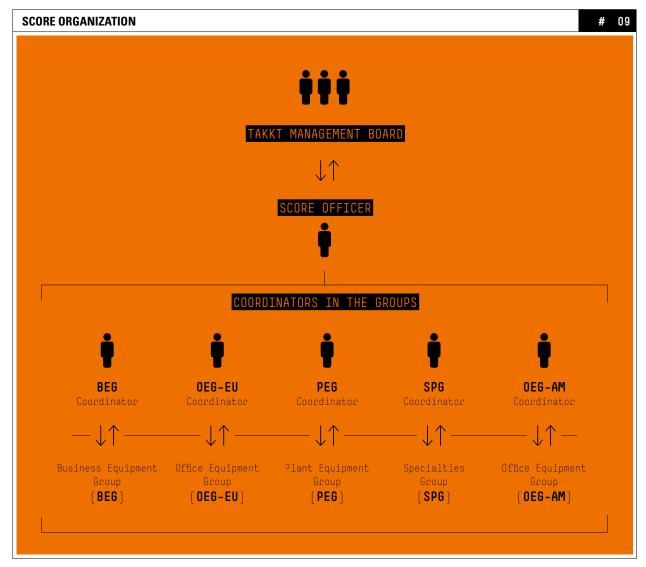
Everything we do in our daily work can affect the natural environment and society – for which we share responsibility. Therefore, for us, sustainability and profitable growth are inseparable, integral parts of our corporate strategy, which is why, at the beginning of 2011, we established the SCORE program.

SCORE stands for "Sustainable Corporate Responsibility". At TAKKT, this responsibility is not delegated to a department, but is a daily common task in all TAKKT groups and at all levels of value-creation. Coordinated by a top operational manager in each group, SCORE is a direct responsibility of the Management Board – which sends a clear signal to those inside and outside the TAKKT Group. The group coordinators stay regularly in contact for exchanging best practises, moderated by the corporate SCORE officer.

INTEGRATED INTO THE COMPANY

SCORE codifies sustainable corporate responsibility as a pillar of our corporate culture and a principle of corporate action. All group-specific and corporate-wide CR measures are systematically integrated into strategic corporate governance. As a component of the planning and control system, SCORE deepens the awareness of the importance of acting sustainably among all managers and employees. Through communication and activities, the program impacts permanently our doing. Successful integration of SCORE into our daily business also requires all stakeholder groups to be taken into account at all times.

09



[→] For detailed information about our corporate structure, see p.08

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STAKEHOLDER DIALOGUE

HEALTHY RELATIONSHIPS

ightarrow
ightarro

As an internationally operating company, we have regular contact with the most diverse people and groups. We cultivate relationships with our customers, employees, shareholders, and business partners based on long-term trusting cooperation. At the same time, we seek dialogue with representatives of the capital market, the sciences, social groups, the media, and associations.

As part of our communication with stakeholders, we report via traditional and electronic media about our corporate activities: from new products and services, to current market and business development, and to activities with respect to our sustainable corporate responsibility.

In addition, we try to regularly determine what our stakeholders think of our actions and expect from us in the future. To this end, all the groups record their opinions and suggestions in surveys. Thus, since 1995, we have conducted one to two large-scale market studies per year with the assistance of well-known market research institutes. In selected markets, follow-up surveys are conducted to measure the Group's own progress. Moreover, we communicate individually with customers, employees, and business partners.

Employees

INTERNAL STAKEHOLDERS

OMPANY

EXTERNAL STAKEHOLDERS

Customers, Capital Providers,
Business Partners, Society

Within the TAKKT Forum, top internal and external specialists are invited to discuss relevant strategic questions. The TAKKT Forum has been held three times since 2010, most recently in 2011 with the focus on corporate responsibility.

The dialogue with our stakeholder groups helps us to further improve our products and support services (quality management) and to identify developments and trends relevant to the company and the market at an early stage (strategic business planning). We can also identify new cooperative partners in business, the sciences, or social groups (partner management). We gain important knowledge needed to integrate sustainable corporate responsibility into the daily business of TAKKT (SCORE) and to avoid possible misunderstandings or even conflicts (risk management). As part of our innovation initiatives, we receive suggestions to expand our business system (service and product development).

In overall terms, an intensive stakeholder dialogue helps to generate long-term trust and social recognition for TAKKT and its subsidiaries. These dialogues are systematically expanded as part of SCORE. # 11

Based on regular exchanges with our stakeholder groups and the personal relationships inside and outside of TAKKT, some of which have existed for years, we have systematically collated the subjects relevant to our internal and external stakeholder groups. The results of these analyses were categorized by relevance to the success of TAKKT in order to derive priorities for future activities. The results are shown on page 20 in the form of a materiality matrix.

→ p. 20

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STAKEHOLDER DIALOGUE

TAKKT STAKEHOLDER COMMUNICATION

11

At least annual discussions with suppliers on goals and potential improvements to the collaboration

Suppliers' days

Regular TAKKT Forum

Annual and sustainability reports

Press releases on individual initiatives

Online communications

Annual and sustainability reports

Dialogue with industry associations

Investor Relations

Roadshows

Bankers' Day

Capital Market Day

Online communications

Annual and sustainability reports

BUSINESS PARTNERS



SOCIETY



CAPITAL PROVIDERS







EMPLOYEES



CUSTOMERS

Employee meetings

Intranet communications

Employee magazines

Surveys of employee satisfaction

2012 Future@TAKKT Sustainability Award

Annual employee feedback sessions [TAKKT Dialogue]

Annual and sustainability reports

Regular representative customer surveys with the assistance of a market-opinion research institute

Online customer feedback and product evaluations

Complaint management

Individual measures for customer relationship management

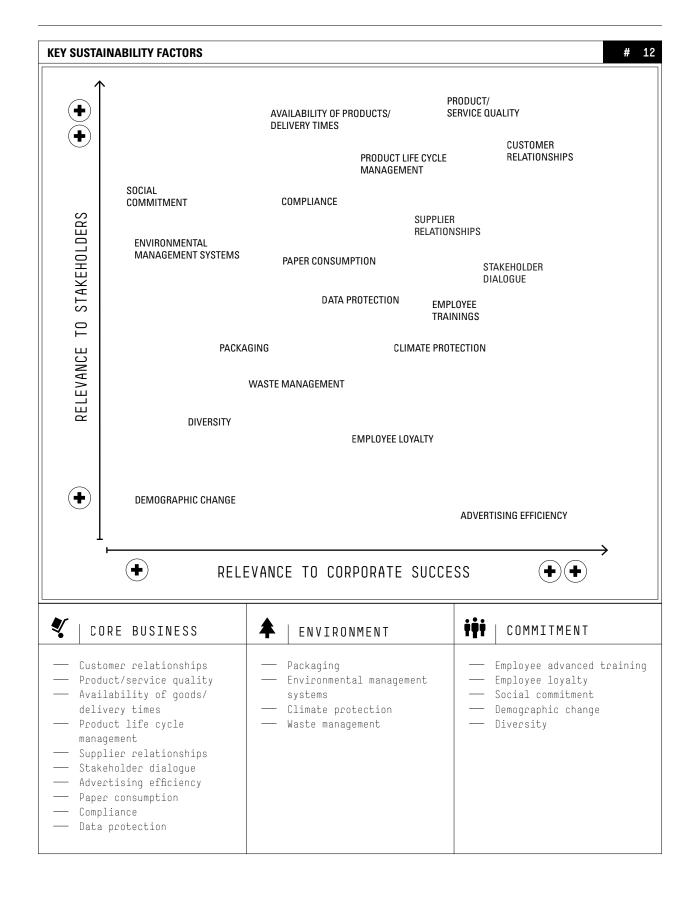
Online communications

Annual and sustainability reports

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MATERIALITY ANALYSIS

IMPORTANT TOPICS

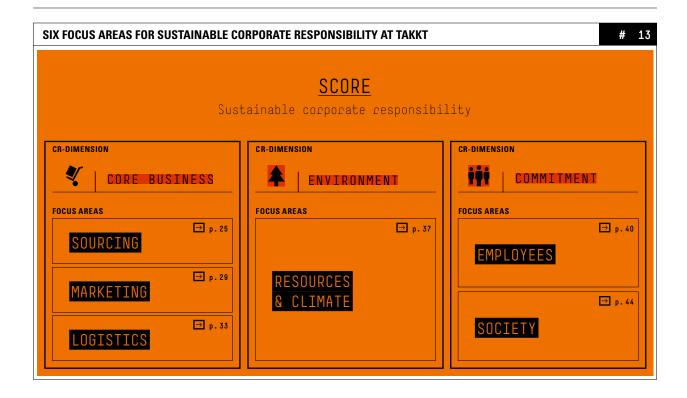


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FOCUS AREAS

ACTING RESPONSIBLY

→ → → To implement SCORE, TAKKT identified six main focus areas. They are derived from our long-term strategic goals, continuous evaluation of all business processes, and the legitimate expectations and requirements of our stakeholder groups – as shown in the materiality matrix. We have focused our activities on these areas, but are open to additional ones.



SUSTAINABILITY IN DAILY BUSINESS

We combine and manage all activities within the six focus areas in order to ensure sustainable and responsible action within the TAKKT organization. However, for us, sustainability does not stop at the company boundaries. In our core business, we exert influence wherever possible to promote sustainable action. The principles of sustainability are an important criterion in selecting and collaborating with suppliers and business partners. This way, we wish to make a substantial contribution to achieving the goals set by the Global Compact Initiative. Our membership requires us to abide by and implement the ten principles of the Global Compact in the areas of human rights, labour standards, environmental protection, and fighting corruption. Our six TAKKT focus areas create an operating framework in which we can follow and implement the principles of the Global Compact.

GLOBAL COMPACT

TAKKT's accession to the United Nations' Global Compact is an important step for us to strengthen our social commitment. Under the Global Compact Initiative, companies agree to contribute to ensuring that globalization benefits everyone and that international development is better designed from a social, environmental and economic standpoint. Today more than 8,700 companies in over 130 countries support the Global Compact, which was established in 2000 at the initiative of Kofi Annan, Secretary-General of the United Nations at the time.

⇒ see "Standards & Memberships", p. 51

■ TAKKT AG 2012 SUSTAINABILITY REPORT

FOCUS AREAS

22

SOURCING → p. 25

In the area of sourcing, we assume responsibility for the entire life cycle of the products we distribute. This includes manufacturing, use, and disposal of materials and packaging. Our focus on excellent product quality enhances the possibility of sustainable use by customers. The sparing use and recycling of packaging enable us to continually optimize our use of resources. We require our suppliers to comply with relevant internationally recognized environmental and social standards. We develop long-term cooperative relationships with sustainably and responsibly acting suppliers to provide a basis for mutual growth.

MARKETING 🔁 p. 29

As a commercial enterprise with a clear focus on business customers, we regard e-commerce as a key channel in our multi-channel strategy. Our motto for optimal customer benefit and sustainable efficiency is not "either/or" but "as well as". Thus, we seek to optimize conservation of resources and enhancement of efficiency, particularly in the traditional catalogue industry, at all marketing levels – from catalogue production to mailings. Our strict attention to data protection is another basis for sustainable, trust-based customer relationships.

→ "We are convinced that customer-oriented and quality-driven direct marketing is the most efficient and sustainable form of B2B sales." ←

MIKE D. SNAPPER

CMO C&H SERVICE SCORE COORDINATOR FOR PEG

LOGISTICS 🗇 p. 33

A sophisticated logistics system is the backbone of a successful direct marketing operation. At the same time, optimization of traffic and the sustainable use of packaging are important levers for affecting climate protection and conservation of resources. As compared to multi-tier distribution systems, single-tier direct marketing from the manufacturer to the end customer generates significant advantages for us in terms of sustainability. But our demands go farther: from optimal availability of merchandise, short delivery times and strict adherence to delivery dates to consolidation of deliveries for optimal utilization of the means of transport.

RESOURCES & CLIMATE → p. 37

The resources & climate focus area extends to almost all our company's business processes with a focus on those areas that demonstrate the highest possible leverage. Modern environmental and waste management systems and related certifications are demands on us and our business partners along the entire value-creation chain.

EMPLOYEES → p. 40

We invest a great deal of time and resources in the professional development and continuous education of our employees, as they are the pillars of our success. At TAKKT, individually tailored development and fair profit-sharing create high employee loyalty. A well-developed corporate culture, mixed teams of experienced and new employees, and attractive working hours are elements of sustainability-oriented human resources management. This way, we find and retain employees who are becoming increasingly scarce during the course of demographic change.

→ "With SCORE, we create Group-wide transparency and attention to sustainable responsible action and thereby include all employees." ←

JOACHIM KETTELHACK

HEAD OF THE TAKKT CORPORATE HUMAN RESOURCES DEPARTMENT

SOCIETY → p. 44

Our social commitment is based on voluntary obligations and support for local activities: Our compliance system aims to act in accordance with local laws and internationally recognized standards at all our locations worldwide. Specific commitments to social projects are borne by our employees. They know best what can be done at which location, and they organize the specific conceptual and material support for local initiatives on site at our subsidiaries.

CHAPTER

X

N2

SUSTAINABILITY AT TAKKT AG 2012

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FOCUS AREAS



CHAPTER

X

SUSTAINABILITY AT TAKKT AG 2012

PAGES 25 29 33 37 40 44

CONTENTS:

FOCUS AREAS



OUR FOCUS AREAS

Our sustainable corporate responsibility is implemented in six focus areas derived from the three dimensions of sustainability, our strategic goals, the analysis of all our business processes, and the expectations of our stakeholders.

PAGE: 25-28	*	FOCUS AREA: SOURCING GOOD FOR THE LONG TERM
PAGE: 29-32	*	THE RIGHT PRODUCT FOR EVERYONE
PAGE: 33-36	*	FOCUS AREA: LOGISTICS SIMPLY EFFICIENT
PAGE: 37-39	*	FOCUS AREA: RESOURCES & CLIMATE SUSTAINABLE SAVINGS
PAGE: 40-43	iţi	FOCUS AREA: EMPLOYEES GOOD TEAMWORK
PAGE: 44-46	ijij	FOCUS AREA: SOCIETY LOCAL RESPONSIBILITY

CR-DIMENSIONS:



CORE BUSINESS



ENVIRONMENT



COMMITMENT

PAGE: 24.1



SOURCING



20 12

SOURCING | FACTS

CURRENT STATUS

With the offer of high quality products and the expansion of environmentally friendly and resource conserving assortments, we actively promote sustainability in every phase of the product life cycle. As a basis for mutual growth, we invest in long-term collaborative partnerships with responsible suppliers who work to promote sustainability.

KEY FIGURES FOR 2011/10

↑ - increases ↓ - decreases × - stagnates

QUALITY COMPLAINTS

(PROPORTION OF ORDERS / IN %)

0.61%

0.63%

The focus on quality products is worthwhile: Complaints arising from material or functional defects are at a very low level.

SALES OF SUSTAINABLE PRODUCTS

(PROPORTION OF TURNOVER / IN %)

 \uparrow

1.7%

1.6%

Products made from renewable materials or which have been sustainably produced are increasingly being listed in TAKKT's assortments.

FINES FOR PRODUCTS / SERVICES

IN EUR

[↓] 0.0 €

2011

2,800€

No incidence in 2011. One fine was imposed in 2010 because of an incorrect official product classification in the OEG-EU.

SALES OF ENVIRONMENTAL PROTECTION PRODUCTS

(PROPORTION OF TURNOVER / IN %)

×

5.6%

5.6%

TAKKT saw an opportunity at an early stage to offer customers products that actively support environmental protection - e.g. solutions for managing hazardous materials or waste.

KEY MEASURES 2012-2014

- Capture CR systems and activities from suppliers in all groups
- Setup a supplier development program with sustainability certification
- Enhance supplier valuation systems by adding a sustainability dimension
- Expand range of sustainable products in all groups

2014 TARGETS

- Establishment of a certification system for suppliers with production sites in high-risk countries; 20% of which are certified
- Increase sales of sustainable product range to 5%

2012 SUSTAINABILITY REPORT TAKKT AG 🔳 25 🖿



FOCUS AREA: SOURCING

GOOD FOR THE LONG TERM

ightharpoonup
igh

PRODUCT LIFE CYCLE

The core of our sustainability strategy in the sourcing area is managing all phases of the product life cycle. Only an integrated approach can ensure the effectiveness of our activities in the area of sustainability. All products in the TAKKT product ranges pass through four phases: materials → manufacturing → utilization → disposal. The management of these phases is a core task of the Sourcing Departments of all the TAKKT groups. In each segment, measures are taken that not only ensure the quality of our products, but should also guarantee environmental compatibility, good working conditions, and the enforcement of anti-corruption standards.

1. MATERIALS

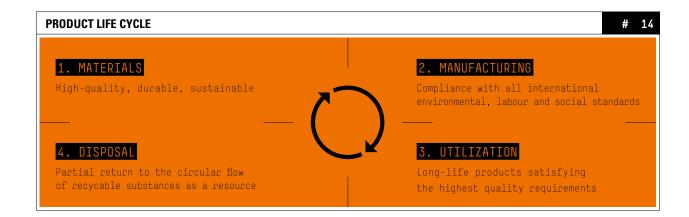
The starting point is the materials used. The focus in their selection is on high-quality, long life, and sustainability. We require our suppliers to meet the highest health and safety standards. Moreover, since TAKKT sells its products in numerous markets, all international and national statutory provisions must be satisfied.

2. MANUFACTURING

In manufacturing the products sold by TAKKT, all suppliers are required to comply with international labour and social standards, in particular the strict prohibition of child labour. We place great value on these standards also being met by our suppliers located outside the EU and North America, where there may be less stringent local rules. In addition to requiring social sustainability, increasingly we demand that our suppliers use recyclable packaging materials.

3. UTILIZATION

During utilization, it is a core concern that products meeting the highest quality requirements be listed in all assortments. In general, TAKKT products are intended for long-term use in professional environments and must satisfy the highest demands in terms of functionality, ergonomics, occupational safety, and durability. Since their longevity avoids additional waste, production resources, and transportation, the products make significant contributions to ecological and economic sustainability.



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FOCUS AREA: SOURCING

4. DISPOSAL

The life cycle ends with disposal of the products. Due to the high percentage of recyclable materials, such as metal, wood, and recyclable plastics, products that are no longer in use can be returned to the recyclable materials cycle as resources. Moreover, with very few marked exceptions, the TAKKT product range contains no harmful substances. Our increasing use of recyclable packaging materials is another element of sustainable responsibility.

QUALITY ASSURANCE

A second pillar of sustainability in the sourcing focus area is quality assurance for our products, since high quality leads to satisfied customers and a longer useful life for the products and thus to environmental and economic sustainability. Assuming responsibility for about 175,000 products Group-wide from more than 1,500 suppliers poses demanding challenges for the quality management of the sourcing departments of the TAKKT groups. Specialized employees with extensive product experience are responsible for quality assurance for the TAKKT product range along defined and, at times, certified target systems. Their task is to thoroughly examine every product for satisfaction of all existing and relevant quality and safety guidelines as well as statutory requirements before it is listed at TAKKT and to continually improve these criteria in close collaboration with our suppliers.

→ "We are systematically expanding the range of 'green' products we offer. We currently have more than 1,100 certified sustainable products in our NBF assortment alone." ←

RANDALL R. FARAH

VICE PRESIDENT MERCHANDISING AT NBF SERVICE SCORE COORDINATOR FOR OEG-AM

To meet customers' high quality standards, we purchase more than three quarters of our product ranges from regional suppliers in the European Union and North America. In addition to shorter delivery routes and an improved environmental footprint, this regionally oriented sourcing policy guarantees short delivery times and a high degree of flexibility. All the same, more than ten percent of our customer orders currently consist of special requests, which we and our suppliers are glad to satisfy.

The fact that our products are quality-tested allows us to have an accommodating warranty policy. Thus, TAKKT accepts returns of products even when there is no basis for a complaint, such as when the customer does not like the product. The few complaints are centrally handled by

the sales department and quickly processed until the customer is fully satisfied. The evaluation of all returns and complaints is also a valuable source of information to continually improve our product range.

Multi-year warranty periods are an additional proof of our quality guarantee. Warranty claims are systematically recorded, analyzed, and meticulously investigated – together with the supplier – to find the causes. The effectiveness of these measures is monitored by the Internal Audit department.

SUPPLIER RELATIONSHIPS

As another component, TAKKT relies on long-term, cooperative relationships with suppliers that benefit both parties and generate mutual sustainable growth. Our sourcing managers carefully select each supplier and regularly evaluate the collaboration. Important criteria are: consistent product quality, adherence to delivery dates, ability to deliver, sustainability, and certification of their quality and environmental management systems.

In return, we offer our suppliers numerous advantages. Thus, we give them access to international markets and offer them a good market presence in upscale product environments by displaying their products in our advertising. In particular, when analyzing our customers' special requests, we also give suppliers many suggestions to improve existing products and for product innovations. In addition, we jointly develop products for our premium private labels as well as "green" product lines which consist of renewable or recycled materials. Through this, we actively influence sustainable product design and production processes.

SOURCING PROCESSES

In the sourcing processes of the TAKKT groups, unambiguous anti-corruption guidelines ensure transparency and traceability. There is a comprehensive Compliance Handbook, which is communicated and implemented Groupwide. The transparent and fair selection of the right products is critical for customer satisfaction and business success and is therefore in the self-interest of TAKKT. Thus, all decisions about product ranges, products, and suppliers are only made in regular rounds of decision-making. The terms and conditions, which are negotiated by at least two product managers, are only agreed upon in standardized contracts and receive final approval from the group management. To protect against irregularities of all kinds, product management controllers review absolute compliance with all procedural rules.

2012 SUSTAINABILITY REPORT TAKKT AG 🖿 27



FOCUS AREA: SOURCING

COMPLAINTS

MISTAKES MAKE US BETTER



When Anne Stearns of National Business Furniture [NBF] receives a customer complaint, she puts other important matters aside. The customer, an architectural firm in Athens (Georgia) moving into a new office, called the free hotline to complain about a metal filing cabinet with a dented side panel. "Normally, we hear of no more than slight transportation damages. But when, as here, there is something seriously wrong and the customer urgently needs the product, I personally apply pressure in the matter," says the resolute manager. In case of smaller problems, she tries to satisfy the customer with a discount. But in this case, she promptly arranges a new replacement for the damaged filing cabinet. Fortunately, it is only 60 miles from the NBF warehouse in Atlanta to Athens, so the new filing cabinet can be delivered the next day.

After it has been determined how the customer's problem can be resolved as quickly as possible, NBF in Milwaukee investigates the cause of the problem. "All cases are recorded in our complaint system and followed up. This is done TAKKT wide", emphasizes Ms. Stearns.

The damaged filing cabinet goes on the so-called "Action List" if more customers notify transport damages for this product. Colleagues in the sourcing department and quality assurance then seek the cause of damages, working with the suppliers and logistics partners.

If further complaints would be registered for this particular cabinet, Jeff Spotts, Quality Manager at NBF, would immediately contact the supplier. "Even though our sensitive products are carefully secured on the carriers' trucks, transport damages cannot be fully excluded", says Jeff Spotts. "If damages accumulate for a product, we will brainstorm with our supplier how to improve the packaging - in this case we might use stronger cardboard at the sidewalls. That is how we look at it: Learn from the mistake and do it better in the future."

The architects received their filing cabinet on time and were able to move into their new office on schedule. They are highly satisfied by the quick service. "We have no red telephone here", says Anne Stearns astutely, "but complaints and warranty cases simply take top priority with us".

PRIVATE LABELS

GREEN DOES WELL -THE TOPDEQ BRAND SIQNATOP





With its private label signatop, the TAKKT subsidiary Topdeq shows how many years of use, timeless design, and outstanding ergonomics can be combined with environmental compatibility:

- 100 percent certified wood with the FSC and PEFC Seal of Approval is used for all signatop system furniture. The steel components used are powder-coated and fully recyclable.
- The signatop office swivel chairs are 80 to 95 percent recyclable. The Sit-Go Xtreme upholstery fabric also bears the EU Eco-Label for the use of environmentally friendly textiles.
- The Circonia light fixtures in the signatop collection are equipped with power LEDs. With a useful operating life of up to 100,000 hours and minimal thermal emissions, their use of electricity is extremely low only five watts per power LED.

Since its introduction in 2010, turnover in the signatop segment has grown to EUR 2.5 million. This shows that green brands do well.

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FOCUS AREA: SOURCING

ENVIRONMENTAL PRODUCTS

TAKKT'S ENVIRONMENTAL PRODUCT RANGES





KAISER+KRAFT and C&H offer professional solutions for hazardous materials, cleaning, and waste collection that help our customers act in an environmentally friendly manner. Examples of such products are solutions for spill containment, vats, and recyclable materials collectors. These product groups, which were established in 2001, are among the most successful assortments and have made above-average contributions to the growth of turnover.

QUALITY MANAGEMENT

QUALITY MANAGEMENT AT KAISER+KRAFT



The Business Equipment Group (BEG) - with about 1.1 million customers and over 900 employees in more than 20 European countries, China, and Japan - is the largest and most profitable group at TAKKT. BEG's product range, which includes the brands KAISER+KRAFT, gaerner, Gerdmans, KWESTO, Certeo and Quip24, includes about 55,000 products - from waste bins and shelf systems, all the way to mobile cranes. The private labels EUROKRAFT, OFFICEAKKTIV, and Quipo stand for the highest quality office, business, and warehouse equipment. Custom-tailored products, small batches, and products with the customer's corporate design will be developed upon request.

BEG's ISO 9001-certified quality management program applies to processes, products, and suppliers along the entire supply chain and is audited annually by the certification organization TUEV SUED. The product manager is the key actor here, assisted by Product Management Controlling. They jointly discuss key

figures, develop measures, and agree on binding targets, which impact their individual bonuses. The key issue is the evaluation of suppliers based on the criteria of quality (number of complaints), innovative capability (number of new products), and dependable delivery (number of late deliveries). All suppliers have access to an online platform on which they can see their up-to-date performance data, including individual customer complaints. If they exceed the targets agreed upon with BEG, they receive a bonus. If they fail to reach the targets, they pay a penalty, which is always donated to a good cause.

The Business Equipment Group intends to expand its supplier evaluation to include the criterion of sustainable corporate responsibility. The first comprehensive survey of all suppliers on their CR systems and processes has already been conducted. # 15

QUALITY MANAGEMENT AS A KEY PROCESS

15

MEASURE

Approval of samples of new products

Quality Assurance of first delivery

Recording complaints (incl. charging vendors)

Product-based complaint processing

Supplier evaluation

Bonus/penalty supplier incentive system

Product Manager bonus system

RESPONSIBLE PARTY

Product Manager

Warehouse Quality Assurance

Sales

Product Manager

Product Manager

Product Management Controlling

Product Management Controlling

PAGE: 28.1



FOCUS AREA:

MARKETING



20 12

MARKETING |

FACTS

CURRENT STATUS

TAKKT first produced a CO, balance for the resouces and the printing of all advertising material. Advertising material in Germany is sent out using DHL's carbon compensated Go-Green service. Greater investments for optimizing our marketing mix have been and will continue to be made with the side effect of reduced paper consumption.

KEY FIGURES FOR 2011/10

↑ = increases ↓ = decreases

(IN BILLION)

communication on the one hand along with Topdeq's new catalog strategy (since mid 2010) led to reduced advertising circulation in 2011. Over 18% of advertising are sent out using

The medium-term trend of placing orders via electronic ordering systems such as web-shops or e-procurement systems also

(IN THOUSAND METRIC TONS)

to the pages mailed. This is based on the one-off effect that particular advertising material to be dispatched

PAPER CONSUMPTION / TURNOVER

(IN METRIC TONS OF PAPER PER EUR MILLION TURNOVERI

The relative paper consumption has customer communication and Topdeg's new catalogue strategy.

paper which increasingly is obtained from certified sustainable sources

CO2 EMISSIONS / KG PAPER

2.35

Due to the optimized choice of paper and the more efficient production of advertising material, the relative

KEY MEASURES 2012-2014

- Growing proportion from certified sustainable
- Target agreements with partners for reducing CO, emissions per metric ton of paper
- Further improvement in customer communication through an optimized mix of marketing channels

2014 TARGETS

- Paper use per EUR million turnover: reduction of at least 5%
- 85% from certified sustainable sources of paper
- Reduction of CO, usage per metric ton paper by at least 5%

2012 SUSTAINABILITY REPORT TAKKT AG 🖿 29 🖿



FOCUS AREA: MARKETING

THE RIGHT PRODUCT FOR EVERYONE

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FOCUS ON CUSTOMER SATISFACTION

TAKKT's marketing focus is on customer satisfaction, enhancing efficiency, and conservation of resources at all marketing levels - from selection and production to advertising mail-outs. Together, we pursue a customeroriented, highly diversified multi-brand and multi-channel strategy. At TAKKT, we believe that quality-driven direct marketing is the most efficient and sustainable way to sell business equipment. All TAKKT groups have their own marketing departments with experienced specialists. A broad spectrum of quality products and product ranges, effective ordering systems, sales staff with good consulting skills, and an accommodating return policy enable our target groups to make their purchases as easily as possible and to reduce their transaction costs at the same time. We refrain from guick deals with low quality products of dubious origin and from aggressive or huckstering sales procedures and discounts.

Regular customer surveys and a uniformly structured worldwide quality assurance system for the efficient processing of complaints help us to continually improve the quality of our products and services.

CHANNEL STRATEGIES

A key challenge is to optimally service customers of different sizes and requirements.

- Thus large customers are generally given intensive service by key account managers and, if desired, are networked directly with us through electronic procurement systems. In addition to product costs, the process costs for searching, selection, ordering, and settlement of their equipment orders are also followed by these customers.
- On the other hand, medium-sized customers generally prefer an individually scalable form of process cost optimization and utilize all channels from catalogues to web-shops for this purpose.

 Many small companies and new customers buy sporadically and are primarily influenced by product prices. Therefore, they mainly choose the channel that allows pure online sourcing of our web-only sales brands.

TAKKT: CHANNEL STRATEGIES # 16					
WEB-ONLY BRANDS	MULTI-CHANNEL BRANDS				
Web-shop	Catalogue & web-shop	Catalogue & e-procurement & key account manager			
SMALL CUSTOMERS	MID-SIZED CUSTOMERS	LARGE CUSTOMERS			
\downarrow	<u> </u>				
"WALK-IN CUSTOMERS", new, additional customer base	established "CUSTOMER BASE", repeat buyers				

Also in the future, our customers will use the full spectrum of our channels. Our goal is to stronger connect the benefits of each sales channel. Catalogues develop increasingly from a pure order channel to a buying guide. In combination with a catalogue, the web-shops of our sales companies generate an added value through offering additional product information online (e.g. videos, 360 degree views). Furthermore, orders can easily and efficiently be processed online.

The most economical and effective use of advertising is a top priority for TAKKT due to the high financial weight of direct marketing expenses: TAKKT spends around ten percent of turnover on it. The majority of those funds falls on production, selection, and distribution of paper advertising. Since the last years, marketing expenses have increasingly been allocated to online channels (currently around 15 percent of advertising spend).

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FOCUS AREA: MARKETING

EFFICIENT USE OF RESOURCES

One important factor is the consistent avoidance of unnecessary advertising. The main goal is to provide customers with an optimal selection of marketing channels. Therefore, we have long invested in high-performance IT-driven analysis tools and highly qualified employees to further improve our marketing mix.

We target our customer groups with focused and balanced marketing channels. Through this, our marketing mix changes: Besides classical paper based channels, electronical marketing gains higher importance. Increased customer acceptance of digital ordering methods is shown by the steady growth in e-commerce turnover. Thus, in 2011 we generated 21.3 percent of our total turnover through electronic ordering (previous year: 19.4 percent). As a gratifying consequence, the circulations of paper advertising have continually decreased in recent years.

→ see "Catalogues that are well received", p. 31

Where paper advertising materials are still indispensable, we place great value on conserving resources during production. Thus, most of the catalogues of TAKKT's subsidiaries are made from paper with FSC or PEFC certificates.

The use of non-chlorine bleached paper and CO₂ reduced advertising materials production methods make an additional contribution. In addition, we integrate our partners into our goals and will establish targets with printers to reduce CO₂ emissions per metric ton of paper. # 17

⇒ see "Tons of improvements", p. 32

Finally, we do our best to make the shipping of advertising materials as resource-conserving as possible. In Germany, we therefore use CO₂ compensated shipping with DHL's Go-Green Service.

→ www.deutschepost.de/gogreen

SUSTAINABILITY SEALS

FSC



PEFC



FOREST STEWARDSHIP COUNCIL

The promotion of sustainable economically viable management of forests is the goal of the Forest Stewardship Council (FSC). This independent, charitable non-government organization was founded in 1993 and is represented in over 80 countries.

Products with FSC labels indicate the use of forests in accordance with social, economic, and environmental requirements, and responsible treatment of recyclable materials. By the use of FSC-certified materials in our products, we at TAKKT contribute to the responsible use of global forest resources.

ADDITIONAL INFORMATION



www.fsc.org

PROGRAM FOR THE ENDORSEMENT OF FOREST CERTIFICATION SCHEMES

PEFC is a transparent and independent certification system for ensuring sustainable forest management. It is like a "forest technical inspection agency", with the goal of improving forest use and management worldwide. PEFC is an abbreviation of "Program for the Endorsement of Forest Certification Schemes".

Paper with the PEFC seal used by the TAKKT Group is documented as originating from environmentally, economically, and socially sustainable forest management.

ADDITIONAL INFORMATION



www.pefc.org

2012 SUSTAINABILITY REPORT TAKKT AG ■ 31 ■



FOCUS AREA: MARKETING

ADVERTISING MATERIALS

CATALOGUES THAT ARE WELL RECEIVED



Nothing is worse for our marketers than sending out advertising materials that no one wants. Not only do they waste resources for manufacturing and transport and incur unnecessary costs - they also fail to address customers' needs. Therefore, our direct marketing activities are focused on the target customers' requirements. We systematically attempt to find out how they buy, which media they prefer to use, and what kinds of products they consider helpful and valuable.

It is crucial to identify the right contact persons so the catalogues are sent to persons who use our products or decide whether to buy them. Therefore, the main task of our sales employees is to keep their lists of contacts up to date. The high quality of our contact databases distinguishes us from our competitors and is ensured by training and a comprehensive management system.

In addition to sophisticated customer databases, this primarily requires broad experience and a good grasp of customer needs. This way, we can advertise our high quality product ranges credibly based on the facts, inform customers proactively about new products and special offers, and support our customers in finding and selecting the right products. Moreover, we significantly save paper, ink, packaging, and $\mathrm{CO_2}$ emissions for sending out advertising.

Since our expensively produced catalogues and mailings are also our business cards, we ensure that they are always intact when the customer receives them. Only if a person receives high-quality advertising will he or she be willing to trust the high quality of our products and delivery processes.

CUSTOMER DATA

A QUESTION OF TRUST



To best serve our B2B customers with products and services, we rely on selected information. Our customers entrust us with this data and thereby rely on the information being treated sensitively and securely.

We at TAKKT reinforce this trust by introducing Group-wide information security guidelines for IT users. In addition, extensive security precautions have been taken:

- Every TAKKT employee who comes into contact with customer data agrees by his signature to act in conformity with data protection provisions.
- A comprehensive user-rights system limits and monitors access to sensitive customer data. Administrative access controls precisely manage which users may read, write, modify, or execute which files and lists.
- The credit card data of our customers is processed in accordance with the high security standards of the credit card industry. Generally, credit card numbers are encrypted before they are stored and cannot be viewed in full.
- To deter or track data thefts, we use modern address control systems with addresses that have been modified so they can be used for postal mailings but are clearly allocated to a particular customer database.
- All IT and web-shop architectures and back-up systems at TAKKT are protected by high performance firewalls and are regularly checked through audits and external penetration and stress tests.

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FOCUS AREA: MARKETING

CO, FOOTPRINT

TONS OF IMPROVEMENT



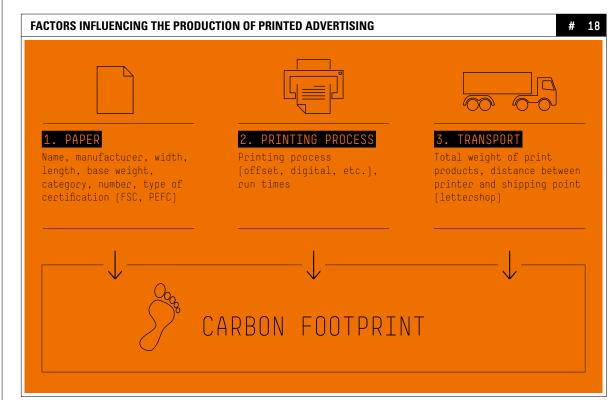
TAKKT surveyed paper consumption and the associated CO_2 footprint for all print products for the years 2011/10 with the help of ClimatePartner, the Munich-based climate protection consulting firm. In direct marketing, printed advertising materials such as catalogues are the principal medium for contacting customers. The worldwide survey provided a detailed overview of paper and printrelated CO_2 emissions. Recording the percentage of paper products used by TAKKT that originated from conventional and sustainable tree cultivation was also important [FSC/PEFC].

The results are already available: In 2011, 15.6 billion printed advertising sheets were produced and mailed Group-wide [2010: 17.1 billion]. Overall, total paper consumption was reduced by more than 500 metric tons or 1.7 percent. The share of certified paper was increased by 44.8 percent to 57 percent as compared to the previous year. Relative paper consumption amounted to 34.9 metric tons per million euros of turnover and this corresponds

to a 7.4 percent fall compared with the previous year. The reasons for this positive change are, first, the increasing percentage of digital marketing channels and, second, the constant improvement of and adaptation to marketing strategy. Through intensive consultation with our printing partners, we are also able to achieve further savings in materials and print processing.

Surveying its global paper consumption and changing over to sustainable sources are important starting points for TAKKT, allowing it to identify additional areas for potential improvement and steadily reduce CO_2 emissions through the use of environmentally friendly materials and printing processes. At the same time, this data creates a reliable basis for deciding on CO_2 compensation through certified climate protection projects.

In the coming years, we wish to increase the proportion of certified sustainably produced paper to more than 85 percent. # 18



In the production of print media, three main influencing factors are relevant to measuring CO, emissions. These data were collected for all print projects.

PAGE: 32.1



FOCUS AREA: LOGISTICS



20

LOGISTICS | **FACTS**

CURRENT STATUS

The one-tier direct marketing model for business equipment is not only efficient for our customers, but is also sustainable, as the elimination of extra tiers of transportation cuts emissions. Professional order processing, modern warehousing and the optimal usage of transport services with high environmental standards enable us to maximize sustainability potential.

KEY FIGURES FOR 2011/10

→ AR: p. 101

ORDERS PROCESSED BY TAKKT LOGISTICS SYSTEMS

(IN THOUSANDS)

× 2011— 1,779.6 2010— 1,746.3

The number of processed orders provides impressive proof of the high efficiency of TAKKT's IT and logistics systems.

GLOBAL WAREHOUSING SPACE

(IN M²

× 213,514 m²

The floor space is the equivalent of 43 soccer pitches. In contrast to the previous year, TAKKT did not increase its capacity.

STOCKS

(IN EUR MILLION)

↑ 57.0 € | 54.2 €

Assortments in stock are continually expanded in order to achieve optimum availability of products.

SERVICE FULFILLMENT PER WAREHOUSE

[IN %]

2011 At least: 95%

This is the target for every TAKKT logistics manager. It means that at least 95 percent of all placed stock orders can be serviced from available inventories.

KEY MEASURES 2012–2014

- Enforcing energy saving measures
- Measurement of CO, emissions by partners

2014 TARGETS

— Offer CO, compensated delivery solutions

2012 SUSTAINABILITY REPORT TAKKT AG 🖿 33 🖿



FOCUS AREA: LOGISTICS

SIMPLY EFFICIENT

ightharpoonup
igh

The warehousing and shipping of products are core components of TAKKT's business and therefore make a significant contribution to the Group's resource consumption and CO₂ emissions. We consider the professional management of warehousing systems and transport logistics to be among our core competences, so that we engage in a broad spectrum of activities Group-wide, particularly in these areas, to enable low CO₂ logistics solutions through environmentally compatible and resource-efficient processes and an optimized network and warehousing strategy.

Similar to our supplier relationships, in the transport area we work exclusively in established cooperative arrangements with professional logistics service providers. They guarantee us modern vehicle fleets, and reliable environmental management systems to certified standards. For example, all contracted US carriers participate in the US government's SmartWay Program and are therefore subject to an environmental benchmark.







www.epa.gov/smartway/
index.htm

With our warehouse strategy, we have a very streamlined structure and work every day to improve our logistics and warehousing processes while maintaining the highest quality service. All TAKKT warehouse locations have state-of-the-art equipment and are conform to the latest building standards. Building insulation and energy-efficient lighting systems enable low energy consumption and avoid CO_2 emissions. Thus we make relevant social, environmental, and economic contributions to TAKKT's sustainable corporate responsibility worldwide.

TAKKT's subsidiaries stock all fast moving product categories in their central warehouses. In addition, sufficient stocks of products for which marketing actions are planned are set aside so they are available for expected increases in turnover. The advantages for our customers are high availability of merchandise and short delivery times due to standardized order processing procedures. With our warehousing strategy, we can also bundle the processing of multiple small orders and thereby optimize process costs for ourselves and the supplier. Portions of our product range are handled through so-called drop shipping where our supplier, which is the manufacturer, delivers the goods directly to the end customer. This combination allows us to reduce emissions and realize relevant cost advantages.

→ "Improving our logistics and warehousing processes on a daily basis is the key to enhancing the quality of our services." ←

ANDREAS KRUEGER

MANAGING DIRECTOR LOGISTICS AT KAISER+KRAFT EUROPA, SCORE COORDINATOR FOR BEG

Due to high construction and safety standards, we had a very small number of occupational accidents in 2011/2010. Our extensive occupational safety guidelines, regular training, and reporting systems for occupational accidents meet statutory requirements at all sites and often surpass them.

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FOCUS AREA: LOGISTICS

DIRECT MARKETING

THE DIRECT PATH TO THE CUSTOMER



The direct marketing of office and business equipment does more than offer B2B customers advantages through transparency in the preselection of high quality products. It also offers fast delivery times and simple ordering channels. Using the example of our subsidiary KAISER+KRAFT Germany, we investigated the $\rm CO_2$ efficiency of single-tier direct marketing systems (distance selling) as compared to two-tier distribution through local branches. Prof. Dr Dirk Lohre and his team at the Institute for Sustainability in Traffic and Logistics at Heilbronn University have carried out studies.

PROFESSOR LOHRE, WHAT IS THE MAIN RESULT OF YOUR STUDY?

Dirk Lohre: In essence, compared to two-tier marketing systems, single-tier distance selling of business equipment is clearly more $\rm CO_2$ efficient in terms of logistics by a factor of at least 1.5.

WHY "AT LEAST"?

Dirk Lohre: "At least", because all our assumptions were conservative and interpreted in favor of the two-tier model. This relates, for example, to distances and capacity utilization of the replenishment transports to supply local branches, and the fuel consumed during customer buying trips.

HOW DO YOU EXPLAIN THIS DIFFERENCE?

■ **Dirk Lohre:** When selling in a multitier commercial system, a manufacturer supplies a

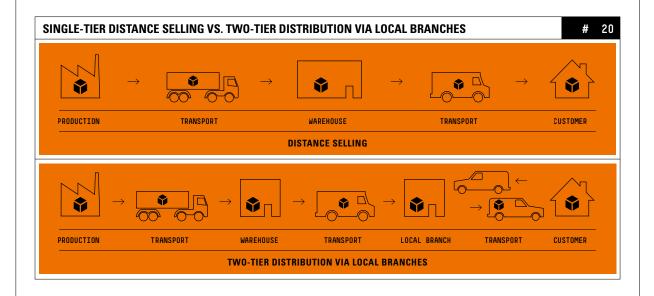
wholesaler, which, in turn, supplies various local branches. The end customer drives to the branch and drives back to the company with the products he has purchased. In addition to the replenishment transport to the branch, the customer's initial trip to the branch store is also a source of emissions. In one-tier direct marketing, CO_2 emissions are avoided by the elimination of transport stages.

AND DIRECT MARKETING?

Dirk Lohre: Multiple trips - during which pollutants would have been emitted - are eliminated. Particularly advantageous is the use of optimized routes and loads in delivering the goods. When, as with KAISER+KRAFT, delivery is made by outside logistics service providers, which simultaneously deliver other goods on each trip, this reduces the emissions generated per package.

ARE THERE OTHER REASONS?

Dirk Lohre: The small branches of multitier systems generally have narrow product ranges. To cover one's needs from other product groups may require additional customer trips. One-tier direct marketing also has a centralized infrastructure. Distributing without an extensive outside sales force and local branches reduces energy consumption in the process chain and takes an additional step in the direction of "green logistics". Our model does not take those factors into account, which would mean an additional increase in the efficiency advantage in favor of distance selling.



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FOCUS AREA: LOGISTICS

WAREHOUSE STRATEGY

CENTRAL SAVINGS

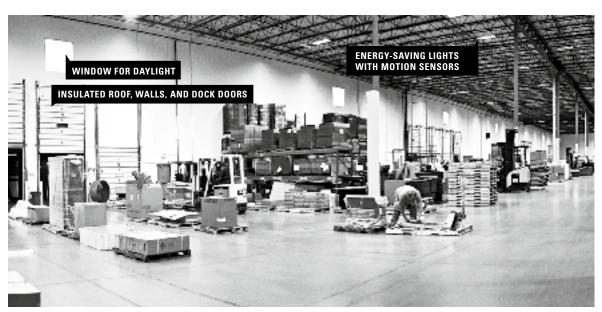


With its 16,000 residents, Pleasant Prairie north of Chicago on Lake Michigan - is not really what one would call the center of the world. However, on the map of TAKKT AMERICA's logistics sites, Pleasant Prairie is highly important. This is the location of the new C&H/Plant Equipment Group central warehouse - a model of efficiency and sustainability. In conjunction with our carefully selected forwarding agents, we are able to serve almost every US customer within 72 hours.

Over 10,000 products of business equipment - from hand trucks to bulky pallet rack beams - are shipped by the PEG central warehouse in Wisconsin throughout the USA, to Canada, and Mexico. Covering around 21,600,000 square kilometers, this delivery area is about five times as large as the entire European Union. The reasons for the move from Milwaukee - 60 miles north - were expiration of the lease agreement and the enormous energy costs of an old brick warehouse building from the 1970s. "The winters up here are long and hard. Therefore, energy is an enormous cost-driver. And we also wanted to radically reduce our consumption for environmental reasons."

This is how Project Manager Dave Robinson, head of logistics of C&H, explained the large investment associated with the move. "Not that Pleasant Prairie is one degree warmer, but the new hall with its compact insulation in the exterior walls and ceilings enables us to save a lot of energy." Thanks to the high ceilings, the usable area could be optimized with tall racking systems despite the smaller floor space. In addition, light-colored walls that reflect light make it possible for employees to work in daylight during normal operating hours, and motion sensors only switch on the energy-efficient lighting when needed. "This lighting concept and the ceiling fans for improved air circulation are good examples of how much can be done with relatively simple measures", explains Robinson.

Overall, the move reduced natural gas and electricity consumption and thus CO_2 emissions by 34 percent.



35 employees work in the new warehouse, with a size of 29,000 m².

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FOCUS AREA: LOGISTICS

WAREHOUSE STRATEGY

STREAMLINED WAREHOUSES



The high share of our warehousing business is the basis for our quick delivery times. We always set up satellite warehouses when the distance between the main warehouse and the end customer becomes too great to ensure quick delivery. Eleven satellites are supplied by eight central warehouses and local suppliers. The space at the eleven satellite warehouses ranges from 500 to 10,000 m².

CENTRAL WAREHOUSES



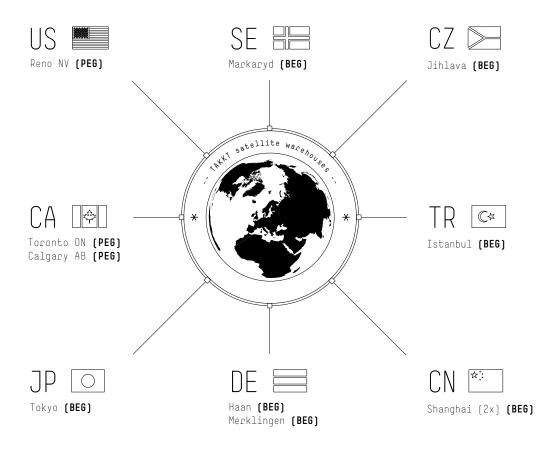
Kamp-Lintfort (BEG)
Pfungstadt (OEG-EU)
Pfungstadt (SPG)





Pleasant Prairie WI (PEG) Harrison OH (SPG) Indianapolis IN (SPG) Reno NV (OEG-AM) Atlanta GA (OEG-AM)

SATELLITE WAREHOUSES



BEG

Business Equipment Group

OEG-EU

Office Equipment Group Europe OEG-AM

Office Equipment Group America PEG

Plant Equipment Group

SPG

Specialties Group

♣ | ENVIRONMENT

FOCUS AREA:

RESOURCES & CLIMATE

TAKKTAG
BUSINESS EQUIPMENT SOLUTIONS

20 12

RESOURCES & CLIMATE | FACTS

CURRENT STATUS

We are committed to the active protection of natural resources and climate. In 2011, the energy consumption in all German and US sites was evaluated for the first time and the $\mathrm{CO_2}$ values determined. This created a good starting point for the introduction of energy saving measures. The expansion of certified environmental management systems, the usage of eco-power at more sites and a climate-oriented company car policy are current measures, which will achieve lasting progress.

KEY FIGURES FOR 2011/10

↑ - increases ↓ - decreases 🗶 - stagnates

DIRECT ENERGY CONSUMPTION OF TAKKT SITES IN DE/USA

⁺ 60,859

65,834

The mild weather coupled with the resulting decrease in demand for heating led to a reduction in direct energy use (Scope 1) at German and US TAKKT sites in 2011.

CO, EMISSIONS AT TAKKT SITES IN DE/USA

(IN G PER MEGAJOULE OF ENERGY USE)



Relative emissions increased slightly in 2011 because of a proportionally higher demand for electrical energy. Electrical power has a higher $\rm CO_2$ factor per unit consumed.

INDIRECT ENERGY CONSUMPTION OF TAKKT SITES IN DE/USA

54,062

Despite an increase in the workforce at German and US TAKKT sites, indirect energy use [Scope 2] stagnated nearly in 2011 in comparison with the previous year.

ENVIRONMENTAL FINES

(IN EUR

X

O € | 0 €

As in the previous year, no environmental fines were imposed on TAKKT

KEY MEASURES 2012-2014

- Measure carbon footprint in more companies
- Use eco-power at more sites
- Introduce environmental management systems in more companies
- Accelerate energy saving measures at sites

2014 TARGETS

- Carbon footprints for important companies of all groups
- Certified environmental management systems implemented in at least three companies
- Reduction of energy usage by at least 5% at TAKKT sites (existing in 2011) in Germany and the USA

2012 SUSTAINABILITY REPORT TAKKT AG 🔳 37 🖿



FOCUS AREA: RESOURCES & CLIMATE

SUSTAINABLE SAVINGS

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ightarro

REDUCING RESOURCE CONSUMPTION

The protection of finite resources and the climate are central sustainability goals. TAKKT focuses on those areas along the entire value-creation chain that provides the greatest possible savings effects in this regard. Energy consumption and the associated emissions are a central area of activity for climate protection. Energy savings are being pursued across the group and have already been implemented in large projects. For example, the warehouse roof of HUBERT, subsidiary of TAKKT AMERICA in Harrison, Ohio, was insulated to save energy and also equipped with solar panels that will provide 27 percent of the location's electricity needs. The German subsidiaries are far ahead in obtaining climate-neutral energy. Since 2011, almost all of the locations there have used so-called green electricity, which is generated from renewable energy sources in an environmentally defensible manner. Another example is the reduction of CO₂ emissions from road traffic. We introduced Group-wide company vehicle guidelines in this regard. In the future, the categories of vehicles corresponding to the various levels of management should have maximum CO, emissions of 140 to 190 g/km. There is a bonus/penalty system as an incentive. If an automobile's emissions are below the guideline, the maximum permissible purchase price of the vehicle is increased. If a vehicle's emissions are above the guideline, the permissible purchase price is reduced accordingly. Overall, the values for the fleet of approx. 160 company cars will be reviewed annually and gradually adjusted downward.

CERTIFIED ENVIRONMENTAL MANAGEMENT SYSTEMS

In addition to our existing quality management systems, which are certified under ISO 9001, certified environmental management systems are to be gradually introduced into important TAKKT companies. The Swedish

subsidiary of BEG, Gerdmans, was the first TAKKT company certified under international environmental management norm ISO 14001. A key component of the certification is the introduction of a continuous improvement process for environmental management. A key tool is the independent review and publication of our climaterelevant data. For this reason, TAKKT has participated in the Carbon Disclosure Project (CDP) since 2008. CDP is a non-profit organization founded in London in 2000 that pursues the objective of increasing transparency with respect to the economy's climate-damaging greenhouse gas emissions. To this end, climate-related data and information on CO, emissions, climate risks, and the reduction targets of individual companies are surveyed annually and made available to investors, politicians, scientists, and the media. In 2011, for the first time, the CO₂ footprint was determined along all relevant valuecreation stages (sourcing → marketing → logistics) in a greenhouse gas balance sheet for KAISER+KRAFT in Germany. A Group-wide survey of resource consumption and CO, emissions of all significant subsidiaries is a medium-term goal of TAKKT.

PROTECTION OF ENDANGERED HABITATS

Finally, it is important for us to actively protect endangered habitats. We provide a five-digit contribution annually in this regard to support the charitable nature protection organization Naturefund e.V. Under the motto "We buy land for Nature," Naturefund buys land and seeds forests to preserve natural habitats for animals and plants, thereby protecting biodiversity and the world's climate at the same time. Naturefund's vision is to buy and protect 3.5 million square kilometers for Nature worldwide – an area about ten times as large as Germany.

→ see "Standards & Memberships", p. 51

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FOCUS AREA: RESOURCES & CLIMATE

SOLAR ENERGY

SOLAR POWER DIRECT FROM THE ROOF

HUBERT°

HUBERT in Harrison, Ohio, has provided commodities and equipment to restaurants and retail business for over 60 years. The US market leader, which has belonged to TAKKT AMERICA's Specialties Group (SPG) since 2000, has 300 employees and offers a range of more than 30,000 products.

Environmental protection is a key component of HUBERT's philosophy. For this reason, the company's "carbon footprint" has improved when its $46,000~\text{m}^2$ warehouse had been modernized. In addition to new roof insulation for higher energy efficiency, one of the largest solar panel systems in the state of Ohio has been installed for this purpose.

Since spring 2012, 3,840 solar modules produce up to 1 million kWh of electricity per year. "This output will provide about 27 percent of the location's electricity consumption - the equivalent of around 100 typical American single-family homes", explains Tim Lansing, Vice President of Operations and SCORE

coordinator for SPG, who manages the project. "In addition to the cost savings, this means a reduction of our CO, emissions by up to 733 tons per year."

USD 1.35 million was invested in the ceiling modernization and about USD 3 million in the new solar roof. For HUBERT, this is a reasonable investment for several reasons. Project Manager Lansing says: "Apart from the significant reductions in harmful emissions and resource consumption, the project will fully pay for itself through savings over the medium term, in particular due to US Federal Government subsidies for sustainability investments such as this."

Just as important to HUBERT's committed employees is its reputation as a sustainable company: "We are now considered to be the 'green neighbor' in Harrison", reports Lansing. "This makes us proud and motivates to take further environmental action."



Solar roof at HUBERT

2012 SUSTAINABILITY REPORT TAKKT AG 🖿 39 🖿



FOCUS AREA: RESOURCES & CLIMATE

CO, CONSUMPTION

TRANSPARENCY COUNTS





TAKKT used the German sales company KAISER+KRAFT GmbH as an example in 2011, determining the company's $\mathrm{CO_2}$ footprint along all responsible value-creation levels (sourcing \rightarrow marketing \rightarrow logistics). The goal was to obtain the most instructive and comprehensive picture possible of the emissions of the entire direct marketing business of KAISER+KRAFT. Therefore, the emissions of all external service providers in the process chain were included in the survey.

In a carbon footprint certified by TUEV SUED, emissions were classified in accordance with the Greenhouse Gas Protocol [GHG] and transparently recorded in accordance with ISO Standard 14064-1. All of the "Kyoto gases" indicated under the international climate protection protocol were recorded, such as carbon dioxide and methane. These were converted into so-called $\mathrm{CO_2}$ equivalents [$\mathrm{CO_2e}$] based on their Global Warming Potential [GWP]. The GHG standard distinguishes between three emissions areas, so-called scopes: Scope 1 includes all emissions directly caused by the company [e.g. exhaust from company cars]. Scope 2, on the other hand, relates to emissions associated with purchased energy [e.g. electricity, district heating].

Scope 3 relates to other indirect emissions that result, for example, from transport and the production of advertising materials.

In 2011, the total emissions in KAISER+KRAFT Germany's overall survey amounted to about 16,300 metric tons of $\rm CO_2$ equivalents. This corresponded to an average of 49 kg per customer order. The largest share of total emissions, two-thirds, was due to advertising materials. A quarter of emissions were caused by logistics processes.

KAISER+KRAFT will continue to work intensively to further reduce its carbon footprint. Managing Director Martin Leusmann says: "These results clearly show the quantity and sources of emissions generated. Here we can start to reduce emissions through improved selection, as with advertising materials."

ADDITIONAL INFORMATION



www.ghgprotocol.org

CO ₂ EMISSIONS OF THE TAKKT SALES MODEL USING KAISER+KRAFT AS AN EXAMPLE			
	SCOPE UNDER GREEN- HOUSE GAS PROTOCOL	% OF TOTAL CO ₂ CONSUMPTION	
Production and distribution of paper advertising	3	67%	
Transports from manufacturer/warehouse to customer	3	26%	
Operation of TAKKT locations: administrations, warehousing	1.2	4%	
Operation of company vehicles	1	1%	
Business trips by train and plane	3	<1%	
Operation of the computing center for e-commerce and IT systems	3	<1%	
Employee commutes to work	3	<1%	

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FOCUS AREA: EMPLOYEES

GOOD TEAMWORK

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TRUST

Around 1,900 full-time employees worldwide are committed to the quality of our products and services. To bring their needs into accord with the economic requirements of the company is a central task of our human resources policy, which is oriented toward the long-term.

We trust our employees and offer them secure jobs with decision-making discretion and payment in line with performance, since a trust-based and fair partnership forms a basis for common success. In return, we expect commitment, a sense of responsibility, and flexibility in the service of our customers.

The attractiveness of an employer depends in particular on "soft factors", which permit a good working atmosphere and a healthy corporate culture to develop based on common values and goals. TAKKT intends to use a balanced mix of good working conditions, the best possible use of employees by competent managers, and team spirit. This way we intend to attract the employees we need to ensure sustainable, profitable growth.

COMPENSATION AND PROFIT-SHARING

TAKKT employees, who are generally hired for an unlimited term, make a critical contribution to company success and for this they are paid at a reasonable rate, they participate in the company's success by receiving a turnover bonus of up to a month's salary. The bonus model for Group managers, which is based on operating results and individual targets, has a higher variable proportion and is being harmonized worldwide.

In Germany, employees can also acquire employee shares of stock. In 2011, 52.2 percent of those entitled to subscribe made use of this opportunity and purchased 18,345 shares of stock.

CAREER AND PERSONAL DEVELOPMENT

An individual employee's performance assessment and development perspective are discussed annually in the TAKKT Dialogue. Performance assessment and individual targets are key elements of these structured personal discussions between employees and managers. In addition, personal needs and potential are discussed and appropriate training and development plans are agreed upon.

The goal of human resources development, which has been harmonized Group-wide, is for every employee to have agreed-upon targets and career prospects and at the same time gain a greater degree of security in human resources and planning.

EDUCATION AND ADVANCED TRAINING

The professional training measures agreed upon in the TAKKT review are a central pillar of our human resources efforts that expand the knowledge and capabilities of our employees and assist them in attaining their development goals.

The advanced training utilized by employees at all levels of responsibility includes internal training in IT systems and business processes and outside training in specific functional topics, foreign languages, and soft skills. For European managers, we can utilize the programs of the Haniel Academy, which is associated with TAKKT, while local offerings are mainly utilized in the USA. In its seminars and workshops, the Academy collaborates with management experts from universities and international business schools.



FOCUS AREA:

EMPLOYEES



EMPLOYEES | FACTS

KEY FIGURES FOR 2011/10 ↑ = increases ↓ = decreases × = stagnates

NUMBER OF EMPLOYEES

More than two thirds of TAKKT employees work in Germany or the USA. This is where the operational sites of the service companies and significant sales brands are concentrated. Analog to an increase in turnover in 2011, TAKKT recorded an increase in employee numbers.

TAKKT Holding	34	33
2 TAKKT EUROPE	1,125	1,081
3 ⊠ of which Germany	681	653
4 TAKKT AMERICA	862	849
⑤ ☑ of which USA	781	768
Employees (head count)	2,021	1,963
Employees [full-time basis]	1,869	1,807

↑	2,	021	<u> </u>	0 0	3	0 6
	1,	963	2010	0	9	9

PERIOD OF EMPLOYMENT

2010 2011

AGE-RELATED STRUCTURE

(TOTAL WORKFORCE / IN %)

	2011	2010
Up to 30 years	15.6%	15.0%
31-50	58.4%	60.8%
51+	26.0%	24.2%

NUMBER OF WOMEN

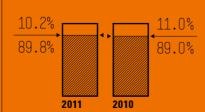
[TOTAL WORKFORCE / IN %]

	2011	2010
TAKKT	49.2%	49.7%
Management	31.0%	30.4%
Top Management*	4.2%	4.2%

(TOTAL WORKFORCE / IN %)

EMPLOYEES					
89.1%	89.4%				
MANAGEMENT					
9.7%	9.4%				
TOP MANAGEMENT*					
1.2%	1.2%				

(☑ FULL TIME / ☐ PART TIME / IN %)



STAFF DEPARTURES

31.12.2011

31.12.2010

(INCLUDING RETIREMENT)		
	2011	2010
NUMBER OF DEPARTED EMPLOYE	ES	
TAKKT	196	241
DEPARTURE QUOTA		_
TAKKT	9.7%	12.3%
DEPARTURE QUOTA BY REGION		
TAKKT Holding	8.8%	9.1%
TAKKT EUROPE	9.2%	14.4%
of which Germany	5.7%	12.7%
TAKKT AMERICA	10.3%	9.7%
of which USA	9.7%	8.7%
DEPARTURE QUOTA BY AGE	_	
Up to 30 years	16.2%	22.4%
31-50	9.0%	11.2%
51+	7.4%	8.6%
DEPARTURE QUOTA BY GENDER		
Male	9.6%	13.5%
Female	9.7%	11.1%

^{*} Management Board; group directors; heads of corporate departments.

2012 SUSTAINABILITY REPORT TAKKT AG ■ 41 ■



FOCUS AREA: EMPLOYEES

After nomination by the TAKKT Board, selected managers are integrated into Haniel Group management development, and are put through the programs which are based on the individuals' management experiences.

We have established the worldwide trainee program "LINK" for the next generation of managers. In addition to functionally-oriented, cross-departmental management training, LINK includes a stay of up to six months in another TAKKT group abroad and management responsibility for one's own project.

In 2011, total expenses for external trainings increased by 18 percent to EUR 634,000 compared to the previous year.

APPRENTICESHIP PROGRAMS

Sustainable corporate responsibility includes also apprenticeship programs in Germany. Those ensure that employees identify with the company, while simultaneously providing us with access to qualified personnel. The certified occupations in the TAKKT Group include wholesale and export specialist, marketing communications specialist, IT specialist, industrial clerk/production mechanic, warehouse specialist, and warehouse logistics specialist, and others.

In 2011, 26 young men and women were undergoing an apprenticeship at TAKKT in Germany, of which nine completed advanced studies at Duale Hochschule Baden-Wuerttemberg (DHBW).

SAFETY AND HEALTH

Among our most important obligations to our employees are the highest standards of occupational health and safety. We pay strict attention to ensure that our guidelines and procedures satisfy or, if possible, exceed international requirements. This way, we not only protect the health of our employees, but at the same time improve the quality of our work processes.

Beyond occupational health and safety requirements, we promote a healthy lifestyle for our employees and support a balanced relationship between their private and work lives. Thus, employees in Germany and the USA receive health-promoting offerings – from specific preventive measures to talks on healthy nutrition and avoidance of health risks to sports training courses. In addition, all employees and their families in Germany can utilize various advisory and mediation services free of charge, e.g. for legal advice, but also for drug addiction, difficulties with a partner, or child-rearing.

In non-German locations with comparatively lower statutory social security standards, TAKKT offers its employees other voluntary benefits, such as additional health and retirement insurance, depending on local circumstances.

DIVERSITY AND INTEGRATION

As a global company, diversity and respectful intercultural cooperation are a matter of course. Thus we demand and promote mutually fair, equal, and respectful treatment of each other at all levels. Anti-discrimination guidelines are a required part of our Compliance Handbook.

In 2010 and 2011 two incidents of discrimination were officially reported by employees of our US companies. After careful investigation, the local authorities found the incidents to be unjustified and dismissed the complaints.

In accordance with the principle "Think globally, act locally", we seek to hire local employees and managers, who contribute a knowledge of the language and the culture and are familiar with the market and customers. At the same time, we seek a balanced mix of seasoned, experienced employees and young talent. Local teams also receive regular stimulus through Group-wide exchanges of experience in our management and trainee programs.

PERSONAL RESPONSIBILITY AND EMPLOYEE COMMITMENT

Creativity and personal responsibility are important requirements for mutual corporate success. In order to systematically record suggestions for improvement, a company suggestion program was introduced in all groups in 2006. For ideas other than normal improvements, the Management Board established a Group-wide competition for the first time in 2010. Under the name Future@TAKKT Award, all employees were invited to contribute ideas in the area of marketing. Thirty companies in 18 countries took part and developed more than 70 project proposals ranging from web-shop optimization to innovative image campaigns.

To strengthen local integration and the individual integration of employees into the local community, our subsidiaries support regional initiatives and voluntary activities. As part of our Sustainable Corporate Responsibility (SCORE) program, we seek to convince our employees of the concept of sustainable action and offer them numerous opportunities to actively include this concept in their day-to-day work.

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FOCUS AREA: EMPLOYEES

MODERN WORK SYSTEMS

SUCCESSFUL PRIVATE LABELS = INHOUSE PRODUCTION X PERSONAL RESPONSIBILITY



EURO*KRAFT*

KAISER+KRAFT produces and markets 400 products for its customers under the private label EUROKRAFT. Each year the plant in Haan near Duesseldorf performs a consistent quality inspection on around 140,000 units of high-quality transport equipment for long-term commercial use. This is based on work systems derived from the Japanese quality philosophy and currently used, for example, in the automotive industry. Gradually introduced in coordination with the works council since 2001, the principle of "industrial manufacture" enables the manual production of high-quality products at attractive unit costs. This form of in-house production allows us to respond to customer requests quickly and flexibly with solutions using the highest quality materials and manufacturing.

The success of in-house production is based on three factors. Close teamwork, self-organization, and the assumption of responsibility for operational management result in a constant learning and qualification process. This is combined with a continuous improvement process to optimize

processes, enhance quality, and reduce potential "waste". Another success factor is flexible working time accounts, which enable employees to work when work is available, so they can take days off on workdays during slower periods. Responsibly and intelligently combined, these factors lead to higher productivity, which is rewarded with a performance bonus of up to 25 percent.

"Overall, this system strengthens the personal responsibility of our employees. They profit from their success and mutually support each other in reaching their common goals", explains Production Manager Karl Friedrich Sandmeier. "Apart from the higher pay, the close and largely self-determined collaboration on demanding tasks is simply more fun to most of us." The positive experience in Haan resulted in this work system also being introduced at the Business Equipment Group's central warehouse in Kamp-Lintfort. If the pilot project started in September 2011 is successful, nothing stands in the way of introducing the system at other warehouse sites.



An employee assembles a EUROKRAFT mobile lift table.



FOCUS AREA: EMPLOYEES

CARFER PATHS

BEYOND COUNTRIES AND TAKKT GROUPS





National Business Furniture (NBF) with its headquarters in Milwaukee, Wisconsin, has sold traditional American office equipment to a broad range of customers since 1975. NBF delivers its products to about half a million business customers and organizations, including almost all of the Fortune 500 companies. NBF was taken over by TAKKT AMERICA in 2006 and now forms the core of the Office Equipment Group. The company participates intensively in TAKKT's multi-group and multi-national employee development programs. Specialists and managers exchange group-specific best practices and thereby promote the international networking of TAKKT and intercultural exchange. The TAKKT trainee program LINK plays an important role in this.



ROB HEGLIN
[LINK participant]

The TAKKT trainee in the area of logistics has been with NBF since 2010. After contributing to the successful expansion of the NBF warehouse site, he will be leaving for the TAKKT Holding Company's Corporate Department of Internal Audit & Consulting, starting in the autumn of 2012.



SUSANNE KONRAD
(LINK participant)

As a marketing employee, she completed a foreign assignment at NBF in 2008.

After participating in a Haniel management development program, she is now team leader of catalogue production at KAISER+KRAFT EUROPA.



SCOTT NICHOLS

[LINK participant]

Scott Nichols took part in the TAKKT trainee program in the area of e-commerce in 2007. For two years now he has led NBF Canada in Toronto.



MONIKA SCHERNHORST

She has worked in Investor Relations at TAKKT since 1999. In 2009, she retrained and moved to Milwaukee for more than two years to work in e-commerce at NBF. Today she manages e-mail marketing at KAISER+KRAFT EUROPA.



DEAN STIER

After starting in sourcing at NBF in 1999, he and his wife and two children came to KAISER+KRAFT EUROPA for six months in the area of office product management. Today Dean Stier is Vice President of Multi-Channel Marketing at NBF.

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FOCUS AREA: SOCIETY

LOCAL RESPONSIBILITY

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ACT LOCALLY

We believe that local initiatives can have a great effect because our local employees know best how we can become reasonably involved in the communities at our various locations. Therefore, we have created a Group-wide framework to promote voluntary activities by our employees. We promote employee involvement with paid time-off for charitable activities, the ability to use our infrastructure, and technical and financial support by the Group and its subsidiaries.

→ "We see it as our duty to give our employees the freedom to assume social responsibility. They know best where help is needed." ←

BART KOHLER

PRESIDENT OF THE SPECIALTIES GROUP OF TAKKT AMERICA

VOLUNTARY ASSISTANCE

We do not consider our involvement to be "charity", but cooperation that is of benefit to all parties. In specific initiatives, we provide practical assistance that directly benefits persons with special needs.

Our employees find additional meaning in their voluntary involvement during working hours, which in turn makes the entire company more attractive and creates employee loyalty. And discussion of the good deeds directly enhances the reputation of TAKKT.

The activities of US-based HUBERT, with its long tradition of "good corporate citizenship", are a model Group-wide. In the "Individual Volunteer Time Program", HUBERT employees are allowed to use working time for social purposes, company-wide community projects are organized, and selected projects are supported with monetary and in-kind resources.

CREATING FREEDOM OF ACTION

TAKKT has planned a promotional program under SCORE for the next few years to systematically support the social involvement of all employees using knowledge, methods, and best-practice examples. In addition, we wish to more strongly bundle our social activities around subject areas and give them a strategic orientation without restricting local employee freedom and initiatives.

TAKKT also provides specific financial support. Thus, by means of a long-term sponsorship, we are supporting the education of 30 school children in Mumbai, India. The ten-year education program also includes meals and health care for the children. In Germany, we support various schools and institutions with financial contributions and donations in kind.



FOCUS AREA: SOCIETY

CHARITABLE WORKPLACES

THROUGH OUR COMBINED EFFORTS

KAISER+KRAFT

To perform meaningful work on a daily basis is a privilege that is not valued until it is lost. Gemeinnützige Werkstaetten and Wohnstaetten GmbH (GWW) has taken on the task of offering people with disabilities personal employment based on their capabilities. GWW employs around 1,000 persons with physical or mental disabilities at 20 locations in Baden-Wuerttemberg. There they perform activities certified under ISO 9001:2008 despite their individual limitations.

ADDITIONAL INFORMATION



www.gww-netz.de/
index.php

KAISER+KRAFT Germany has worked together with GWW in Magstadt and Sindelfingen for eleven years and regularly offers employment to between four and ten employees with mental and physical disabilities. Their tasks include recording and processing catalogues that were returned due to address changes or undeliverability. The up to 10,000 catalogues that are returned per mailing are stored and then relabeled for catalogue requests and then sent out again. The successful cooperation with GWW is handled by a committed employee of the KAISER+KRAFT sales team.





Employees at the Gemeinnützige Werkstaetten prepare the dispatch of KAISER+KRAFT catalogue requests.

SUPPORT FOR LOCAL INITIATIVES

RESPONSIBILITY IS A TRADITION





Charitable involvement is a strong part of our US companies. National Business Furniture (NBF) and C&H support a broad range of charitable initiatives and institutions. Thus they are active in their local neighborhoods, support the work of church organizations through donations in kind, and assist with fundraising for organizations that work for better cancer prevention and treatment.

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FOCUS AREA: SOCIETY

VOLUNTARY INVOLVEMENT

SERVICE TO THE COMMUNITY

HUBERT®

In the "Individual Volunteer Time Program" (IVT), every employee at the TAKKT AMERICA subsidiary HUBERT is encouraged to devote one paid working day per year to a social project of his or her choice. "A volunteer who learns to serve the needs of others has a better feel for his customers, which ultimately also benefits the company", says President Bart Kohler. "Whether we rake leaves for the elderly, tutor students, or protect endangered bats, something meaningful can be done at any location". The voluntary helpers only need to show that the measure is supported by a government-recognized institution. This way, more than 1,300 working hours were invested in IVT activities in 2011. To coordinate other company-wide matters, a sevenmember "Volunteer Leadership Council" (VLC) is appointed every two years. The Council is comprised of volunteer employees and decides which monthly project will be supported company-wide and for which projects the donation budget will be used.

In addition, the Council records the expenditures and time spent on all social activities. Employees donated more than USD 80,000 for VLC projects in 2011. The four most important initiatives of the year were:

- A company-wide blood donation initiative
- Christmas support for socially disadvantaged families with donations of money and collected gifts
- Assistance with gardening and housework for the elderly or physically challenged people
- A major collection of donations for the American Cancer Society through participation in an 18-hour run to draw attention to the initiative

"Voluntary involvement allows people to grow personally - and this also benefits the employer", states Amy Bibee, Corporate Marketing Manager at HUBERT.

DONATIONS

WHERE DELAYS ARE WELL RECEIVED

KAISER+KRAFT
EVERYTHING FOR THE BUSINESS.



TAKKT EUROPE relies on performance incentives in its cooperative arrangements with suppliers. If a supplier delivers in accordance with mutually defined targets, it receives a bonus. If targets are missed, however, the supplier must pay a penalty. These funds do not, however, go to the TAKKT companies but are fully used for social purposes. This way, Topdeq and KAISER+KRAFT collected over EUR 200,000 in Germany alone from 2008 to 2011. These funds were used, among other things, to purchase six minibuses, each with a value of more than EUR 32,000. Topdeq used the payments to support the local branch of Lebenshilfe in 2010, and the Children and Youth Development Organization in its home town of Pfungstadt in 2011. KAISER+KRAFT is particularly committed to institutions for the disabled and special needs education, such as the Bodelschwingh School in Sindelfingen (2008), the Berger Special Needs School and the Gustav Werner School

in Stuttgart (2009/2010), and most recently the Gröningerweg School in Bietigheim (2011).



COO TAKKT EUROPE, Franz Vogel, gives the Children's and Youth Development Organization in Pfungstadt a new minibus on behalf of Tondeg.

CHAPTE

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SUSTAINABILITY AT TAKKT AG 2012

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03

FACTS & FIGURES



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SUSTAINABILITY AT TAKKT AG 2012

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CONTENTS:

FACTS & FIGURES



FACTS & FIGURES

In the chapter entitled "Facts & Figures" we explain our approach in preparing the 2012 Sustainability Report. Indicators relevant to the GRI and the Global Compact are summarized. Finally, we inform on current developments at TAKKT by providing selected figures.

PAGE: 49	ABOUT THIS REPORT
PAGE:	FACTS & FIGURES INTERNATIONAL SUCCESS
page: 51	FACTS & FIGURES STANDARDS & MEMBERSHIPS
PAGE: 52-54	FACTS & FIGURES GRI-G3 CONTENT INDEX
PAGE:	INDEPENDENT ASSURANCE REPORT
PAGE: 56	FACTS & FIGURES IMPRINT

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FACTS & FIGURES

ABOUT THIS REPORT

TAKKTAG

SUSTAINABILITY REPORT



X ABOUT THIS REPORT

 $\rightarrow \rightarrow \rightarrow$ With the 2012 TAKKT Sustainability Report, we seek to inform our employees, customers, business partners, investors, and the interested public about our efforts to assume entrepreneurial responsibility. The report shows the main entrepreneurial and economic challenges of our business activities. Based on this, we are for the first time introducing the TAKKT sustainability strategy:

SCORE

Based on the expectations of our stakeholders and the challenges of our business model, we have derived

STX

focus areas.

We bundle and control all activities within these focus areas to ensure sustainable, responsible action. We show how we substantively and structurally integrate sustainability into our organization as well as our solutions and measures taken to develop our sustainable performance.

 $\rightarrow \rightarrow \rightarrow$ 2010, we published our first Corporate Responsibility Report, detailing on our commitment to sustainability.

The reporting period encompassed the 2009 fiscal year. To enable comparisons between our performance and that of other companies, we are for the first time following the guidelines (G3) of the Global Reporting Initiative (GRI), which has become the international standard for transparent sustainability reporting, in this 2012 TAKKT Sustainability Report.

The reporting period encompasses the 2011 and 2010 fiscal and calendar years. The key financial figures used were taken from the TAKKT Group 2011 Annual Report. Unless otherwise stated, the Sustainability Report includes all the groups and subsidiaries of TAKKT AG. Even if not all CR measures had been implemented Group-wide at the time this report was prepared, this is an important goal, which we have prioritized.

 $\rightarrow \rightarrow \rightarrow$ The Report was reviewed in detail by the accounting firm of Ebner Stolz Mönning Bachem GmbH & Co. KG following the ISAE 3000

In addition, the Report was submitted to the GRI Reporting Service for review and received the GRI certification notation:

GRI LEVEL C+

The printed 2012 TAKKT Sustainability Report appears in the German and English languages. The editorial close was 30 March 2012.

The next Sustainability Report will appear in the spring of 2014. In 2013, a Progress Report will be published for purposes of the UN

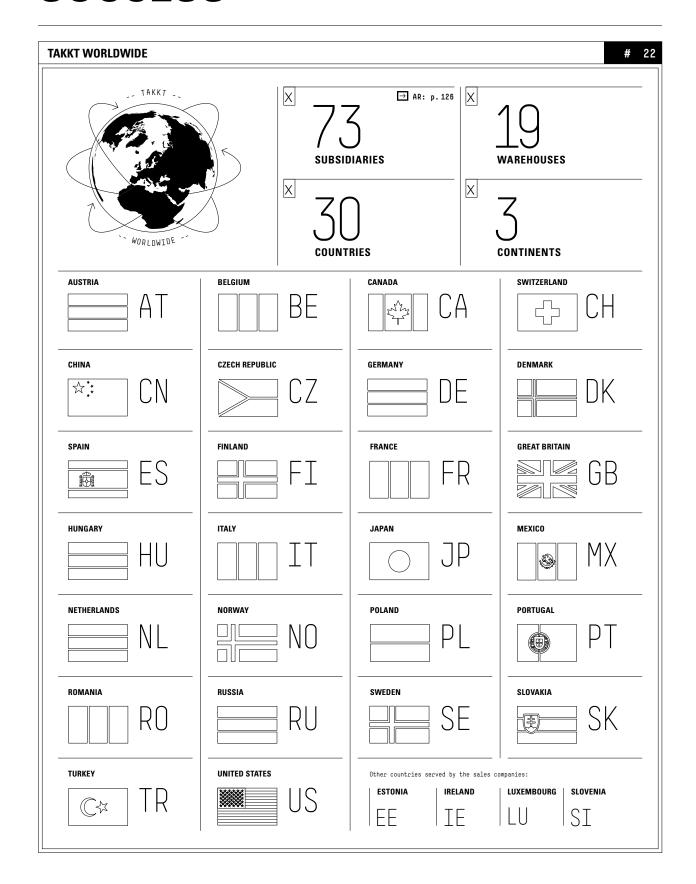
GLOBAL COMPACT

 $\rightarrow \rightarrow \rightarrow$ The 2012 TAKKT Sustainability Report contains statements that relate to the future development of the TAKKT Group and its subsidiaries. These statements constitute projections that we have made based on all the information available to us at the time of the Report. If the underlying assumptions are wrong or additional risks arise, actual results can differ from anticipated results. Therefore, we cannot guarantee this information.

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FACTS & FIGURES

INTERNATIONAL SUCCESS



2012 SUSTAINABILITY REPORT TAKKT AG ■ 51 ■

FACTS & FIGURES

STANDARDS & MEMBERSHIPS

GLOBAL COMPACT www.unglobalcompact.org

In early 2012, TAKKT acceded to the Global Compact. By founding the Global Compact in 2000, the General Secretary of the United Nations at the time, Kofi Annan, was reacting to the emerging negative consequences of globalization. He called on companies worldwide to make contributions so that globalization can benefit all men and international development can be organized so it is fairer in social, ecological, and economic terms. Thus far, some 8,700 companies worldwide have joined in this vision.

$\mathbf{GRI} \ \ \overrightarrow{\rightarrow} \ \ \mathsf{www.globalreporting.org}$

This Sustainability Report reflects the standards of the Global Reporting Initiative (GRI), which has become the benchmark for transparent sustainability reporting. GRI is a charitable multi-stakeholder foundation, which was founded in 1997 by CERES (Coalition for Environmentally Responsible Economies) and the UN Environmental Program and today has a worldwide network. The GRI guidelines and reporting framework define principles and indicators to measure economic, ecological and social performance. The Global Compact recommends that its members prepare their Sustainability Reports in accordance with the GRI criteria.

THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

NATUREFUND www.naturefund.de/en

Since early 2010, TAKKT has participated in so-called forest funds – in cooperation with the charitable environmental protection organization Naturefund. The purpose of the initiative is to preserve the climate and biodiversity by protecting existing forests worldwide and implementing reforesting projects. With the forest funds, Naturefund finances and provides long-term support to the establishment of small, local, and very effective forest protection and reforesting projects.

CARBON DISCLOSURE PROJECT → www.cdproject.net

To strengthen public awareness of the need for climate protection and demonstrate responsibility, TAKKT participates in the Carbon Disclosure Project. This international initiative surveys more than 3,000 companies in about 60 countries worldwide about their CO₂ emissions and water consumption and their strategies to reduce the greenhouse effect. This is to promote awareness and stimulate sustainable action on the part of investors, corporate managers, and politicians. In Germany, this project is supported by Bundesverband Investment und Asset Management e. V. (bvi) and the World Wide Fund for Nature (WWF), among others.

HUMAN RIGHTS Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2 make sure that they are not complicit in human rights abuses. **LABOUR** Principle 3 -- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; Principle 4 Principle 5 the effective abolition of child labour; and Principle 6 — the elimination of discrimination in respect of employment and occupation. **ENVIRONMENT** Principle 7 Businesses should support a precautionary approach to environmental challenges; Principle 8 undertake initiatives to promote greater environmental responsibility; and Principle 9 — encourage the development and diffusion of environmentally friendly technologies. **ANTI-CORRUPTION** Principle 10 — Businesses should work against corruption in all its forms, including extortion and bribery.

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FACTS & FIGURES

GRI-G3 CONTENT INDEX

NOTES TO THE GRI G3 CONTENT INDEX

GRI

[SR] = Sustainability Report

(AR) = Annual Report

(Global Reporting Initiative)

The 2012 TAKKT Sustainability Report is based on the guidelines and standards of the Global Reporting Initiative [GRI]. The following GRI G3 Content Index documents where within the 2012 TAKKT Sustainability Report information on the GRI requirements can be found. We also make reference to additional commentary and information on the indicators within the context of the 2011 TAKKT Annual Report. Starting in 2013, the GRI Index will also form the basis for the Progress Report [Communication on Progress, COP] within the framework of TAKKT's membership in the Global Compact Initiative. Appropriate references can be found in the left column of the GRI Index.

BAL IPACT	GRI-INDICATOR		CROSS-REFERENCE / EXPLANATION	REPORT
STRAT	EGY A	ND ANALYSIS		
1-10	1,1	Statement from the most senior decision-maker	→ SR 2012: p.04-07	
	1,2	Description of key impacts, risks, and opportunities	→ SR 2012: p.14-15	
0 R G A N	IIZATI	ONAL PROFILE		
	2,1	Name of the organization	→ SR 2012: p.08	
	2,2	Primary brands, products, and/or services	→ SR 2012: p.08	
	2,3	Operational structure	→ SR 2012: p.08	
	2,4	Location of organization's headquarter	→ SR 2012: p.08	
	2,5	Countries in operation	→ SR 2012: p.50	
	2,6	Nature of ownership and legal form	→ SR 2012: p.08	
	2,7	Markets served	→ SR 2012: p.08	
	2,8	Scale of the reporting organization	→ SR 2012: p.08	
	2,9	Significant changes during the reporting period regarding size, structure, or ownership	No significant changes during reporting period.	
	2,10	Awards received in the reporting period	No awards received during reporting period.	
REPO	RT PA	RAMETERS		
	3,1	Reporting period	→ SR 2012: p.49	
	3,2	Date of most recent previous report	→ SR 2012: p.49	
	3,3	Reporting cycle	→ SR 2012: p.49	
	3,4	Contact point for questions regarding the report or its contents	→ SR 2012: p.56	
	3,5	Process for defining report content	→ SR 2012: p.18-20, 49	
	3,6	Boundary of the report	→ SR 2012: p.49	
	3,7	State any specific limitations on scope or boundary	→ SR 2012: p.49	
	3,8	Joint ventures, subsidiaries, leased facilities and outsourced operations	→ AR 2011: p.126-128	
	3,10	Effects of any re-statements of information provided in earlier reports	→ SR 2012: p.49	
	3,11	Significant changes in the scope, boundary, or measurement methods	→ SR 2012: p.49	
	3,12	GRI Content Index	→ SR 2012: p. 52-53	

= partially reported

= fully reported

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FACTS & FIGURES

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MPACT	GRI-IN	DICATOR	→ CROSS-REFERENCE / EXPLANATION	REPORT
GOVER	NANCE	, COMMITMENTS, AND ENGAGEMENT	<u> </u>	
	4,1	Governance structure	→ SR 2012: p.13 / AR 2011: p.61-62	
	4,2	Indicate whether the Chair of the highest governance body is also an executive officer	German law requires that the tasks of the Chairman of the TAKKT Executive Board and the Chairman of the Supervisory Board be strictly separated.	
	4,3	Independent members of the Board	This indicator only refers to organizations that do not have a Supervisory Board; it is therefore not relevant to the TAKKT AG.	
	4,4	Mechanisms for shareholders and employees to provide recommendations to the Board	→ SR 2012: p.18-19, 41	
8, 6	4,8	Statements of mission or values, codes of conduct, and principles	→ SR 2012: p.01-02, 13	
	4,12	External charters, principles, or other initiatives	→ SR 2012: p.51	
8	4,13	Memberships in associations	→ SR 2012: p.51	
	4,14	List of stakeholder groups engaged by the organization	→ SR 2012: p.18-19	
	4,15	Basis for identification and selection of stakeholders with whom to engage	→ SR 2012: p.18-19	
	4,16	Approaches to stakeholder engagement	→ SR 2012: p.18-19	
	4,17	Key topics and concerns that have been raised by stakeholders	→ SR 2012: p.18-19	
ECONO	MIC P	PERFORMANCE INDICATOR		
	EC1	Direct economic value generated and distributed	⇒ SR 2012: p.12 / no significant amount for donations and other community investments (<0,1% of net value added)	
	EC3	Coverage of the organization's defined benefit plan obligations	→ AR 2011: p.107	
	EC7	Local hiring	→ SR 2012: p.41	
ENVIR	RONMEN	NTAL PERFORMANCE INDICATOR	· -	
	EN3	Direct energy consumption by primary energy source	⇒ SR 2012: p.36.2 / reported for German and US locations	
8	EN4	Indirect energy consumption by primary source	→ SR 2012: p.36.2 / reported for German and US locations	
7, 9	EN6	Initiatives to provide energy-efficient or renewable energy	→ SR 2012: p.33, 35, 37-39	
8	EN16	Total direct and indirect greenhouse gas emissions	→ SR 2012: p.36.2 / reported for German and US locations	
	EN28	Sanctions for non-compliance with environmental laws and regulations	→ SR 2012: p.36.2	
7	EN29	Environmental impacts of transport	→ SR 2012: p.34 / carbon efficiency of business model → SR 2012: p.39 / carbon emissions of one German company	
SOCIA	L PER	FORMANCE INDICATOR: LABOUR PRACTICES AND	DECENT WORK	
5	LA1	Total workforce by employment type, employment contract, and region	→ SR 2012: p.40, 40.2	
	LA2	Total number of employee departures (fluctuation, retirement)	→ SR 2012: p. 40.2	
	LA10	Employee training	⇒ SR 2012: p.40 / external training expenditures reported only	
	LA13	Composition of Employees and Management	→ SR 2012: p. 40.2	
SOCIA	L PER	FORMANCE INDICATOR: HUMAN RIGHTS	<u> </u>	
6	HR4	Incidents of discrimination and actions taken	→ SR 2012: p.41	
5	HR6	Child labour	→ SR 2012: p. 25	
		FORMANCE INDICATOR: SOCIETY		
10	S02	Corruption risks	→ SR 2012: p.13, 26	
10	S04	Actions taken in response to incidents of corruption	No corruption incidents identified in TAKKT organization	
	S08	Sanctions for non-compliance with laws and regulations	in 2010 or 2011 There were no significant (>1,000 euros) fines or	
		r	sanctions for non-compliance with laws and regulations in 2010 or 2011 within the TAKKT organization	
CIAL F	PERFOR	RMANCE INDICATOR: PRODUCT RESPONSIBILITY		
3-7	PR1	Health and safety impacts of products and services	→ SR 2012: p.25-26	
	PR5	Customer satisfaction	→ SR 2012: p.18-19, 26-28	
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	→ SR 2012: p.13, 26, 31	
	PR9	Sanctions for non-compliance with laws and regulations concerning the provision and use of products and services	⇒ SR 2012: p. 24.2 / In 2011: zero (0) incidents; in 2010: one (1) incident at Topdeq Service 6mbH due to incorrect registration of certain electrical products with a local authority (fine: 2800 euros); the fine was paid and passed through to affected non-compliant product vendors; review of internal process with defined action plan.	

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Statement GRI Application Level Check

GRI hereby states that TAKKT AG has presented its report "WELL CN OUR WAY. 2012 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C+.

GRI Application Levels communicate the extent to which the content of the GB Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI GB Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, April 16th, 2012



Nelmara Arbex
Deputy Unief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because TAKKT AG has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network based organization that has proneered the development of the world's most midely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance, www.alabalineporting.org

Disclaimen Where the relevant sustainability reporting includes external links, including to audiovisual material, tals statement analycanceurs material submitted to 681 at the time of the Check on April 13th, 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

ADDITIONAL INFORMATION



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FACTS & FIGURES

INDEPENDENT ASSURANCE REPORT

To the readers of the 2012 Sustainability Report of TAKKT AG, Stuttgart

Stuttgart, 18 April 2012

We have been engaged by the Management Board of TAKKT AG to provide limited assurance on the 2012 Sustainability Report "WELL ON OUR WAY" of the TAKKT Group ("Sustainability Report"). The Sustainability Report includes the period from 01 January 2010 until 31 December 2011. The Sustainability Report was prepared in accordance with the criteria materiality, stakeholder inclusiveness, sustainability context, completeness, balance, comparability, accuracy, timeliness, clarity and reliability of the Sustainability Reporting Guidelines of the Global Reporting Initiative Vol. G3 (pages 7-18). It is the responsibility of the Management Board of TAKKT AG to prepare the Sustainability Report 2012 in accordance with these criteria. Our task is to provide an assurance report with limited assurance on the Sustainability Report based upon our procedures performed.

We have planned and conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000): Assurance Engagements other than Audits or reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board, in such a professional manner that we can preclude, that the Sustainability Report has not been prepared in all material aspects in accordance with the criteria of the Sustainability Reporting Guidelines of the Global Reporting Initiative Vol. G3 (pages 7-18). Procedures performed to obtain limited assurance are limited primarily to interviewing of personnel responsible and performing analytical procedures and thus do not provide the assurance that would be obtained on an audit of financial statements.

Our procedures include the following:

- Inspection of the relevant documentation, including documentation of Group principles and management and reporting structures, as well as inspection and sample testing of existing documents, and systems for compiling, analyzing and aggregating sustainability data
- Discussions with the team entrusted with compiling the reporting on sustainable corporate management
- Discussions with employees of other Group divisions

The procedures performed did not make us aware of any facts which would lead us to assume that the Sustainability Report was not prepared in all material respects in accordance with the criteria of the Sustainability Reporting Guidelines of the Global Reporting Initiative Vol. G3 (pages 7-18).

Ebner Stolz Mönning Bachem GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

BERNHARD STEFFAN

IIWF HARR

German Public Auditor

German Public Auditor

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FACTS & FIGURES

IMPRINT

ADDITIONAL INFORMATION

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DESIGN, EDITORIAL & REALIZATION

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PHOTO CREDITS

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PRINTING

druckpartner Druck- und Medienhaus GmbH, Essen

VERSIONS

The Sustainability Report has been published in the German and English languages. In doubtful cases, the content of the German version is decisive.

NOTE

For us at TAKKT, sustainability is an integral part or our daily activities. Therefore, this report was not only printed on paper certified with the Blue Angel, but bound with recycled cardboard, which came from recycled packaging at BEG central warehouse in Kamp-Lintfort, Germany.

CERTIFICATIONS









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SELECTED KEY FIGURES





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KEY FIGURE		→ CROSS-REFERENCE	2011	2010	TREND
Intuonet	(EUR million)	→ SR 2012: p.08	852.2	801.6	<u> </u>
Energy Consumption of TAKKT Sites in DE/USA	(gigajoule)	→ SR 2012: p. 36.2	114,921_	122,129	
CO ₂ Emissions at TAKKT Sites in DE/USA	(g / megajoule)	→ SR 2012: p. 36.2	114.3	112.4	×
TAKKT Warehousing Space	(m²)	→ SR 2012: p.32.2	213,514	213,514	
Printed Advertising Pages	(billion)	→ SR 2012: p.28.2	15.6	17.1	↓
Relative Paper Consumption	turnover)	→ SR 2012: p.28.2	34.9	37.7	
Proportion FSC-/PEFC-Paper	[% / paper]	→ SR 2012: p.28.2	57.0	44.8	
Proportion of E-Commerce Turnover	[% / turnover]	→ SR 2012: p.28.2	21.3	19.4	<u> </u>
Orders Processed by TAKKT	(thousand)	→ SR 2012: p. 32.2	1,779.6	1,746.3	
Quality Complaints	[% / orders]	→ SR 2012: p.24.2	0.61	0.63	×
Sustainable Products	(% / turnover)	→ SR 2012: p.24.2	1.7	1.6	<u> </u>
Employees	(full-time basis)	→ SR 2012: p.40.2	1,869	1,807	×
Staff Departure Quota [Including Retirement]	(% / head counts)	→ SR 2012: p.40.2	9.7	12.3	
Expenses for Training	(EUR thousand)	→ SR 2012: p.40	634	537	

LEGEND:

(SR) = Sustainability Report	↑ = increases	↓ = decreases	X = stagnates

