

GRAFEN LEAVE THEIR FOOTPRINT!

ZEPPELIN SUSTAINABILITY REPORT 2020
UN GLOBAL COMPACT COMMUNICATION ON PROGRESS 2020

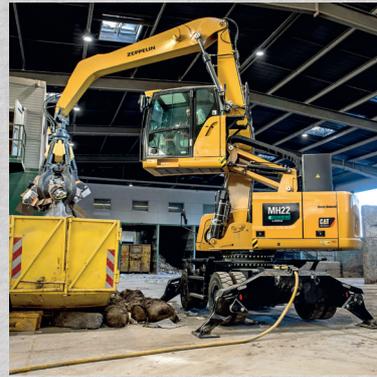


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1 STATEMENT BY THE MANAGEMENT BOARD¹

Dear customers, partners, employees, and readers,²

We can look back on an extraordinary year, one that has presented Zeppelin with major challenges. The global COVID-19 pandemic has not only impacted healthcare, but has also triggered a fundamental change in politics, society and the economy.

All of our strategic business units (SBUs) were affected by the COVID-19 pandemic, although the impact was felt to varying degrees across the business areas. For the crisis management team, the top priorities were and are to safeguard all the normal services for our customers, the health of our employees, the well-being of the company, and jobs.

For these reasons, sustainable action is an essential part of our crisis management activity. Sustainability is a given for Zeppelin as a foundation-owned company because it aligns with our deepest convictions and is a basic prerequisite for safeguarding our economic success in the long term, as well as growing our competitiveness. Our CSR policies ensure that we take corporate social responsibility seriously and make an authentic contribution to effective climate and environmental protection.³

The pandemic has not only put a strong focus on health and safety, it has also made us more mindful of approach to our environment and our corporate and social life. The COVID-19 crisis may even be regarded as an accelerator for more sustainability. At Zeppelin, for example, we have strongly pushed ahead with the digital transformation, made our working methods more flexible, and consistently dedicated ourselves to the goal of being carbon neutral in ongoing business operations by 2030.

We see the crisis as an opportunity and will use the knowledge we have gained as a basis for further developing and orienting our business. Our successful crisis management is reflected, among other things, in our positive operating result across all SBUs: This success proves that the Zeppelin Group is holding its own in a difficult market environment and is a reliable force for customers and business partners alike.

In the summer of 2020, the Zeppelin Group conducted an extensive stakeholder survey on the topic of “Sustainability and Crisis Management at Zeppelin”, inviting all employees and selected external business partners to participate. The results show that crisis management was rated as good in terms of the measures taken, response times and communication. The more detailed results of the stakeholder survey are presented in Chapter 4.

Zeppelin has been a voluntary member of the UN Global Compact since 2016, underlining our commitment to human rights, labor standards, environmental protection and climate protection. We are actively committed to implementing and promoting the ten principles of the UN Global Compact.⁴ All Zeppelin managers and employees strongly believe that the three pillars of sustainability, i.e. economic, environmental and social aspects, must be given equal priority in order to ensure sustainable development and future business success.⁵

This report on sustainability at Zeppelin, which we will also present as our UN Global Compact Communication on Progress (COP) for 2020, offers detailed information on our sustainability strategy and developments since our previous report. The focus here is on the progress we have made in achieving the goals we defined in the material action areas.

In 2020, the Zeppelin Group celebrated its 70th anniversary. Two of our defining features are a sense of tradition and an innovative spirit, in equal measure. Our goal, as before, is to combine financial success with responsible action, and to emerge stronger from the COVID-19 crisis. To achieve this end, we are also building on our effective CSR management, which is embedded in our corporate strategy and corporate culture.

On behalf of the Group Management Board



Peter Gerstmann
Chairman of the Management Board



Christian Dummler
Managing Director/CFO

¹ GRI 102-14

² For the sake of readability, we avoid the combined use of male and female pronouns. All personal pronouns should be understood as gender-neutral.

³ The term “CSR” means “corporate social responsibility” and stands for the adoption of our social responsibility as a corporate entity. At Zeppelin, the terms CSR and sustainability are used interchangeably.

⁴ The paragraph below is compliant with the requirements of a Communication on Progress (COP) for the year 2020 and reflects the Management Board’s ongoing support of the [UN Global Compact](#).

⁵ GRI 102-16

2 PRESENTATION OF THE ZEPPELIN GROUP

The Group Management Board and the Supervisory Board

The Group Management Board⁶ of Zeppelin GmbH⁷ consists of four managing directors, three of whom are male and one female. On 1 January 2020, a new schedule of responsibilities came into effect, defining the responsibilities of the various business sectors and strategic business units (SBUs) within the Group Management Board.⁸

Peter Gerstmann has been Chairman of the Management Board since 2010 and is responsible for Group Development, Strategic Management Center (SMC) IT and Innovation, Auditing and Corporate Communications as well as the Plant Engineering and Construction Equipment Eurasia SBU. Michael Heidemann has been Deputy Chairman of the Management Board since 2010 and is responsible for Sales, Market-

ing, Service and the Construction Equipment Central Europe, Construction Equipment Nordics and Rental strategic business units. The CFO's responsibilities include the areas of finance, controlling, real estate management and legal. Christian Dummler has fulfilled this role since 2011. With effect from 1 January 2020, a separate CSR department was created under the leadership of Christian Dummler with responsibility for the coordination, management and further development of sustainability. Diversity was also newly established as an area of responsibility within the Group Management Board on 1 January 2020. This is headed by Alexandra Mebus, who is already responsible for Compliance and Data Protection, HR and HR Development.⁹



⁶ GRI 102-18, GRI 102-22

⁷ GRI 102-1

⁸ GRI 102-10

⁹ GRI 102-10

GROUP MANAGEMENT BOARD



PETER GERSTMANN

MICHAEL HEIDEMANN

CHRISTIAN DUMMLER

ALEXANDRA MEBUS

Zeppelin GmbH Management Board

PETER GERSTMANN

Chairman of the Management Board

- ▶ Group Development, Strategic Management Center IT & Innovation, Auditing and Communication
- ▶ Strategic Business Units Plant Engineering and Construction Equipment Eurasia
- ▶ Member of the Management Board since 2007 and Chair since 2010

CHRISTIAN DUMMLER

Managing Director/CFO

- ▶ CSR, Finance, Controlling, Real Estate Management, Legal
- ▶ Strategic Business Unit: Power Systems
- ▶ Member of the Management Board since 2011

MICHAEL HEIDEMANN

Vice Chairman of the Management Board

- ▶ Distribution, Marketing, and Service
- ▶ Strategic Business Units Construction Equipment Central Europe, Construction Equipment Nordics, Rental
- ▶ Member of the Management Board since 2000 and Vice Chair of the Management Board since 2010

ALEXANDRA MEBUS

Managing Director/Labor Director

- ▶ Compliance and Data Protection, Diversity, HR and HR development
- ▶ Member of the Management Board since 2018

In accordance with German law¹⁰, the Management Board is subject to oversight by a parity-based Supervisory Board consisting of shareholders and employee representatives.¹¹ The individual members of the Supervisory Board and the disclosure of their other significant positions and obligations are listed in the respective Annual Report and can be consulted on the Zeppelin Group's website; changes during the year will also be announced there.¹²

In the 2020 fiscal year, the Group Supervisory Board consisted of nine male and three female members.¹⁴ Since June 2009, the Chairman has been Andreas Brand, who is also Mayor of the City of Friedrichshafen.¹⁴ The Supervisory Board submits its own report for each financial year ended, which is integrated into the corresponding Annual Report of the company and is published on the Zeppelin Group's [website](#).¹⁵



zeppelin.com

¹⁰ Section 7 Co-Determination Act

¹¹ based on GRI 102-24

¹² Based on GRI 102-22

¹³ GRI 405-1-a-i, Annual Report 2020: p. 15, GRI 405-1-a-ii: In 2020, the age distribution of the Supervisory Board members was as follows: 0 percent under 30 years old, 16 percent between 30 and 50 years old, 84 percent over 50 years old.

¹⁴ GRI 102-23, Annual Report 2020: p. 16, 2019: p. 17, 2018: p. 12-13.

¹⁵ GRI 102-18, GRI 102-26, Annual Report 2020: p. 16 – 19, 2019: p. 17-18, 2018: p. 14-17.

Strategic Business Units & Strategic Management Center²⁴



Construction Equipment Central Europe

Distribution & service of construction machines



Construction Equipment Nordics

Distribution & service of construction machines



Construction Equipment Eurasia

Distribution & service of construction & agricultural machines



Rental

Rental and project solutions for construction and industry



Power Systems

Drive, propulsion, traction and energy systems



Plant Engineering

Engineering and plant engineering

Zeppelin Digit

Strategic Management Center (SMC) for IT, Innovation and Digitization

Company profile

The Zeppelin Group offers solutions in the areas of the construction industry, drive, propulsion, traction and energy systems as well as engineering and plant engineering.¹⁶ With sales of 3.3 billion euros and earnings before taxes of 124.6 million euros in the 2020 fiscal year, the company managed to post an outstanding business performance despite the COVID-19 pandemic.¹⁷

Details on the business performance of the Group can be found in the 2020 Annual Report.¹⁸ The annual average workforce of around 10,000 employees (FTE)¹⁹ contributed to the success in 2020. A detailed list of the key manpower figures can be found in Chapter 5 of this report.

The Group is operationally and strategically managed in six strategic business units (SBUs). This organizational structure ensures its ability

to focus on individual markets, customer groups, and product segments while managing activities across multiple countries and companies. Specifically, these are the Construction Equipment Central Europe,²⁰ Construction Equipment Eurasia,^{20a} Construction Equipment Nordics,²¹ Rental, Power Systems and Plant Engineering SBUs. The structure supports the bundling of operations and the targeted orientation of the business models towards various markets and customers. The Group's management holding company is Zeppelin GmbH.²² The Strategic Management Center (SMC) bundles all resources from the IT and digitization divisions and supports the individual SBUs in a cross-functional manner. In terms of organization, it is integrated into Zeppelin GmbH as a holding company. The company is legally domiciled in Friedrichshafen, with its headquarters located in Garching near Munich.²³

¹⁶ GRI 102-7, GRI 102-2

¹⁷ GRI 102-7, GRI 201-1

¹⁸ Annual Report 2020 from page 80

¹⁹ FTE = Full-time equivalent, GRI 102-7: Annual Report 2020, p. 74.

²⁰ Operations in Austria, the Czech Republic, Germany, Poland and Slovak Republic

^{20a} Zeppelin's business activities in Armenia, Belarus, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

²¹ Distribution and service of Caterpillar products in Sweden, Denmark and Greenland, as well as distribution and service of MaK brand engines in the Baltic States (Estonia, Latvia and Lithuania), Finland, Iceland and the Faroe Islands.

²² GRI 102-1

²³ GRI 102-3

²⁴ GRI 102-2: No products or services are offered that are the subject of public debate or have been challenged by stakeholders.

Zeppelin is a distribution partner of Caterpillar Inc., Peoria (IL/USA) in Germany and in various countries in northern, central and eastern Europe as well as central Asia.²⁵ The business activities of the Construction Equipment Central Europe, Eurasia and Nordics SBUs comprise the distribution and service of Caterpillar construction machines, mining equipment, components, and agricultural and forestry machines of the AGCO/Fendt and Ponsse brands in some regions.

The Construction Equipment Central Europe, Nordics and Eurasia SBUs provide customers with high-performance equipment for earthmoving, excavation, demolition, recycling and road construction, as well as offering gardening and landscaping, agricultural, and industrial machinery. Special machines for surface and underground mining, as well as heavy and special equipment for mines, quarries, the oil and gas industry as well as fleet management and machine control systems complete the product range. The general overhaul of used construction equipment also presents a cost-effective and resource-conserving alternative to buying new. In this respect, particular emphasis was placed on all-round care for customers in the construction sector and the building materials industry. They are offered integrated solutions from seismic subsurface analysis to all-inclusive solutions.²⁶

Zeppelin's Power Systems SBU is a leading provider of drive systems, propulsion, traction, and energy solutions for industrial and marine applications, rail vehicles, the oil and gas industry, and power generation. The portfolio includes Caterpillar engines from the Cat and MaK brands, worldwide service and digital solutions. In addition to drive system solutions based on diesel, gas and dual-fuel engines, Zeppelin also offers generator sets for power generation, combined heat and power plants, ship propellers, complete drive systems and complementary systems. These are used in industry, agriculture, seagoing and inland waterway vessels, in rail transport, and in petroleum and natural gas production. Digital products for all segments as well as system components and complete solutions for treating ballast water complete the portfolio.

With customized solutions in the areas of machine and equipment rental, temporary infrastructure and construction logistics, the Rental SBU ensures the safe and efficient execution of projects in construction, industry, manual trades and events. With a rental fleet of more

than 75,000 machines and devices from the global market leader Caterpillar and other renowned manufacturers, maximum availability, quality and range are guaranteed. Temporary infrastructure provides needs-based concepts in site and traffic guidance, electrical construction site facilities and energy supply as well as customized modular room solutions: Planning, installation and ongoing support from a one-stop shop. Through higher-level planning and coordination of all secondary processes on the construction site, construction logistics ensures the framework conditions for smooth processes as well as adherence to deadlines and budgets.

Zeppelin's Plant Engineering SBU specializes in constructing systems for the handling of high-quality bulk materials. From system planning to implementation, Plant Engineering supports its customers, providing all services from a single source. Innovative process concepts are just as important as smart automation solutions and comprehensive service that covers the entire lifecycle of a system. Each Zeppelin system meets the individual requirements of its customers, coming from industries such as plastics, chemicals, rubber and tires, as well as foodstuffs. In addition, new customer groups are being opened up in the area of tire recycling and battery mass production. With the world's largest Association of Technical Centers for Bulk Materials, Zeppelin allows its customers to review and optimize system design on an industrial scale. Zeppelin also develops and manufactures its own components for plants' key functions, and these are used in third-party systems too.

The Zeppelin Digit Strategic Management Center (SMC) supports all strategic business units in a cross-functional manner, bringing together expertise in the Zeppelin Group from the areas of IT, data, infrastructure, security and compliance, and digital product development. With Zeppelin Digit, the Group is putting in place a consistent IT landscape based on an infrastructure that is standardized across all disciplines. It facilitates collaboration across all SBUs and departments on an interdisciplinary, transparent, and open basis.²⁷

²⁵ GRI 102-2-b, GRI 102-6

²⁶ GRI 102-6

²⁷The previous Z Lab strategic business unit was transferred to Zeppelin Digit on January 1, 2020. Within the Zeppelin Digit Strategic Management Center, Zeppelin Lab GmbH acts as an open innovation and start-up center, bringing to market innovative solutions (ventures) that contribute to productive, sustainable and secure development in the areas of construction, logistics and infrastructure.

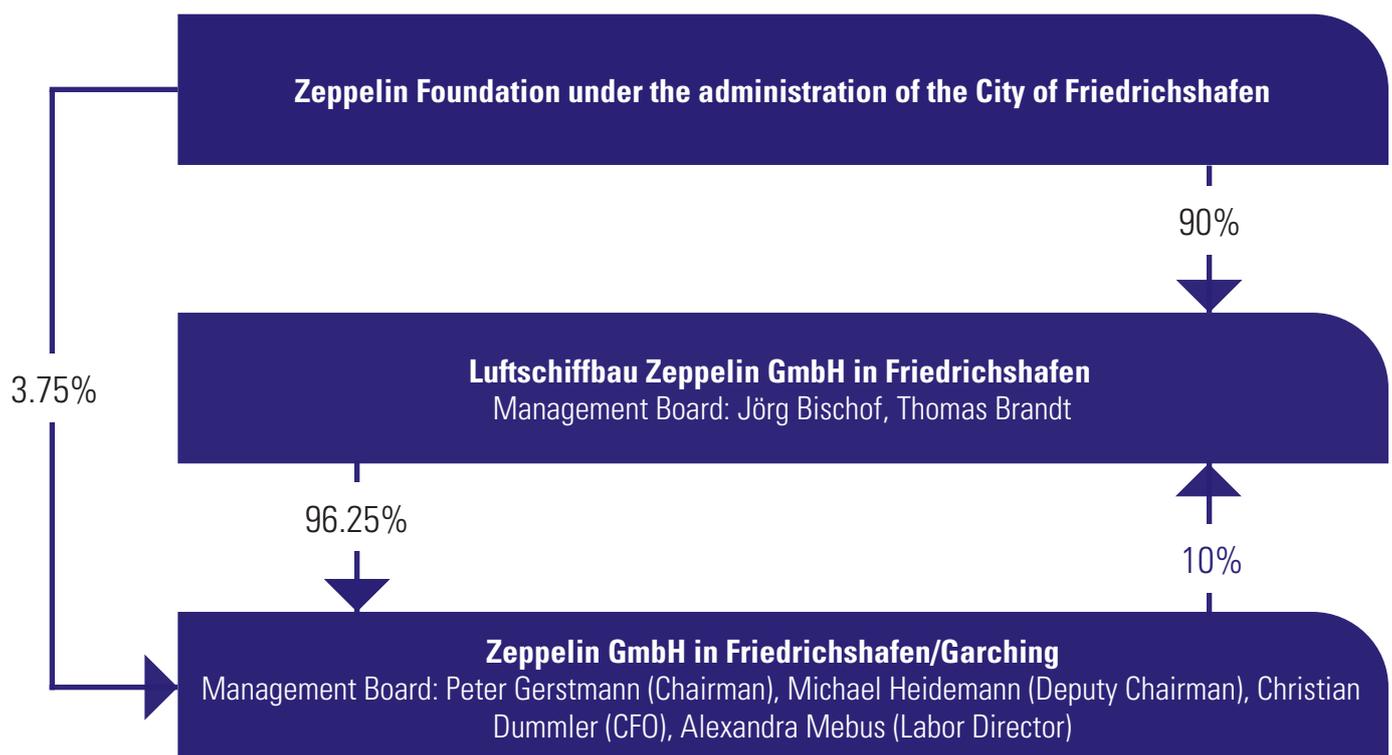
WE CREATE SOLUTIONS

Sales	EUR 3.3 billion
Net Group income	EUR 124.6 million
Sites	over 220 worldwide
Employees (FTE)	10,170
Equity ratio ²⁸	32.1%

The Zeppelin Group's key economic indicators for 2020

A comprehensive description of financial performance is available in the most recent Annual Reports in the Publications section of [Zeppelin's website](#). In addition, the extensive range of products and services for the individual SBUs can also be viewed on the website.³⁰

The roots of the Zeppelin Group can be traced back to the establishment of the Zeppelin Foundation by Ferdinand Graf von Zeppelin in 1908. The Zeppelin Foundation still owns a direct stake in Zeppelin GmbH, as well as an indirect stake as sole shareholder via Luftschiffbau Zeppelin GmbH.³¹



Corporate structure of the Zeppelin Foundation/Zeppelin Luftschiffbau GmbH/Zeppelin GmbH

²⁸ GRI 102-7: The exact capital structure of the Zeppelin Group can be found in the 2020 Annual Report on page 91.

²⁹ GRI 201-1

³⁰ GRI 102-7

³¹ GRI 102-5, GRI 102-7

Around 10,000 employees at over 220 locations will help customers strengthen their competitiveness in the 2020 fiscal year with an extensive portfolio of services.³² The overview below shows the countries and regions in which Zeppelin operates.³³



Worldwide overview of the countries in which Zeppelin operates (as of December 31, 2020)³⁴

Construction Equipment

Armenia, Austria, Belarus, Czech Republic, Denmark, Germany, Faroe Islands, Greenland, Poland*, Russia (certain regions), Slovak Republic, Sweden, Tajikistan, Turkmenistan, Ukraine and Uzbekistan

Rental

Austria, Czech Republic, Denmark, Germany, Slovak Republic and Sweden

Power Systems

Armenia, Austria, Azerbaijan**, Belarus, Bulgaria**, Cyprus, Czech Republic, Denmark, Estonia**, Faroe Islands**, Finland**, Georgia**, Germany, Greenland**, Hungary**, Iceland**, Kazakhstan**, Kyrgyzstan**, Latvia**, Lithuania**, Moldova**, Mongolia**, Poland**, Romania**, Russia**, Slovak Republic, Sweden, Switzerland**, Tajikistan, Turkmenistan, Ukraine and Uzbekistan

Plant Engineering

Belgium, Brazil, China, France, Germany, India, Italy, Russia, Saudi Arabia, Singapore, South Korea, UK and the USA

* Only Hyster forklifts / Manitou conveyor systems / Grove Automotive

** Distribution and service territories only for MaK engines

*** Distribution and service territories for MaK engines; for Cat engines only in central, northwestern and southern Russia

³² GRI 102-18, GRI 102-26, Annual Report 2020: p. 20-21, 2019: p. 17-18, 2018: p. 14-17

³³ GRI 102-6, GRI 102-4, In the individual countries, the organization takes the form of subsidiary companies which are presented in the appendix.

³⁴ GRI 102-4

Corporate values³⁵

Our mission, “We Create Solutions”, demonstrates that the Zeppelin Group’s aim at all times is to offer its customers a sustainable solution to increase customer satisfaction and maintain economic success (see the diagram below).

WE

That means each individual, and Zeppelin employees as a whole are responsible for implementing our mission statement. We act across departments and countries in the interests of our customers.

CREATE

We plan, organize, shape, repair, calculate, analyze, manufacture, process, and advise. We provide tailored, integrated, and reliable products and services for every customer.

SOLUTIONS

We find sustainable solutions for our customers, and thereby increase customer satisfaction and our own success.

The corporate culture of the Zeppelin Group is shaped by our identity as a foundation-owned company and its history. The establishment of Luftschiffbau Zeppelin GmbH and the Zeppelin Foundation in 1908 paved the way for today’s Zeppelin Group. 2020 was also the 70th anniversary year of the Zeppelin Group in its current form. This year has shown in a special way how Zeppelin employees put these values into practice, while also preserving the tradition represented by Graf von Zeppelin into the present, and carrying it forward into the future. That Zeppelin system of values is underpinned by the integrity and excellence of our employees.

INTEGRITY

As ambassadors for our culture, our employees epitomize values such as fairness, respect, and transparency when it comes to compliance, and put those values into practice in their day-to-day work.

EXCELLENCE

As reliable, dynamic partners, our employees recognize the needs of our customers and use their wide-ranging knowledge of our products and services to deliver outstanding solutions.

Foundation of our corporate values

³⁵ GRI 102-16



Grafen leave their footprint



Grafen attract Grafen



Grafen move your heart



Grafen stay on course



Grafen get others on board



Grafen receive support



Grafen overcome boundaries



Grafen tip their hats



Grafen fail successfully



Grafen make you think

**At the heart of our value system:
The Ten "Grafensätze"³⁶**

Our Grafensätze are the principles we follow in dealing responsibly with our colleagues, customers, service providers and partners, and they are a benchmark in the day-to-day activities of all Zeppelin employees.³⁷

³⁶ A detailed description of the "Grafensätze" is available on the [Zeppelin website](#) in the Corporate Vision section.

³⁷ see footnote 35.

Corporate Strategy & Organization

Two key factors that have enabled Zeppelin to overcome the COVID-19 crisis to date are the corporate strategy and the system of values developed from the lessons learned from the 2008/2009 financial crisis. The goals of the **GPS strategy** are continuous growth (**G**rowth), outstanding performance (**P**erformance) and sustainable stability (**S**tability). Sustainability is an aspect that is firmly anchored in our corporate strategy.

Growth

is aimed at the continuous growth of the Group. Based on established business models and new, forward-looking business areas, the company's range of services is constantly being expanded in order to ensure its competitiveness.

Performance

stands for the outstanding achievements of Zeppelin employees. They recognize their customers' needs, use their skills in a targeted way, and offer perfectly tailored, efficient solutions.

Stability

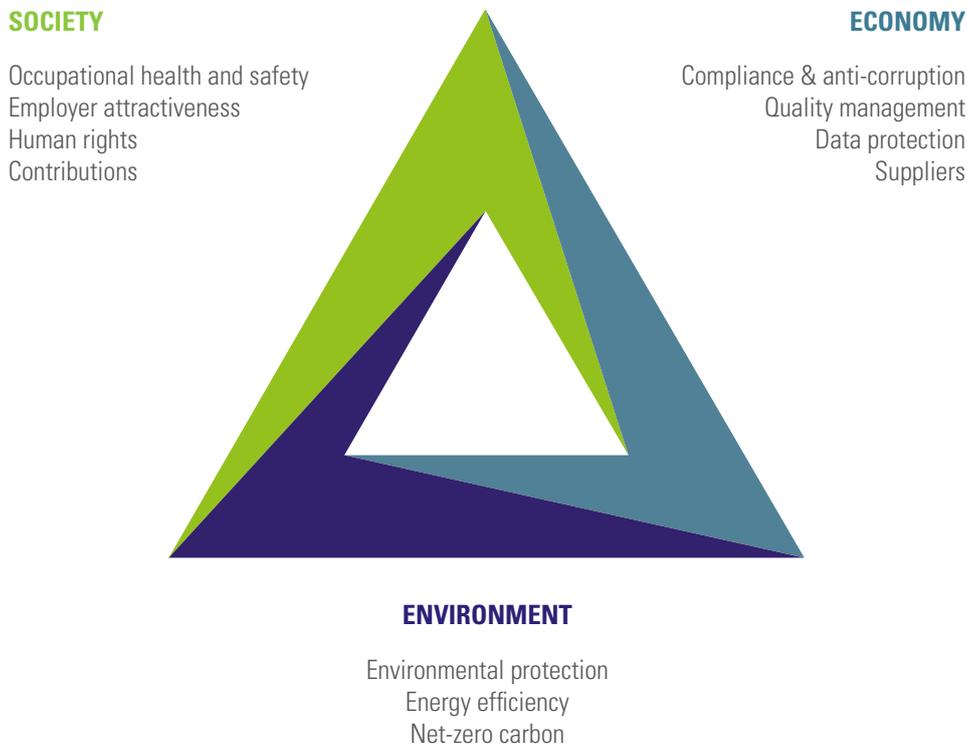
aims to ensure the long-term stability of the Group. Weighing up opportunities and risks during decision-making processes creates an environment that offers long-term stability, thereby ensuring the company's future competitiveness. Sustainable corporate governance ensures that environmental, financial and social aspects are viewed with equal priority, ensuring that sustainability management is lived and breathed in the organization.



GPS strategy of Zeppelin GmbH

3 SUSTAINABILITY AT ZEPPELIN

As a foundation-owned company, Zeppelin is committed to the infinity principle and assumes responsibility in the areas of the economy, environment and society. Zeppelin strives to use resources without leaving lasting damage, in order to preserve them for future generations, and aims to ensure that its ongoing business operations are carbon neutral by 2030.³⁸



The chart above shows which individual sustainability topics play an important role at Zeppelin. This chapter presents the management approach, our progress since the last report, and the key results of the CSR stakeholder survey conducted in summer 2020. The three areas of the economy, society and environment are then explained in detail, and the material action areas are presented.³⁹

Management approach

Sustainable corporate governance is a prerequisite for Zeppelin to make an authentic long-term contribution to the environment and to society as a sustainable and economically successful company, based on the strength of our corporate culture. The Group's Sustainability Policy defines how we understand sustainability at Zeppelin, our respon-

sibility, and our orientation in the action areas defined as being of key importance.⁴⁰ The Group Management Board and the Chairman have overall responsibility for sustainability.⁴¹

³⁸ Further information on the targets and measures already defined to ensure carbon neutrality in ongoing business operations by 2030 can be found in Chapter 6.

³⁹ GRI 102-46 in conjunction with the content presented in this chapter.

⁴⁰ The Group Guideline on Sustainability was adopted by the Group Management Board in August 2019. It is available to all employees via the intranet. At Zeppelin, the terms sustainability and CSR are used interchangeably. It is understood to mean a holistic consideration of the environmental, economic and social aspects within the company, taking into account developments in society and in the political arena.

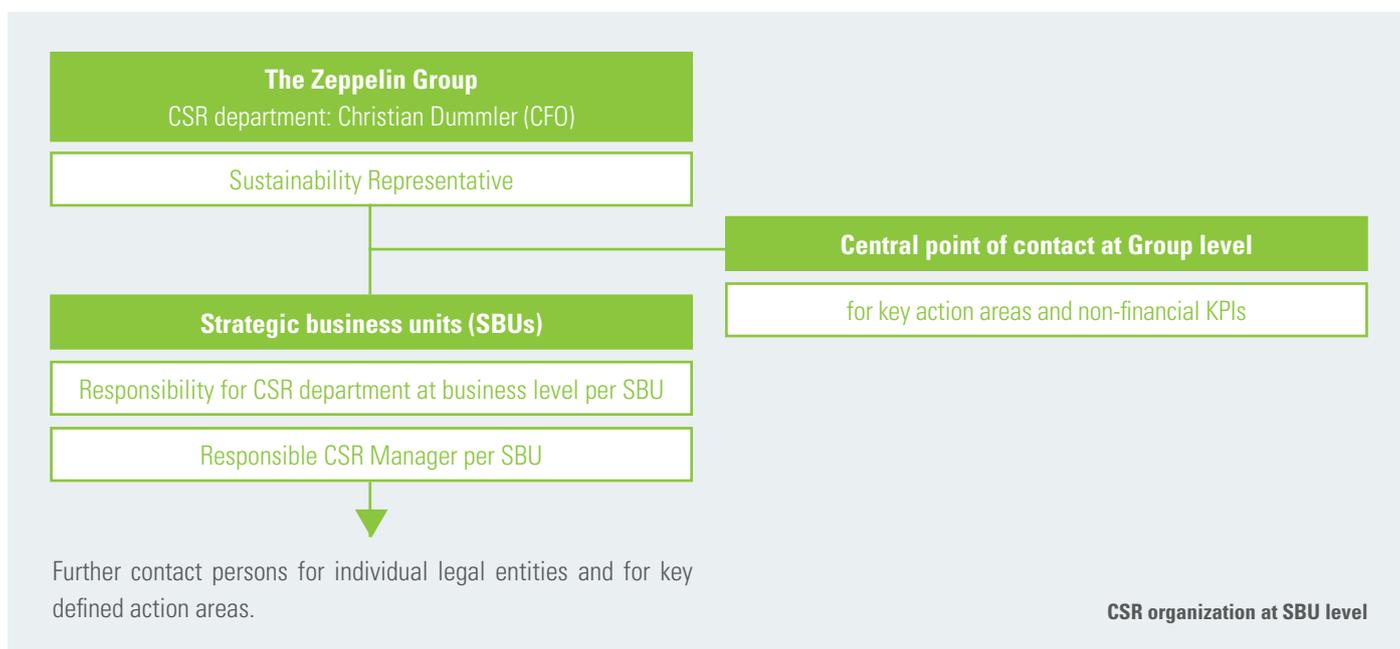
⁴¹ GRI 102-20-a

Sustainability organization

On January 1, 2020, a separate CSR department was created by the Group Management Board, under the responsibility of CFO Christian Dummler. The CSR department's objectives include the further integration of sustainability into the corporate strategy and development, as well as the consolidation of sustainability goals at SBU and company levels.

In addition, in 2020 the departmental responsibility for CSR was defined at the management level within each SBU, and responsible CSR managers were appointed at the working level, who regularly report to the Sustainability Representative on the progress of sustainability management within their SBUs.

The Sustainability Representative⁴², who reports directly to and is appointed by the Group Management Board, coordinates stakeholder management, manages the further development and expansion of CSR topics throughout the Group, drives forward the further development of the sustainability strategy within the individual SBUs, and supports the implementation of the requirements from the Group Calls for Strategy, is responsible for sustainability communication and prepares the sustainability and/or progress reports.⁴³



For the presentation of the performance at Group level, a contact person is defined for each action area, who drives the implementation of the targets, analyses the performance of the defined KPIs and agrees on suitable measures to ensure that the targets are achieved.

The achievement of targets and the effectiveness of all measures, both at Group and SBU level, are regularly reviewed so that ongoing im-

provements can be achieved in the individual areas and hence in terms of Zeppelin's sustainability performance overall.

⁴² Ramona Wallner was appointed Sustainability Representative of the Zeppelin Group effective May 2019. Her contact details can be found in the appendix.

⁴³ GRI 102-20-b, GRI 102-19

Group Call for Strategy with sustainability

The Zeppelin Group's annual Group Call for Strategy is an important tool for embedding sustainability issues in its corporate strategy. The Call for Strategy is initiated once a year by Group Development on behalf of the Group Management Board and determines the key focus topics for the annual further development of the strategy for the Group and the SBUs. In 2020, it was decided that a focus topic from the CSR area will be included annually in the Group Call for Strategy in order to ensure

and promote the further implementation of sustainability management within the SBUs. The focus topics in the Call for Strategy, which were previously defined for the years 2020 to 2022, will be examined successively in individual focus topics (see figure below).

Sustainability topics at Zeppelin

Focus topics from the CSR area for the years 2020 to 2022 in the Group Call for Strategy



The Zeppelin Group has set itself the target of being a net-zero carbon company in its ongoing business operations by 2030 at the latest.⁴⁴ The focus topic of carbon neutrality has been integrated into the Group Call for Strategy for 2020 in order to specify the targets within the SBUs. The main objectives of the Call for Strategy were to develop a climate neutrality strategy for each SBU in order to ensure carbon neutrality is implemented by 2030, as well as to define SBU-specific targets and measures to facilitate the reduction of existing carbon emissions.

The results of the Group Call for Strategy on the focus topic of carbon neutrality are presented in detail in Chapter 6.

In 2021, the results on carbon neutrality will be examined in more detail and refined, with the topics of waste and water management also being considered. The focus topic planned for 2022 is ensuring sustainable procurement, i.e. the analysis of the supply chain and supplier management. With regard to the recently adopted supply chain due diligence law ("Lieferkettensorgfaltspflichtengesetz") in the Federal Republic of Germany and the expected regulation by the European Union, appropriate preparatory measures have already been initiated, and these will be gradually expanded and continued in 2021 and 2022.

⁴⁴ The three scopes of the Greenhouse Gas Protocol (GHG Protocol) provide the necessary guidelines for calculating emissions. Emissions from Scope 1 and Scope 2 are taken into account for Zeppelin's objective of carbon neutrality. A more detailed representation of the calculation is shown in Chapter 6.

Stakeholder analysis & materiality matrix

As a globally active company, it is of great importance for Zeppelin's business success to have an open and constructive dialogue with all stakeholders. This helps us to build trusting relationships, deepen partnerships and learn about sustainability-related requirements for our business. Together with stakeholders, we identify sustainability topics relevant to Zeppelin, assess their urgency, and define action areas for ongoing improvements.

The key stakeholders of the Zeppelin Group are shown in the summary below. For each stakeholder, the expectation or requirement for Zeppelin is defined along with the associated risks and opportunities.

Based on this assessment, the measures already implemented to meet the requirements of the stakeholder group are defined, along with any further activities which are considered necessary. The effectiveness of the measures is checked at regular intervals, at least once a year, and the definition of stakeholders is updated together with the risk assessment.

Zeppelin Group's key stakeholders ⁴⁵		
INTERNAL	SHAREHOLDERS/BODIES	EXTERNAL
<p>Employee Council</p> <p>Employees</p> <p>Legal Entities</p> <p>Strategic Business Units</p>	<p>Zeppelin Foundation</p> <p>Supervisory Board</p> <p>Friedrichshafen Municipal Council as company representative</p>	<p>Customers</p> <p>Caterpillar</p> <p>Suppliers</p> <p>Government & Authorities</p> <p>Financing partners and investors</p> <p>Associations</p>

Based on the previous information, a stakeholder dialogue is regularly conducted with each stakeholder group at least once every three years.⁴⁶ Stakeholder dialogues with selected employees and business partners were already conducted as part of our work on the topic of sustainability at Zeppelin in 2015 and 2016. In addition, a SWOT analysis was conducted, which Zeppelin used to determine its position and further develop its strategy in the area of sustainability.⁴⁷

In the summer of 2020, a comprehensive stakeholder survey was conducted on the topic of "Sustainability at Zeppelin"; all Zeppelin's employees and around 230 external business partners were invited to participate. Due to the spread of the COVID-19 pandemic in 2020 and the

associated measures, the stakeholder survey included an additional focus topic relating to crisis management at Zeppelin during COVID-19.⁴⁸

The primary objectives of the survey were to identify key action areas as well as strengths and weaknesses in CSR and crisis management during COVID-19. In addition, the focus was on strengthening the company's focus on sustainability and embedding key findings in Zeppelin's corporate and sustainability strategy.

⁴⁵ GRI 102-40

⁴⁶ GRI 102-43, No embedding measure was explicitly taken as part of the reporting procedure.

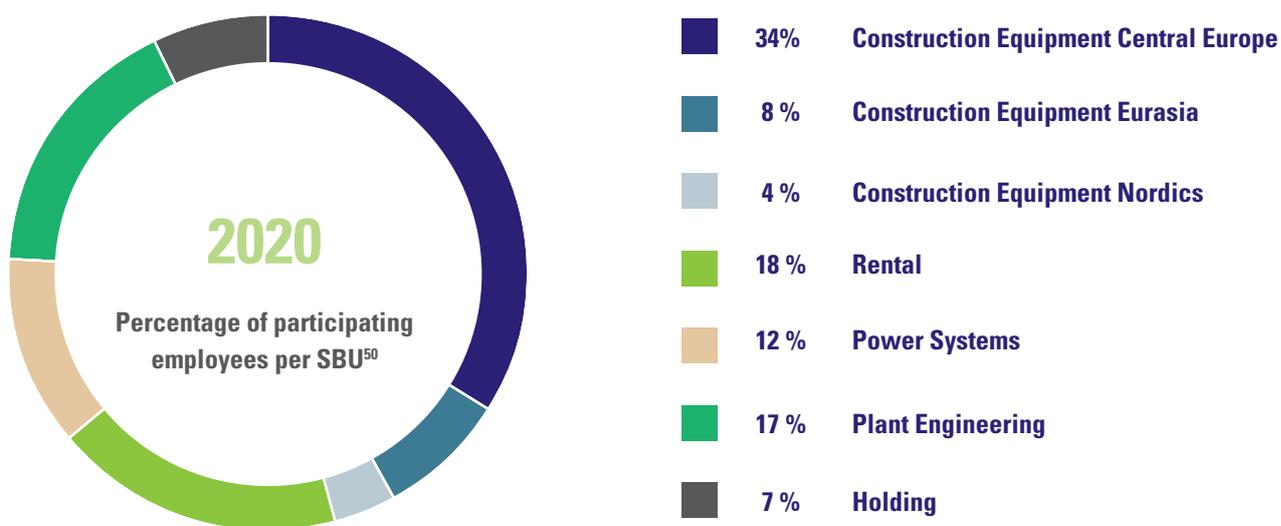
⁴⁷ GRI 101, item 1.3, GRI 102-42, SWOT stands for Strengths, Weaknesses, Opportunities, Threats and the SWOT analysis is used as a strategic planning tool.

⁴⁸ Separate online questionnaires were created for the employee opinion survey and the survey of external business partners. The content of the two surveys was essentially the same, differing only in minor, necessary adjustments with regard to the needs of the stakeholders. The survey for external business partners is not representative.

Evaluation of the stakeholder survey “Sustainability & Crisis Management at Zeppelin” from 2020⁴⁹

In addition to various external stakeholders (customers, suppliers, Caterpillar employees, representatives of the Supervisory Board and Friedrichshafen Municipal Council), all Zeppelin employees worldwide were asked to submit their assessment of sustainability and crisis management at Zeppelin. Around 2,500 employees from all SBUs and almost 30 countries responded to the appeal, which resulted in a very good response rate of about 25 percent. In the case of external business partners, around 90 of the contact persons invited took part in the survey, which corresponds to a very high participation rate of about 38 percent. The high level of interest among internal and external participants shows that the topics of sustainability and crisis management

are considered important and significant. The majority of the approximately 2,500 employees who took part in the stakeholder survey come from Germany (about 67 percent). The diagram below shows how the participants are divided across the individual SBUs. The majority of participants come from the Construction Equipment Central Europe SBU (about 34 percent), followed by the Rental SBU (18 percent) and the Plant Engineering SBU (17 percent).



⁴⁹ GRI 102-44

⁵⁰ The stakeholder survey questions were largely not mandatory, so participants could choose which questions they answered and which they skipped. For this reason, there is a different number of responses for each question.

The following diagram illustrates the breakdown by stakeholder of external business partners who participated in the 2020 stakeholder survey.



- 34 % Caterpillar**
- 16 % Customers**
- 40 % Suppliers**
- 2 % Municipal Council**
- 4 % Supervisory Board**
- 4 % Other**

When inviting external business partners, care was taken to select representatives from a variety of sectors in order to obtain a wide range of differing assessments. The industry most strongly represented in the stakeholder survey is the Construction Industry with about 27% of participants. The rest of the participants are divided across different

sectors (see chart below), with the results of the survey showing that the importance of sustainability is rated as high across all sectors as a whole.



- 9 % Automotive and vehicle industry**
- 13 % Plant and Mechanical Engineering**
- 27 % Construction Industry**
- 7 % Services**
- 8 % Energy and Environmental Industry**
- 8 % Manufacturing**
- 6 % Finance**
- 3 % Transport & Logistics**
- 2 % Industrial Suppliers**
- 2 % Trade and Consumer Goods**
- 15 % Other**

⁵¹ See For a comment on conducting the stakeholder survey, see footnote 51.

⁵² Sectors that participated in the survey with a share of one percent or less were grouped under the "Other" heading. These include the wood industry, the tourism and leisure industry and the real estate sector.

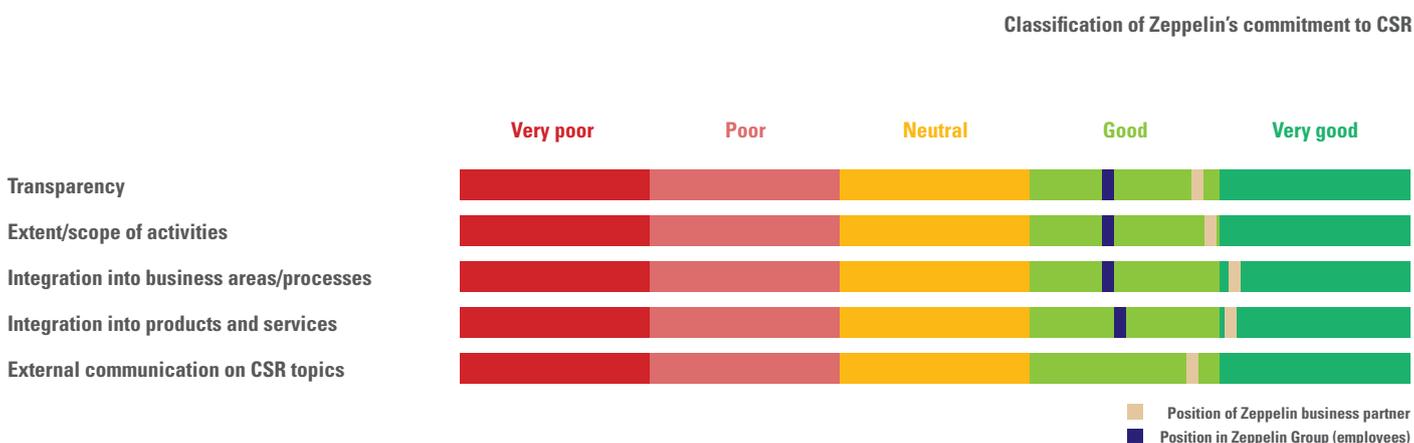
The results of the employee opinion survey show that the topics of “safe and healthy working conditions for employees”, “responsible use of resources” and “sustainable HR policy” in particular are rated as very important. In the field of CSR, business partners consider the respon-

sible use of resources, the transparency of sustainability management and sustainable supplier management (see overview below) to be particularly important.⁵³



Zeppelin’s commitment to CSR is rated as good by employees and business partners in terms of transparency, scope of activities and integration into business areas and processes, as well as in its own products and services.

The assessment of external stakeholders in all categories is better than the internal assessment (see the figure below). External communication on CSR issues is rated as good by business partners.⁵⁴



⁵³ The order reflects the frequency of the response: The response with the most mentions comes first.

⁵⁴ This category was only part of the external questionnaire due to its relevance, so there is no assessment of this by the employees.

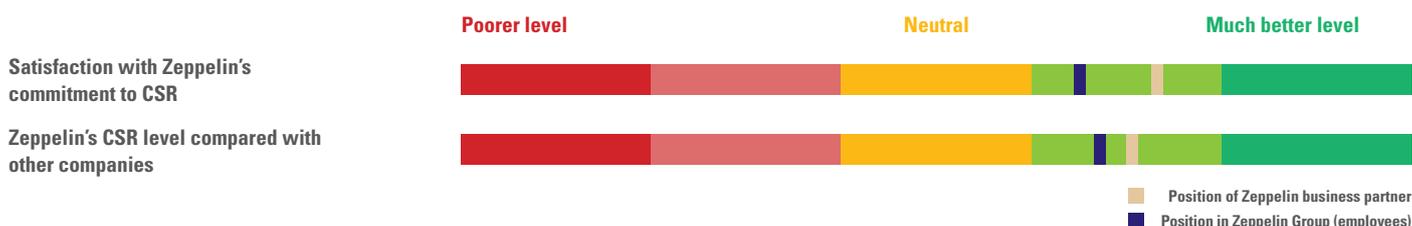
The three main strengths in the area of sustainability that the business partners see lie in the areas of quality management, compliance & anti-corruption, and financial stability. Employees see the three great-

est strengths in Zeppelin's sustainability management in the areas of financial sustainability, compliance with legal and ethical obligations, and compliance and anti-corruption (see the figure below).



Zeppelin's level of CSR compared to other companies' activities is rated as better by both employees and business partners. Overall, employees and business partners are satisfied with Zeppelin's commitment to CSR (see the chart below).

Satisfaction with sustainability management and classification of the level of CSR compared with other companies



Around 53 percent of participating employees perceive Zeppelin as a company that is active in the field of sustainability, while around 77 percent of business partners rate Zeppelin as a sustainable company.

In relation to specific action areas for steadily improving sustainability, Zeppelin employees identify reducing packaging materials, avoiding long transport and service routes, and improving environmentally friendly mobility in the vehicle fleet, among other areas. Measures for ongoing improvement have been defined based on the results of the survey. As part of the 2021 Group Call for Strategy, the topics of waste and water management will be included as focus topics, and corresponding targets and measures for improvement will be defined for each SBU.

Business partners see potential in areas such as the supply chain and supplier management, innovation, and environmental protection. These

topics will be successively improved in the Group Call for Strategy over the next few years, and the results published as part of the sustainability reporting process. External business partners see potential for optimization in the area of communication: Around 40 percent of participants would like more communication on sustainability topics at Zeppelin. Communication has been improved by the annual publication of a comprehensive report on sustainability, but this was not available at the time of the survey, or had only been available for a short time and the majority of business partners were therefore unaware of it.⁵⁵ In addition, the development and activities in the field of CSR are regularly communicated through press releases.⁵⁶

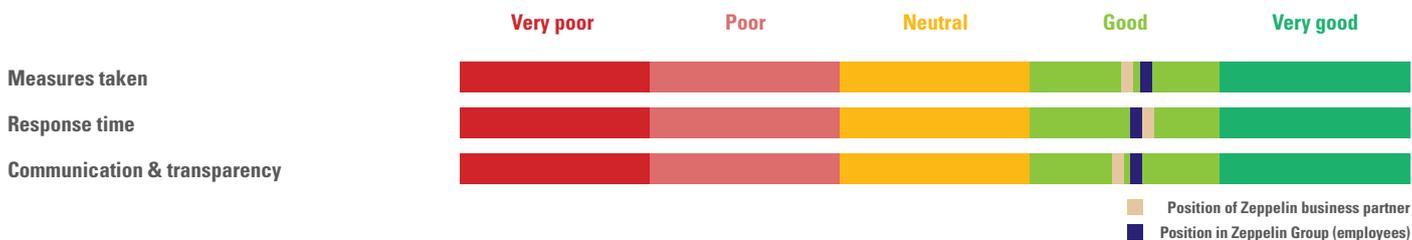
⁵⁵ The external stakeholder survey began with the invitation to conduct the online questionnaire at the end of July last year. The deadline for responses was 31 August 2020. The first report on sustainability at Zeppelin was made available at the beginning of August on zeppelin.com (see [press release](#) dated August 3, 2020 "Zeppelin Group publishes sustainability report").

⁵⁶ See the Publications section on zeppelin.com.

In light of recent events, the assessment of crisis management during COVID-19 was included as a focus topic in the stakeholder survey. All in all, crisis management at Zeppelin is rated as good in terms of the

measures taken, the response time and communication by employees and business partners.

Evaluation of Zeppelin crisis management during COVID-19



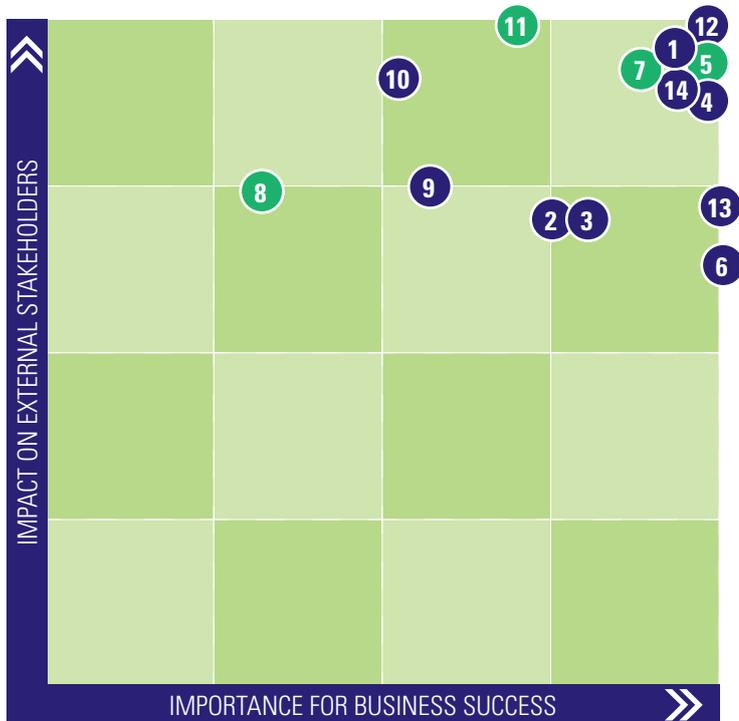
The survey also shows that business partners are satisfied with crisis management during COVID-19 and that the partnership with Zeppelin during the current crisis period is rated as good. Future optimizations in the field of crisis management are seen, among other things, in the maintenance and expansion of modern management and work concepts, the uniform specification of rules and standards, and the ongoing communication on current developments. Based on the results of the

survey, measures for further improvement in crisis management were defined, including in the area of sustainable HR policy through the revision of the Group guideline for mobile working or in occupational health and safety with regard to uniform protective measures against COVID-19. The points raised have now been implemented (see chapter 5).

Materiality matrix and action areas

The materiality matrix was created for the first time in 2016 based on the stakeholder surveys and SWOT analyses carried out; this was successively updated in the years since.⁵⁷ The classification is based on the significance for stakeholders and the importance for business success.

The materiality matrix supports the process of prioritizing topics. The key stakeholder topics on the basis of the CSR stakeholder survey carried out are shown in the figure on the right.⁵⁸



● Key stakeholder demands in 2020

Materiality matrix with focus topics 2020

Economy	1	Risk management
	2	Compliance
	3	Data protection
	4	Quality management
	5	Supplier Management
Social responsibility	6	Corporate culture and management culture
	7	Employee satisfaction
	8	Occupational health and safety
	9	Financial commitment (donations)
	10	Human rights
Environment	11	Energy and environmental management
Overarching topics	12	Capacity for innovation
	13	Product responsibility
	14	Commercial success

The action areas are briefly explained again on the next page. Their performance is described in the following chapters.

⁵⁷ GRI 102-46, see the presentation in Zeppelin's 2019 Sustainability Report (page 18 ff.).

⁵⁸ GRI 102-44

Key action areas for sustainability at Zeppelin⁵⁹

Economy



Compliance & Anti-Corruption



Data protection



Quality management



Supplier Management

Chapter 4

Social Responsibility



Employee satisfaction



Occupational health & safety



Donations & Sponsorship



Human rights due diligence

Chapter 5

Environment



Energy management



Environmental management system

Chapter 6

Chapter 7: Outlook and summary

The quality management system, which ensures high-quality services and products as well as that the demands and needs of interested parties are met, is considered from the point of view of economic sustainability. Compliance requirements, anti-corruption measures, compliance with data protection regulations and supplier management are also presented here.

In the area of social responsibility, an occupational health and safety management system forms the foundation for healthy and safe working conditions for employees and all people working on behalf of Zeppelin. Numerous HR benefits, such as company pensions, ongoing training opportunities, fair remuneration models, and a good work-life balance ensure that Zeppelin remains attractive as an employer. Zeppelin's commitment to financial sustainability is made clear through regular financial donations to aid institutions, associations, and charities. As part of the human rights due diligence process, the Zeppelin Group implements a

continuous improvement process in line with the Integrated Management System, which means, for example, that internationally recognized human rights are respected and supported at all sites.

The environmental component is based on an effective energy and environmental management system, which aims, for instance, to increase energy efficiency in the company, achieve savings and become a carbon neutral company in ongoing business operations by 2030. This can help make an active contribution to environmental and climate protection.

Before discussing the performance of the individual areas in the following chapters, we present the defined non-financial KPIs ("key performance indicators") which show performance in the individual action areas.⁶⁰

⁵⁹ GRI 102-47

⁶⁰ GRI 101, Section 1.3 in conjunction with GRI 103

Non-financial KPIs

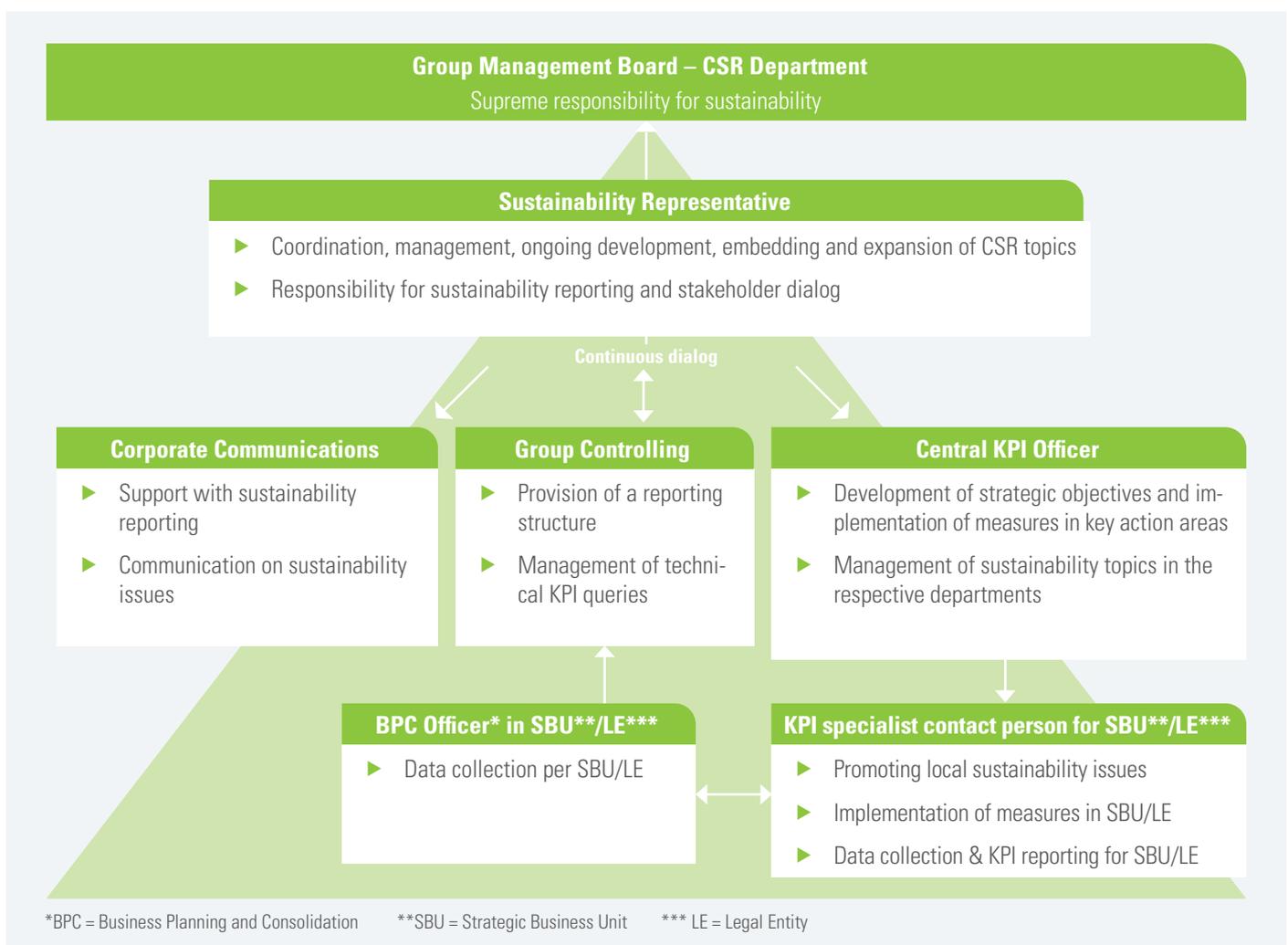
The Zeppelin Group began to systematically and regularly record the defined non-financial KPIs in its worldwide operations in 2015. The aim was to create a reliable and comparable database and to implement GRI⁶¹ reporting.

The procedure for recording KPIs and submitting the corresponding reports is regulated in the “Sustainability reporting” procedure. The Sustainability Representative of Zeppelin GmbH defines the reporting procedure in consultation with the Group Management Board and prepares an appropriate schedule each year, containing the milestones for the query and evaluation.

The KPIs are defined in every Group company in the first quarter of each calendar year, in close cooperation with Group Controlling.

In the process, there is also a continuous dialogue with the central KPI managers, who are responsible for the respective topic Group-wide. They develop strategic goals for their specific area, present their development and implement measures for ongoing improvement.

The entire overview of KPIs reported back is made available to the Sustainability Representative for further analysis. In coordination with the individual KPI managers, the changes in the key figures is presented, the achievement of targets in the individual areas is assessed, and the procedure for defining new targets and measures is defined. The procedure is shown below.



⁶¹ The Global Reporting Initiative develops guidelines for the preparation of sustainability reports by large businesses, small and medium-sized enterprises, governments and NGOs. More information can be found on the homepage <https://www.globalreporting.org/Pages/default.aspx>

The recorded, evaluated and audited KPIs are collected as part of the sustainability reporting process and, together with the respective objectives and developments in recent years, are presented in the annual progress report. The surveyed KPIs come from the areas defined as essential, which have already been presented in the previous section.

The following table shows all non-financial KPIs that are used in the sustainability reporting process. Areas marked with an asterisk in the table are determined using additional queries and area-specific evalu-

ations. This concerns, for example, the statistical data from idea management, which is stored directly in the internal IT platform "Z IDEA", or the participation rate in the e-learning on the Integrated Management System (IMS), which is stored in the company's own training management system. Furthermore, the energy-related KPIs are used to calculate CO₂ emissions centrally via the CSR department.

AREA	DESCRIPTION	CHAPTER
Compliance	Participation rate in compliance training courses	4
	Amount of fines, penalties and forfeitures imposed by final judgment	4
	Compliance violations (reported, confirmed, resolved violations)	4
Data protection	Data breaches (reported, confirmed, resolved breaches)	4
Quality management*	Ideas submitted and awarded via the internal IT platform "Z IDEA"	4
	E-learning participation rate: IMS & CSR	4
HR*	Number of employees by SBU & country, type of employment and gender	5
	Number of course participants	5
	Full-time percentage	5
	Age distribution	5
	Personnel costs	5
	Health expenditure	5
	Period of employment	5
	Voluntary termination rate	5
	Employees on parental leave	5
	Collective agreements	5
Occupational Health & Safety	Number of lost-time injuries (> 3 calendar days lost time)	5
	Number of lost days (from work-related accidents reported above)	5
	Number of fatal accidents at work	5
	Querying existing certifications in the area*	5
Energy	Energy intensity (quantity of energy), categorized by consumption for natural/liquid/propane gas, local/district heating, heating oil, electricity, diesel, gasoline, renewable energies, other	6
	Energy intensity (energy costs), categorized by costs for natural/liquid/propane gas, local/district heating, heating oil, electricity, diesel, gasoline, renewable energies, other	6
	Reduction of energy consumption (energy savings)*	6

AREA	DESCRIPTION	CHAPTER
CO₂ emissions*	CO ₂ emissions per energy source	6
	Fresh water consumption	6
	Total weight of hazardous waste*	6
Environment	Total weight of non-hazardous waste*	6
	Disposal method information*	6
	Querying existing certifications*	6
Donations & Sponsorship	Donations to third parties	5
	Benefits to third parties	5

* Figures are determined by means of additional queries and area-specific evaluations.



Sustainability has a
Future

Membership of associations and initiatives⁶²

Zeppelin’s commitment to sustainability is also borne out by its membership of and active participation in external initiatives and associations. In December 2016, Zeppelin GmbH joined the UN Global Compact as a sign of its corporate responsibility, and has since put every effort into implementing and promoting the ten principles of the UN Global Compact.⁶³

In order to integrate the UN Sustainable Development Goals (SDGs) into business processes and further improve sustainability management, the Zeppelin Group decided to participate in the SDG Ambition Program of the UN Global Compact in fall 2020.

The program, which began at the end of 2020 and is expected to last until June 2021, aims to help businesses join a transformational path to achieving the SDGs.⁶⁴ The seventeen Sustainable Development Goals are United Nations policy objectives that aim to ensure sustainable development in terms of economy, society and environment worldwide. There is already a connection between Zeppelin’s sustainability goals and measures, and the SDGs. The following figure lists the SDGs that Zeppelin is already making a major contribution to. In the future, the commitment based on the SDG Ambition Program will be further intensified and existing relationships highlighted.

Link between Zeppelin’s sustainability goals and measures, and the SDGs



Zeppelin GmbH is also a member of the “Corporate Responsibility” working group of the Munich and Upper Bavarian Chambers of Industry and Commerce, and has participated in the Lake Constance Innovation Cluster (BIC) Network since 2020. The Sustainability Officer represents the Zeppelin Group at regular meetings, participates in the tasks of the respective network, and exchanges ideas with other companies and members on sustainable corporate governance and solutions that represent best practices.

Zeppelin GmbH represents the Zeppelin Group as a member of the Mid-size Business Compliance Forum (“Forum Compliance Mittelstand”). At a local level, some individual Group companies are members of industry associations and other organizations.

⁶² GRI 102-12 and GRI 102-13 in conjunction with the following paragraphs

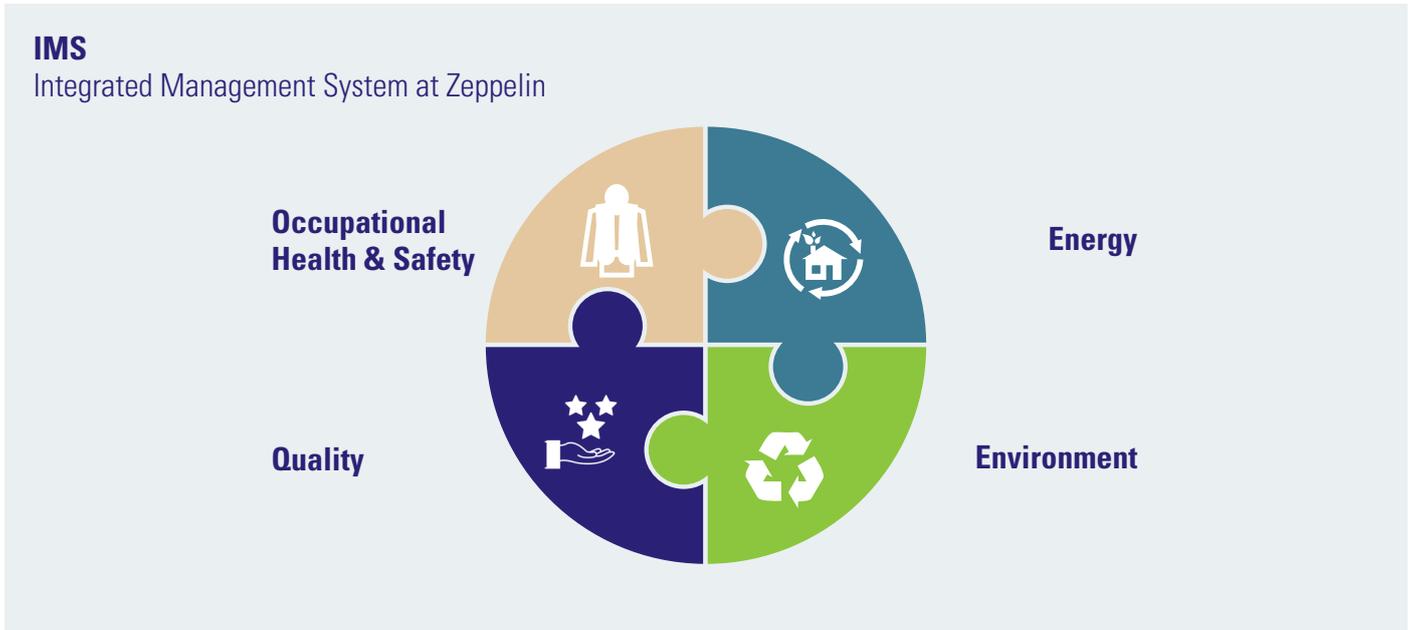
⁶³ The current 2020 Communication on Progress on the ten principles in the areas of human rights, labor standards, environmental protection and anti-corruption is included in this report. An overview showing which chapter reports on compliance with the respective principle is provided in the appendix.

⁶⁴ Further information on the SDG Ambition Program can be found <https://www.globalcompact.de/de/newscenter/meldungen/SDG-Ambition-Launch.php#:~:text=Das%20SDG%20Ambition%20Programm%20unterst%C3%BCtzt,Unternehmen%20und%20erm%C3%B6glicht%20langfristiges%20Wachstum.> on the UN Global Compact website.

Integrated Management System

The Integrated Management System (IMS), which includes the areas of occupational health and safety, environmental protection, energy, and quality management at Zeppelin, aims to ensure a uniform structure

and a common documentation basis for compliance with the standard requirements. The pooling of responsibilities and the use of synergy effects also saves time and money (see figure below).⁶⁵



The Integrated Management System was certified for all German Group companies for the first time in 2019. In 2020, this certification was successfully confirmed following an annual external monitoring audit.⁶⁶ This entailed about 20 sites being selected by the certification company for its multi-site procedure⁶⁷; the audit for compliance with the standard requirements was successful. This means there is a valid certification

to ISO 9001, ISO 14001, ISO 45001 and ISO 50001 for all German companies.⁶⁸ Energy management, which is also valid for Austria, Poland, the Czech Republic and the Slovak Republic, has been successfully converted to the current revision of standard ISO 50001:2018. The certificates can be viewed in the illustrations on page 30 and also in the Sustainability section of [Zeppelin's website](#).

⁶⁵ GRI 103-1, GRI 103-2

⁶⁶ The introduction phase of the Integrated Management System, the associated steps, and the key policies and procedures were described in detail in the "Report on Sustainability at Zeppelin" for 2019 (from page 25).

⁶⁷ Multi-site procedure means that locations are selected for auditing by sampling (a prerequisite is that the same activities and work processes take place at the sites). Determined by the certification company and the external auditors.

⁶⁸ The certified Integrated Management System includes the companies Zeppelin GmbH (holding company), Zeppelin Baumaschinen GmbH, Zeppelin Rental GmbH, Zeppelin Power Systems GmbH, and Zeppelin Systems GmbH.

Integrated Management System (IMS) certifications for ISO 9001, ISO 14001, ISO 45001, and ISO 50001



As part of the Integrated Management System, the Zeppelin Group is committed to ongoing improvements. This is defined, for instance, in the Group guidelines for quality, occupational health and safety, energy, and environment, as well as in the management manual, the central document of the IMS, which specifies the main objective, the organizational structure, and the procedural and process instructions.⁶⁹

Once a year, a management review takes place at the company and Group level with the respective Management Board. This concerns a review of the performance of the Integrated Management System, an evaluation of the previous year's objectives, and the setting of new objectives or measures for the years ahead. The procedure is regulated in the internal procedural "Management review" instruction.⁷⁰

Significant progress in the Integrated Management System in 2020 was notably the improvement of the documentation structure at the site level, the restructuring of the follow-up of audit results, and the expansion of the content of the e-learning system on the IMS.⁷¹

A uniform master data sheet was developed for the German sites, in which all the data required for the IMS is bundled together. The transparency and acceptance of the Integrated Management System were improved by the introduction of the master data sheet and providing more detailed content for the IMS at site level was achieved. The procedure is described in the internal "Decentral implementation of the IMS requirements" procedure.

The improvement of the process for tracking audit results enables consistent, structured processing of open points from site audits. Central coordination meetings are held with the responsible management representatives at regular intervals to review the status of the findings. For each significant finding, a cause analysis is carried out and urgent measures and corrective measures are defined. The procedure is described in the new (2020) "Tracking external audit results" procedure.

In 2020, topics from the area of sustainability were also integrated into the e-learning for the IMS for the first time. Every manager in Germany has been invited to take the compulsory "IMS & CSR" e-learning course. The e-learning course urged managers to act in a sustainable, responsible manner and to implement the requirements of the Integrated Management System in their respective areas. The participation rate is shown in Chapter 4.

The results of the management review for 2020 by the Group Management Board showed, among other things, that the Integrated Management System achieved the desired successes and that a refinement of the requirements in 2020 could be achieved. Measures have been defined to further improve internal audit standards, the schedule of legal provisions and data collection in the field of energy and the environment.⁷²

⁶⁹ GRI 103-2

⁷⁰ GRI 103-3-i

⁷¹ GRI 103-2 together with the following explanatory paragraphs

⁷² GRI 103-3-ii, GRI 103-3-iii

4 ECONOMIC SUSTAINABILITY

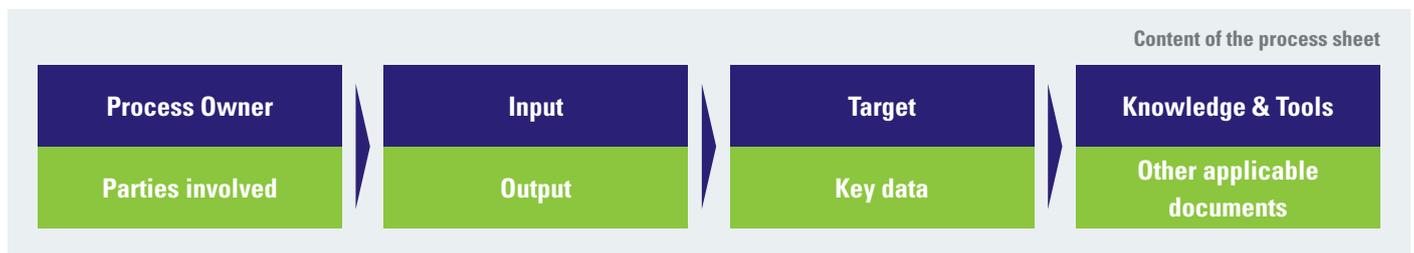
For Zeppelin, economic sustainability is a basic requirement for the long-term safeguarding of economic success and expansion of our competitiveness. The key economic action areas include compliance

and anti-corruption, data protection, quality management, and supplier management. The overarching risk management, which is part of all company activities, is presented first.

Risk management

Risk management regulates the handling of risks and opportunities within a process, project or other company activities. The aim of the risk management process is to support management in its corporate decision-making, to improve corporate management and to provide transparency and certainty to stakeholders. Performance-oriented risk management is geared towards implementing the corporate strategy and is an integral part of corporate management. Risk management includes all measures taken to identify, analyze, evaluate, monitor, and control risks. The primary objective is to identify and reduce risks and to identify opportunities and their subsequent use cases. All strategic business units or significant Group companies conduct risk management.⁷³ Risk management with a focus on accounting and reporting

is regulated in the Group's Risk Guideline under the responsibility of Group Controlling.⁷⁴ The procedure for determining opportunities and risks for processes and projects is contained in the "Risk Management" procedure, which is part of the Integrated Management System, for which the IMS Officer is responsible. The sponsor and/or the respective project manager are responsible for identifying risks and opportunities within a project. The process owner is responsible for identifying the respective opportunities and risks relating to the process, which is either a leadership, core or support process, the persons involved, the necessary knowledge and the necessary tools, as well as other process-specific aspects, which are detailed in the figure below.⁷⁵



Identified opportunities and risks were assessed based on their probability of occurrence, failure rate or extent of damage. Risks and opportunities are assessed and taken into account in the decision-making process in all key decisions taken in the meetings of the Group Management Board and the Executive Board. Suitable measures for risk avoidance or mitigation and the use of identified opportunities are then defined. If the overall risk has decreased or is acceptable on account of the defined measures, key figures will be defined. If the overall risk has

not decreased by the required amount, measures will be redefined or the measures already taken will be modified. Opportunities and risks are managed and monitored using measurable and traceable key figures. The effectiveness of the defined measures and KPIs is regularly reviewed as part of the ongoing improvement process and the management review process with the Group Management Board; changes are made as necessary.⁷⁶

⁷³ GRI 103-1

⁷⁴ Zeppelin GmbH therefore complies with the requirements of the Corporate Control and Transparency Act (KonTraG), Section 91 (2) of the German Stock Corporation Act (AktG) and the Accounting Modernization Act (BilMoG).

⁷⁵ GRI 103-2

⁷⁶ GRI 103-3: The most recent audit revealed that no significant changes are necessary.

Compliance & anti-corruption

Business Ethics and Compliance

A self-evident part of management and corporate culture⁷⁷

Compliance is the term used in business and law to refer to the conformity of companies with rules, regulations, laws, guidelines, and voluntary codes of practice. As part of its compliance management system, the Zeppelin Group has set up processes to prevent, detect, and inspect compliance violations. Internal rules and guidelines provide management and staff with clear guidance and explain the ethical and legal motives behind the compliance program.⁷⁸

Compliance at Zeppelin is based on the conviction that social responsibility, observance of the law, and ethical conduct are essential for long-term business success. Compliance with legal requirements, official regulations, and internal corporate guidelines is a key part of Zeppelin's management and corporate culture.⁷⁹

The Zeppelin Code of Conduct for Business Ethics and Compliance describes these fundamental principles of business conduct – within the Group, but also vis-à-vis our partners and the public at large. Integrity is an irrefutable corporate value in all business activities and relationships. We reject any form of corruption, bribery, extortion or embezzlement in business dealings.⁸⁰ The ten principles of the Zeppelin Group's Code of Conduct for Business Ethics and Compliance are listed in the chart opposite.

The scope of compliance topics and desirable conduct are explained to all employees through information and training. These address not only rules that must be complied with, but also the early identification of transgressions and the submission of information in order to eliminate possible abuses.⁸²

- 01 No discrimination
- 02 No risks to people or the environment
- 03 No damage to your property or that of others
- 04 No conflicts of interest
- 05 No dependencies
- 06 No corruption or bribery
- 07 No deception
- 08 No misinformation
- 09 No violation of export regulations
- 10 No anti-competitive conduct

⁷⁷ GRI 103-1 to GRI 103-3

⁷⁸ GRI 103-2-b

⁷⁹ GRI 103-1 and GRI 103-2 and GRI 103-3: The Zeppelin Group, its direct and indirect business activities, and their impact are all taken into consideration.

⁸⁰ GRI 103-3-c-i and GRI 103-3-c-ii

⁸¹ Further information can also be found in the Compliance section of Zeppelin's [website](#).

⁸² GRI 103-2-a

The internal compliance organization ensures that the compliance management system is coordinated throughout the Group and that contact persons, who employees can turn to in confidence, are available within all companies. A separate e-mail address for questions and information relating to compliance matters is also available.⁸³

The [Zeppelin Trustline](#) also provides an online whistleblower system that can be used to submit reports in all languages relevant to the Zeppelin Group. The system offers the option of contacting the Zeppelin Group anonymously and confidentially. Zeppelin works with a reliable (external) partner to provide this reporting system; our partner continually updates the system to reflect the laws and requirements of worldwide whistleblower reporting. The system is compliant with the General Data Protection Regulation, and is audited and has been certified

Compliance in figures

The compliance training concept at Zeppelin consists of workshops for Management and employees in which the challenges of compliance in terms of management responsibility and the understanding of values within the Zeppelin corporate culture are conveyed. Supplementary e-learning programs provide basic compliance knowledge and material statements of the Zeppelin Code of Conduct for Business Ethics and Compliance for all employees (“basic” training) as well as basic principles of corruption prevention for potentially exposed employees, e.g. those working in purchasing and sales roles.

As already announced in the 2019 Sustainability Report, a completely new, modern e-learning system was implemented for the entire Zeppelin Group in 2020, specifically tailored to the current legal regime.⁸⁶ Planned face-to-face training sessions in 2020 had to be canceled and postponed due to the COVID-19 pandemic situation and the associated contact restrictions.

in accordance with ISO 27001.⁸⁴ The anonymity of the whistleblower in accordance with the state of the art is ensured – where requested by the whistleblower – through appropriate technical measures and hosting of the system by the provider.⁸⁵

External ombudsmen are appointed in selected countries in which Zeppelin operates. They make it possible to confidentially contact an external, neutral and qualified person of trust with any questions relating to compliance and, in particular, relating to compliance with legal requirements and internal guidelines. In addition, it is possible to make contact directly via the responsible Chief Compliance Officer (CCO) and the employees of the Compliance Organization. All contact channels are open and available to employees, business partners and other third parties on an equal footing.

All employees will have access to two training modules from 2021. The “Compliance Basics” module explains the topics of correct conduct, corruption prevention, antitrust law and other topics. This module is a mandatory program component for all employees. The “Dealing with business partners” module focuses on corruption prevention for those working in purchasing, sales & marketing, prevention of money laundering and terrorist financing, export controls and dealing with embargoes, and is aimed at selected exposed employee groups.⁸⁷

In 2020, only one pilot group was able to participate in the training due to the transition and reboot of the e-learning system. For 2021, the roll-out of the system for all employees in the Zeppelin Group is on the training agenda. The annual participation rate for the Basic e-learning modules is shown in the table below.

Participation rate for the Basic Compliance training⁸⁸

Basic Compliance Training	Unit	2017	2018	2019	Pilot 2020
Total number of participants	Total	2,338	1,964	2,954	145
Participants among the Management Board	Total	21	22	25	2
Employee participation rate	%	30	23	32	96

⁸³ GRI 102-17 in conjunction with the following paragraphs on procedures and concerns relating to ethics.

⁸⁴ ISO 27001: International Standard for IT Security Procedures – Information Security Management System – Requirements.

⁸⁵ GRI 103-2-c-vi in conjunction with the following paragraph.

⁸⁶ See “Report on Sustainability at Zeppelin” for 2019, p. 37.

⁸⁷ Both modules are available in Czech, English, French, German, Italian, Polish, Portuguese, Russian, Slovak, and Ukrainian.

⁸⁸ Due to the four-year validity period of the e-learning module, it is based on a four-year cycle; this is in contrast to the three-year review period otherwise used.

In addition to the Basic training, Zeppelin has so far developed special training courses for employees who need to be made aware of the elevated compliance risks within their particular field of activity. To date, these training courses have been tailored to various areas of activity,

such as on the topics of corruption prevention, export controls or competition law. These training courses will be completely replaced by the modules of the new e-learning system and supplemented in terms of content.

Goal setting and assessment in Compliance

A corresponding corporate culture of compliance can only be nurtured if all employees have the necessary knowledge and are able to develop the desired awareness of compliance. Zeppelin regularly informs its employees about compliance issues and demonstrates desired conduct in line with Zeppelin's values through training courses. Zeppelin is not

just concerned with conveying legal knowledge and abstract edicts, but also with translating them into everyday practice. The degree of target achievement and progress made since the last report are presented below.⁸⁹



Progress on Objective 1

Maintaining a corporate culture in which compliance with legal and ethical obligations is a matter of course.

Avoid compliance transgressions through targeted information provision and training

The main objective in the area of compliance is to maintain a corporate culture in which compliance with legal and ethical obligations is a matter of course. Compliance transgressions are to be largely avoided through targeted information provision and regular training of employees and managers. The number of reported, confirmed, and resolved compliance transgressions is shown in the table below.

Compliance transgressions summary				
Compliance transgressions	Unit	2018	2019	2020
Reported transgressions	Total	6	5	26
of which confirmed transgressions	Total	6	5	16
of which resolved transgressions*	Total	6	5	14
Compliance resolution rate	%	100	100	88

*The two outstanding cases in 2020 are still being resolved as of the time of reporting.

⁸⁹ GRI 103-2-c-iii

The number of reported compliance transgressions increased significantly in the 2020 reporting year. This was due to increased reporting, which was in turn due to a significant increase in compliance awareness among the workforce as well as consistently transparent reporting. All reports were reviewed immediately; confirmed compliance transgressions were processed and essentially corrected by the compliance organization in cooperation with the departments concerned, the internal audit department and the legal department.⁹⁰ No cases of non-compliance with laws in connection with fines, penalties or forfeiture, or confirmed cases of corruption have been reported in recent years (see the table below).⁹¹

Overview of fines, penalties or forfeiture imposed by final judgment

Fines & corruption cases	Unit	2018	2019	2020
Amount of fines, penalties or forfeitures imposed by final judgment ⁹²	euros	0	0	0
Corruption cases ⁹³	Total	0	0	0

The aim for the years ahead is to create the best possible transparency in compliance reporting, but also to further avoid compliance transgressions. Regular and targeted training of employees and managers will play an important role here and be worked on and followed up within the framework of the second objective.



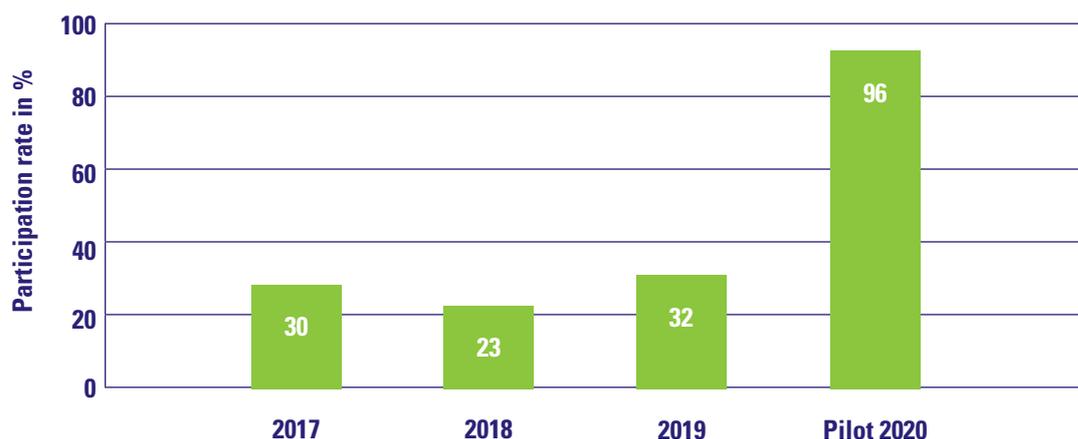
Progress on Objective 2

High training rate in the area of compliance.

Number of employees with valid compliance training > 80%

In order to maintain a corporate culture in which compliance with legal and ethical obligations is a matter of course, employees and managers regularly receive training on these topics. Zeppelin will conduct the e-learning courses described in this section. It is a stated goal that the proportion of employees with valid compliance training should be greater than 80 percent during the four-year period. This target has been achieved in recent years (see the diagram below), although the number of participants was comparatively low due to the pandemic.⁹⁴

Participation rate in basic compliance training



With the introduction of the new e-learning system in 2020, Zeppelin is continuously working on further improving the participation rate and is implementing suitable measures to achieve this; these will be presented in the next section. In order to improve training quality, the shortening of the training cycle is also being reviewed.

⁹⁰ Unresolved cases are still in resolution at the time of reporting.

⁹¹ Forfeiture is a measure for asset recovery provided for in criminal law

⁹² GRI 419-1

⁹³ GRI 205-3 and GRI 206-1: There were no legal proceedings for anti-competitive behavior, anti-trust or monopoly practices in the reporting period.

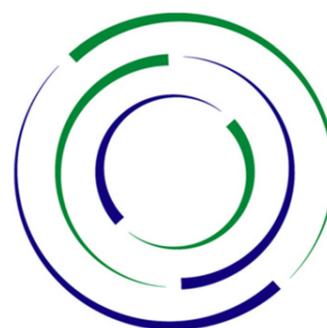
⁹⁴ To achieve this goal, at least 20 percent of employees must successfully complete the e-learning module each year. In recent years, the participation rate has always exceeded this threshold.

Measures from the area of compliance⁹⁵

The Zeppelin Group is a member of “Forum Compliance Mittelstand (FCM)”⁹⁶. This is a voluntary association in Germany of small and mid-sized enterprises that serves to promote and grow a value-driven way of doing business. Topics relating to the implementation of effective compliance management and monitoring in SMEs are discussed. The FCM works at the intersection of business and ethics, and fosters dialog between researchers and the world of business.

Individual compliance workshops were conducted in Q1 2020 – in addition to the indicated e-learning courses – for an expanded group of managers in collaboration with the “Konstanz Institute of Corporate Governance (KICG)” at Konstanz University. The aim of these training courses is to prepare managers to deal with compliance as an everyday management task and to convey approaches to help develop solutions in critical situations. Examples of issues and dilemmas closely based on your own industry facilitate understanding and therefore also the performance of your daily work.

The compliance officers and employees responsible for implementing the compliance program are qualified for this position and receive special training on an ongoing basis to train and qualify them for their roles. The Zeppelin Group’s compliance program is implemented across all strategic business units and constantly adapted to the circumstances.



Forum Compliance Mittelstand
- an initiative of the Center for Business Ethics

Data protection

Protection of personal rights and the right to informal self-determination

Increasing digitalization and globalization means that data protection is becoming ever more important. Not least with the introduction of the GDPR, data protection has become the focus of public attention. The task of data protection is to protect individual rights and in particular, the privacy of each person. For this purpose, lawmakers have regulated the processing of personal data, and granted rights to each data subject to protect their own personal data.

In the spirit of the Grafensatz “Grafen tip their hats”, the Zeppelin Group respects compliance with data protection requirements not only as a legal requirement, but also as an expression of honest, fair and responsible conduct. Zeppelin employees and business partners should be able to rest easy in the knowledge that their personal data can be protected.⁹⁷

The Zeppelin Group has documented the importance of data protection across the Group, not least by establishing the Compliance & Data

Protection division within the Group holding company. In particular, the division is responsible for expanding and improving the existing data protection organization and the data protection management system within the Zeppelin Group.

The management approach is reviewed regularly. Zeppelin maintains a worldwide data protection organization consisting of the Group Data Protection Officer, as well as other data protection officers, data protection coordinators, and contact persons in order to meet the stringent legal requirements.⁹⁸ These work together to ensure that the handling of personal data of employees, customers, and suppliers remains legally compliant. At the same time, they develop and support the introduction of necessary data protection and data security measures and further develop existing measures. However, the development of new digital products and services for customers, as well as the internal introduction of new tools and platforms, are also closely managed and monitored by the data protection organization.⁹⁹

⁹⁵ GRI 103-2-c-vii

⁹⁶ see also Section 4.1

⁹⁷ GRI 103-1

⁹⁸ GRI 103-2-c-iv and GRI 103-3

⁹⁹ GRI 103-2

Data protection in figures

In the area of data protection, the number of reported complaints classed as data protection violations in accordance with Article 33 of

the GDPR, and confirmed and resolved complaints are recorded. The development in recent years is shown in the following summary.

Summary of data protection complaints

Data protection complaints	Unit	2018	2019	2020
Reported data protection complaints ¹⁰⁰	Total	30	8	12
of which confirmed transgressions	Total	27	8	10
of which resolved transgressions	Total	27	8	10
Compliance resolution rate	%	100	–	100

In 2018, a comparatively high number of “data protection reports” were received, which can be attributed to the entry into force of the GDPR, the associated numerous employee training sessions and the resulting noticeable increase in awareness of data protection risks. During 2019, the reporting process for data breaches required by the GDPR was amended and optimized taking into account initial experiences.

Among other things, the options for reporting losses of mobile devices have been expanded – these cases represent the majority of cases reported in 2019 and 2020. With the impending introduction of new data protection management software in 2021, the process will be further optimized and access for employees will be made even easier. This could potentially lead to another increase.

Goal setting and assessment in Data Protection

The overarching focus in Compliance, i.e. maintaining a corporate culture in which compliance with legal and ethical obligations is a matter of course, also applies to Data Protection. The assessment of the de-

sired outcome of avoiding data breaches in accordance with Article 33 of the GDPR and the progress since the last report are presented below.



Progress on Objective 1

Avoidance of data protection breaches through information and training.

Number of identified data breaches pursuant to Article 33 of the GDPR, of which the number of incidents reported by supervisory authorities

The main objective is to avoid data protection breaches through targeted information and regular training of employees; these will be made aware as part of the data protection training courses and trained using various mandatory e-learning courses on data protection.¹⁰¹

mation brochures and data protection notices for employees, provide guidance and transparency at the same time.

The Group Data Protection Guideline is a central component of data protection management at Zeppelin and summarizes the rights and obligations, as well as the desired conduct, when handling personal data for all employees.¹⁰² Accompanying guidelines, as well as infor-

In addition, customers can obtain information on all of Zeppelin’s apps and websites about the processing of personal data when using our websites, apps and platforms, but also when using our services. Fair and responsible behavior towards customers also means being transparent in what you do.

¹⁰⁰ GRI 418-1

¹⁰¹ GRI 418-1

¹⁰² GRI 103-2-c-i

Data Protection Measures¹⁰³

The Zeppelin Group is continuously working on refining and improving its data protection management system (DMS). The plan is to take the DMS to the next development stage in 2021 by harmonizing the measures, processes and systems in a single technical solution. In this con-

text, risk management will be revised and expanded together with the compliance management system. Further measures in this area are set out in the Compliance section.

Quality management

High-quality products and services from Zeppelin¹⁰⁴

Ensuring high-quality services and products, as well as meeting the requirements and needs of customers, is essential for Zeppelin's success as a foundation-owned company that operates sustainably.¹⁰⁵ Satisfied customers form the basis for long-term cooperation based on partnership and trust. Zeppelin attaches great importance to this as part of its quality policy, which was published as Group Guideline.¹⁰⁶

Zeppelin lives by its special awareness of quality in all companies and across national borders, which is underlined in the German companies by a uniform management system in accordance with DIN EN ISO 9001:2015 for internal and external purposes.¹⁰⁷ The certification company's primary certificate is shown in the adjacent figure.

The effectiveness of the quality management system is regularly reviewed by the quality management officer, and discussed and approved once a year as part of the management review with the Group Management Board. The procedure is regulated in the "Management Review" procedural instructions. The essential contents are the review of compliance with the standard requirements and the development of the management system. This is presented, for instance, using key figures, internal and external audit results, as well as the status of (preventive) corrective measures and improvements.

The 2020 audit confirmed the effectiveness of the quality management system, and measures were defined to further improve internal audit standards and the schedule of legal provisions.¹⁰⁸

The Group Management Board actively promotes the continuous improvement of quality by providing the necessary resources, data and information, and appoints a quality management officer for this purpose whose role is to ensure ongoing development of the management system.¹⁰⁹

All Zeppelin employees who are appropriately trained and qualified make a significant contribution to ensuring high quality is achieved. Every manager and every employee is committed to ongoing further training, a willingness to learn and acceptance of quality improvements in order to achieve the ambitious goals and demands that they set themselves.



If any Zeppelin employee has questions or suggestions, they can contact their quality management officer, who will help them to implement the requirements for each company or site.¹¹⁰

¹⁰³ GRI 103-2-c-vii

¹⁰⁴ GRI 103-1, GRI 103-2 and GRI 103-3: The individual breakdown can be found in the individual footnotes.

¹⁰⁵ GRI 103-1-a

¹⁰⁶ GRI 103-2-c-i

¹⁰⁷ GRI 103-1-b and GRI 103-1-c The topic of quality is essential for all companies, i.e. there is no explicit restriction.

¹⁰⁸ GRI 103-03

¹⁰⁹ GRI 103-2-c-iv, GRI 103-2-c-v

¹¹⁰ GRI 103-2-c-vi

Quality management in figures

Numerous key figures reflect the quality of Zeppelin products and services: These include, for instance, the financial stability, the innovative strength of the company or the willingness and satisfaction of employees to learn. These specific key figures will be discussed in more detail later on.

A consistently good rating also shows the high standards in the area of finance: Creditreform Rating AG has again given the Zeppelin Group an above-average A rating in 2020.

Ideas management system

The Zeppelin Group encourages its employees to develop their own ideas and contribute them to the company. The 2013 employee opinion survey showed that employees want to be able to contribute more of their own ideas. Zeppelin has taken up the employees' suggestions and launched the Z IDEA Ideas Management System. Initially, it was introduced in Germany and Russia in 2016; the scope was gradually expanded in the following years.¹¹² The current planning is that the group of participating countries and companies will continue to be expanded in the future.

Zeppelin was awarded this rating on account of our high level of creditworthiness coupled with a prudent financial and withdrawal policy, as well as a solid financial position. Other important contributory factors include the market-leading position as a premium partner to Caterpillar, sound management built on experience in the sector, and a diversified portfolio of products and services. The package of measures that Zeppelin has taken quickly against the backdrop of the coronavirus pandemic, such as the establishment of modern infrastructure and IT systems also had a positive impact on our rating.¹¹¹

As part of the Z IDEA ideas management system, employees are given the opportunity to improve processes and develop new ideas. This not only advances the company, but also promotes interdisciplinary team building and dialog. Each accepted idea attracts a bonus. In 2020, a total of EUR 76,800 was paid to Zeppelin idea generators in bonuses. Some of the ideas from 2019 and 2020 are still being implemented. The number of ideas submitted and rewarded in recent years is shown in the table.

Strategic Business Units	Ideas submitted			Rewarded ideas ¹¹³		
	2018	2019	2020	2018	2019	2020
Construction Equipment Central Europe	171	127	136	48	24	23
Construction Equipment Eurasia	161	163	78	61	58	17
Rental	100	108	85	13	9	9
Power Systems	38	55	39	9	10	8
Plant Engineering	125	122	144	44	36	15
Zeppelin GmbH ¹¹⁴	5	15	13	1	1	0
Total	600	590	496	176	138	72

Summary of ideas submitted to "Z IDEA" and rewarded

If the submitted idea meets the internally defined requirements, the Idea Manager passes the idea on to an expert assessor for evaluation.¹¹⁵ Every positively assessed idea is suitably rewarded. For ideas with a quantifiable benefit, the idea generator will be entitled to an implementation bonus of ten percent of the value of the idea's benefit;

implementation bonuses are subject to a country-specific cap. For ideas without a calculable benefit, the idea generator is entitled to a country-specific flat-rate bonus, which is paid out in full before implementation.

¹¹¹ More information can be found in the 2020 Annual Report on page 92.

¹¹² In 2017, the expansion to Austria, Armenia, the Czech Republic, Belarus, Uzbekistan, Switzerland, Ukraine, Slovak Republic, Tajikistan and Turkmenistan followed. In 2018, Z IDEA was introduced in Singapore and in the Z LAB business unit. Zeppelin Aviation & Industrial Services GmbH has also been part of Z IDEA since the end of 2020. As of December 31, 2020, the Construction Equipment Nordics SBU is no longer integrated into Z IDEA, which is why this SBU is not included in the list.

¹¹³ Every idea that is evaluated positively will be rewarded with a bonus:

¹¹⁴ The former Z LAB strategic business unit was integrated into Zeppelin GmbH on January 1, 2020.

¹¹⁵ The internal requirements stipulate that each idea must be in line with Zeppelin's strategy and values, is new to the proposed scope/purpose, has a specifically described benefit for Zeppelin, can be influenced by Zeppelin, complies with applicable law or contracts, and does not violate third-party rights.

Goal setting and assessment in Quality Management

The current objectives focus on sustainable corporate development, which ensures long-term economic success and competitiveness. In addition, the aim is to ensure the creation of an innovative corporate environment in which employees contribute to ongoing improvements, as well as to ensure a high level of skills and effectiveness among man-

agers and employees. The latter is measured by the participation rate in the central e-learning modules, which contain a variety of focus areas each year. The degree of target achievement and progress made since the last report are presented below.



Progress on Objective 1

Sustainable corporate development.

Sustainable business development

Previously successful crisis management during the COVID-19 pandemic is based on sustainable business development, which is based in turn on Zeppelin's corporate strategy and value system. Despite the severe restrictions due to the global pandemic, sales increased slightly in 2020 compared with the previous year. All SBUs closed the fiscal year with a positive operating result.

To further embed sustainability management in the organization, a focus topic from CSR was integrated into the Group Call for Strategy in 2020.

This will make it possible to identify further potential for ongoing improvement and ensure a sustainable way forward. The Group Call for Strategy, which comprises the tasks defined as essential and future challenges, takes place regularly at company level and is a uniform process for the entire Group. In 2020, the individual SBUs were asked to develop a strategy to ensure carbon neutrality by 2030, as well as specific goals and measures to enable the targets to be met. The results from 2020 are presented in Chapter 5.



Progress on Objective 2

Use the knowledge and innovativeness of employees for ongoing improvement and optimization.

Number of ideas implemented

The knowledge and innovativeness of employees for continuous improvement and optimization is measured by the number of positively evaluated ideas submitted as part of "Z IDEA", i.e. those that have been rewarded. In 2020, around 15 percent of the submitted ideas were honored with a reward. The aim is to maintain a high level of ideas being honored with a

reward. This motivates employees to contribute their ideas. For example, each idea generator receives a proportionate financial bonus if the idea is accepted. In addition, a donation to a charity is made for each appraisal of an idea. The best idea generators and experts are also honored once a year at the Z IDEA Awards ceremony.



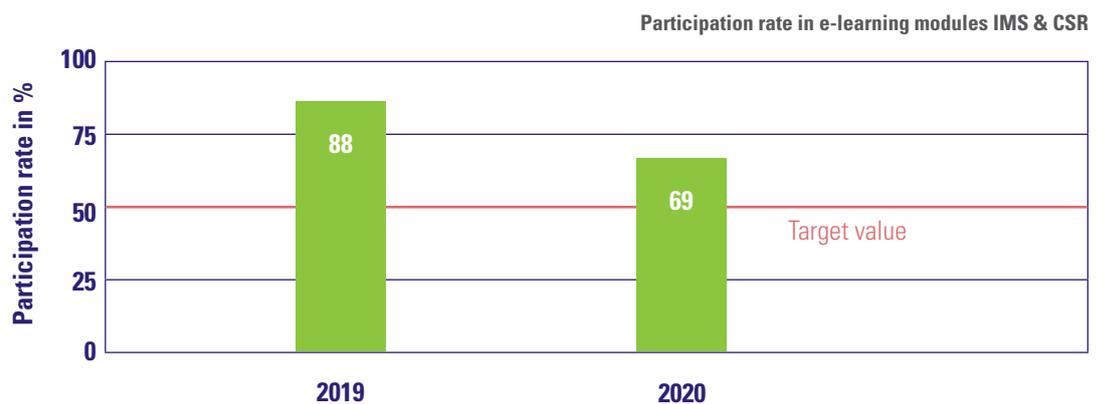
Progress on Objective 3

Training of employees/managers in the Integrated Management System and CSR within the scope of the IMS.

High participation rate in central e-learning system (> 50%)

The central e-learning on the Integrated Management System is created once a year. The first e-learning module was rolled out in 2019 for all employees within the scope of the IMS.¹¹⁶ In 2020, e-learning modules were launched on CSR topics, such as the importance and definition of sustainability at Zeppelin, as well as the presentation of goals, measures and initiatives. In order to specifically train the responsibility of senior

management, training was specially tailored to German managers as participants. The aim is for each manager to be given training at least once every two years, which corresponds to a participation rate of at least 50 percent in annual e-learning. This target has been achieved in recent years, as shown in the following diagram.



Further e-learning is planned for the topics of IMS and CSR in 2021, with the scope being gradually extended to other subsidiaries. In addition, the training content is adapted and made more specific at each interval in

line with the focus areas defined at that time. This continuously increases awareness of sustainable actions and the importance of the IMS.

Measures by the Quality Management department¹¹⁷

This section presents a number of successfully implemented ideas from 2020 that were honored with a reward (see the following overview).

Selection of rewarded ideas from 2020

At Zeppelin Baumaschinen GmbH, additional equipment for new machines can be better calculated and planned using an idea that was submitted to Z IDEA, with the result that costs for Zeppelin are significantly reduced.

Transport is being reduced in the Plant Engineering SBU thanks to a new frame for FSW profiles. The frame can be adjusted to the desired profile diameter using a height-adjustable tube.¹¹⁸

In Uzbekistan, truck drivers in the mining sector have been receiving e-training since the outbreak of COVID-19. This procedure enabled 80 truck drivers to be trained within two weeks and saved on transport and accommodation costs.

Thanks to a Z IDEA, Zeppelin was able to derive further important measures to help in the fight against the pandemic. By using CO₂ meters in conference rooms, air quality is measured and reminders sent to ensure regular ventilation.

¹¹⁶ The Integrated Management System was certified for the first time in 2019 for the companies Zeppelin GmbH (Holding), Zeppelin Baumaschinen GmbH, Zeppelin Rental GmbH, Zeppelin Power Systems GmbH, and Zeppelin Systems GmbH.

¹¹⁷ GRI 103-02-c-vii

¹¹⁸ FSW: Friction stir welding profiles

Supplier Management

Procurement Organization Overview

For the Zeppelin Group, sustainable supplier management means assuming responsibility for complying with social and ecological due diligence throughout the supply chain.

A central topic in procurement is the definition of Group-wide benchmarks for the assessment and monitoring of suppliers and supply chains. This ensures that suppliers meet quality, cost, reliability and sustainability requirements.¹¹⁹

The individual Group companies have their own procurement organizations that buy materials and services for the respective company and its sites, or set the framework conditions for decentralized procurement.¹²⁰

The procurement organizations of the individual Zeppelin companies are networked in an international Group procurement team. This team

identifies and coordinates common procurement topics with the aim of developing uniform procurement standards for all Group companies and ensuring common procurement sources and optimized procurement conditions.

In addition to the central consideration of defined product groups, the topic of supplier management in particular, with the aspects of supplier selection, supplier evaluation, risk management and sustainability in the supply chain, will be uniformly designed for the Zeppelin Group. The lead buyer concept, which has been established since 2010, is being maintained. In this system, the lead buyer is responsible for the central processing of one or more procurement topics. They are supported by a co-buyer from another Zeppelin company. The Group Procurement Guideline defines the framework and regulates responsibilities.¹²¹

Supply chain description

The procurement volume of the German Group companies remained stable in 2020. Around half of the procurement volume is attributable to the procurement of merchandise for our business partner Caterpillar Inc. There has been a close business relationship between the Zeppelin Group and Caterpillar Inc. since the 1950s.

Trading in and servicing Caterpillar products makes up a significant proportion of the Zeppelin Group's business activities. Zeppelin Baumaschinen GmbH focuses on the distribution and service of Caterpillar construction machines and components, while Zeppelin Rental GmbH rents Caterpillar construction machines and equipment, and Zeppelin Power Systems GmbH develops, distributes and services drive and energy systems based on Caterpillar engines. This makes Caterpillar Inc. the Zeppelin Group's largest and most important business partner.¹²²

The procurement volume outside of the trade with Caterpillar Inc. is primarily attributable to suppliers in the technical product field. Zeppelin

Rental GmbH procures construction machines, associated components and attachments from other manufacturers; lubricants, products for construction site equipment and traffic guidance systems. In addition, the focus is on materials and components for the production of mixing and silo systems at Zeppelin Systems GmbH, as well as components and plant services for Zeppelin Power Systems GmbH. Furthermore, a relevant share of the procurement volume is attributable to vehicles that are required by service technicians and field service employees for service calls and customer support, or that are rented as part of Zeppelin Rental GmbH's business activities, but also to their fuel consumption. Expenditure for the organization's own needs, investments, various services, such as energy supply, IT solutions or consulting services, complement the procurement portfolio. With the exception of the trade relationship with Caterpillar Inc., procurement by the German companies takes place predominantly in national or western European markets.

¹¹⁹ GRI 103-1

¹²⁰ GRI 103-2-an and GRI 103-2-b in conjunction with the following paragraph.

¹²¹ GRI 103-2-c-i: The following companies have agreed to follow the Lead Buyer Concept: Zeppelin GmbH, Zeppelin Baumaschinen GmbH, Zeppelin Rental GmbH, Zeppelin Power Systems, Zeppelin Systems GmbH, Zeppelin Österreich GmbH and Zeppelin CZ s.r.o., including their subsidiaries, participate in the Lead Buyer Concept and benefit from the resulting procurement benefits and Group synergies as far as possible.

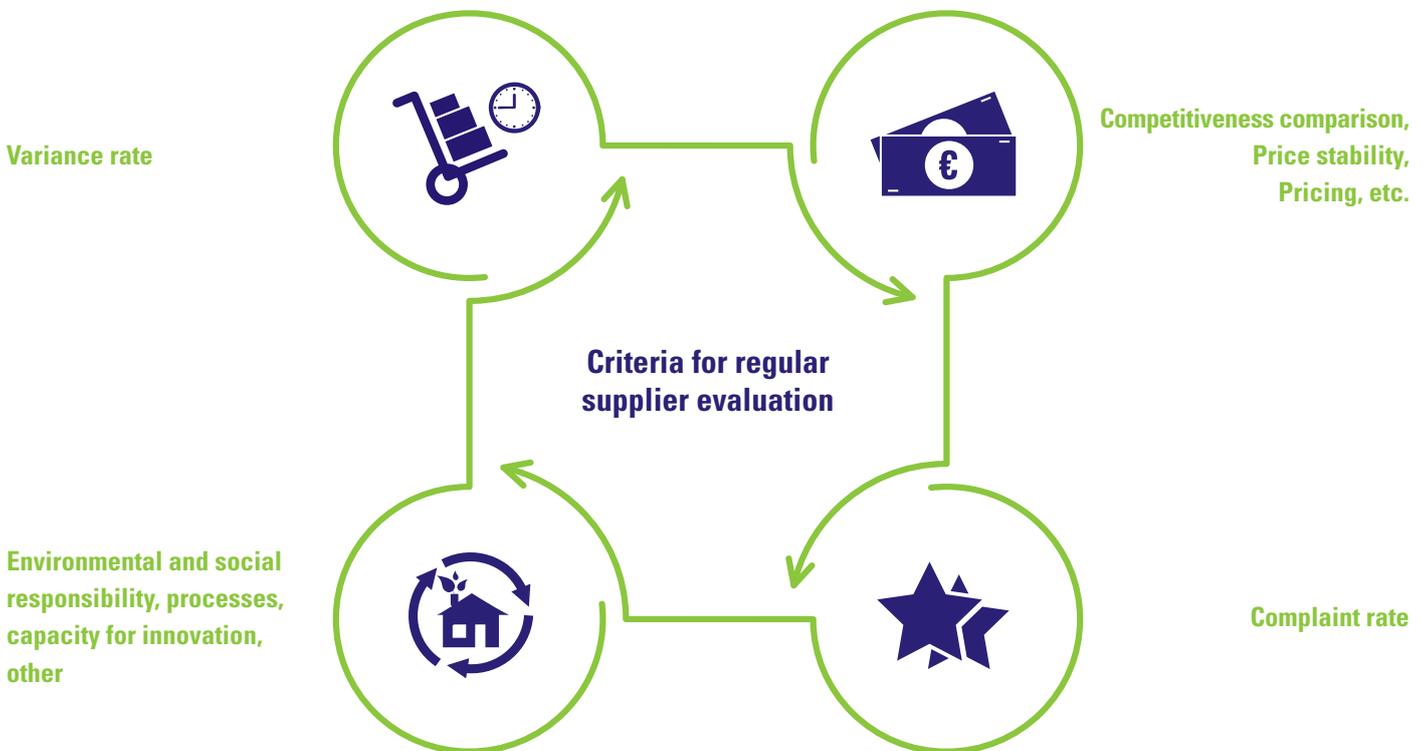
¹²² GRI 102-9

Monitoring and safeguarding of requirements¹²³

Suppliers who have a relevant influence within the supply chain are checked for suitability before the initial order is placed. This check is carried out on the basis of supplier self-assessments, audits and credit checks and, if necessary, further research. If required by the business relationship, separate agreements are drawn up relating to data protection, compliance with collective bargaining agreements or occupational safety. The collection of data as part of the supplier self-assessment has been expanded and, in addition to questions on economic and technical production suitability, also includes questions regarding certified systems for data protection, energy management, environmental management, occupational health and safety, and quality.

In regular supplier evaluations, the suppliers are assessed for the extent to which they meet the criteria shown in the figure below, depending on the annual procurement volume.

The supplier evaluation serves as a tool for the ongoing monitoring of the partnership and shows action areas for any necessary improvements. This is one of the most important tools for improving quality and therefore for optimizing the costs of materials and processes.



¹²³ GRI 103-3

Supplier Management Objectives¹²⁴

The main objective of the procurement policy is to develop and maintain stable and partnership-based business relationships with suppliers so as to meet the requirements of internal and external stakeholders. This requires that the selected suppliers meet the requirements set by Zeppelin in terms of quality, adherence to deadlines, price, cooperation, sustainability, and integrity. The degree to which they meet these requirements is checked and expanded as part of regular supplier evaluations.

The term sustainability covers ethical, social, economic, and ecological aspects that are rated with an equal weighting. To determine the

baseline and to be able to determine the necessary measures based on this, the companies regularly carry out the checks mentioned in the following section.

In addition to fulfilling qualitative requirements, Zeppelin expects its suppliers to comply fully with legal obligations and to recognize and comply with the basic values enshrined in the Zeppelin Code of Conduct for Business Ethics and Compliance. This is set out in framework agreements or in project-specific agreements.



Progress on Objective 1

Collaboration with qualified suppliers.

- ▶ Definition of uniform evaluation criteria
- ▶ Regular (annual) assessment of the degree to which the criteria set have been met

For Zeppelin, sustainability in the supply chain also means ensuring security of supply with materials and services, especially for Zeppelin customers. Regardless of the size of the purchasing volume, all suppliers are therefore checked for their relevance within the supply chain, and strategic suppliers are identified. These suppliers are checked in particular in terms of their economic stability.



New objective 2

Creation and implementation of a Supplier Code of Conduct.

- ▶ Definition of clear requirements for the assumption of social and environmental responsibility, and compliance with ethical business conduct in the supply chain
- ▶ Implementation in framework agreements and project-specific agreements as well as in the general purchasing conditions
- ▶ Scope of application for all Zeppelin companies and subsidiaries

In order to embed the high standards of the Zeppelin Group's sustainability policy even more firmly within the supply chain, a Group-wide Code of Conduct for Suppliers is currently being developed. This Code of Conduct is specifically formulated with regard to the expectations we have of suppliers of the Zeppelin Group. The focus is on aspects of social, environmental and ethical responsibility based on the ten principles of the UN Global Compact. Finalization is planned for 2021. The aim is to integrate the Code of Conduct for Suppliers into framework orders and project-specific orders as well as into the general terms and conditions of procurement.

¹²⁴ GRI 103-2-c-iii



New objective 3

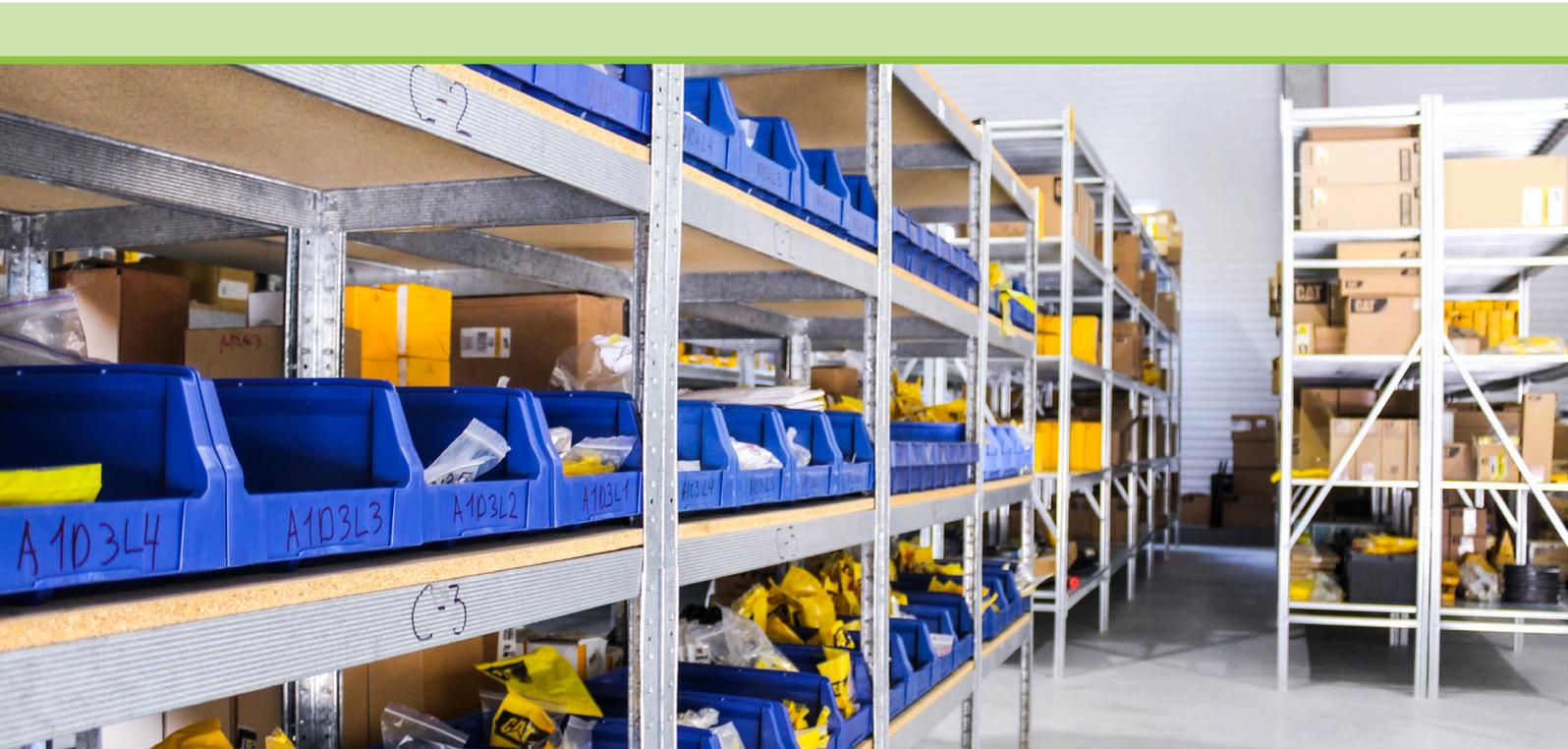
Carrying out the relevance assessment.

- ▶ Carrying out the relevance assessment in all German Zeppelin companies
- ▶ Gradual introduction of relevance assessment in all European Zeppelin companies
- ▶ Gradual Group-wide introduction of relevance assessment

The materiality assessment, which was initially conducted as a pilot at Zeppelin Systems GmbH and Zeppelin Power Systems GmbH in 2019, was also introduced unchanged at Zeppelin Baumaschinen GmbH and Zeppelin Rental GmbH in 2020. In addition to the general supplier evaluation described, significant suppliers are classified in terms of human rights violations and negative environmental impacts.

If Zeppelin becomes aware of any violations by the supplier in the areas of the environment, compliance or human rights, a separate review will be conducted to determine and evaluate the severity of the violation. In the most serious cases, the business relationship may be terminated as a result. Violations of the Zeppelin Code of Conduct may also result in the termination of the cooperation.

Within the framework of the regular Group procurement meetings, the presented management approach is reviewed and, where relevant, adapted to necessary changes. With regard to the recently adopted supply chain due diligence law ("Lieferkettensorgfaltspflichtengesetz") in the Federal Republic of Germany and the expected regulation by the European Union, appropriate preparatory measures have already been initiated, and these will be gradually expanded and continued in 2021 and 2022.



5 CORPORATE AND SOCIAL RESPONSIBILITY

Leadership culture in the company

As a company steeped in tradition, Zeppelin feels connected to its history and promotes a culture where integrity and excellence play a leading role. The work of managers is a fundamental factor in Zeppelin's success. It is important to make the right decisions in order to progress the achievement of the company's goals, but also to respond to the needs of employees intuitively, to unleash potential in the team and to create an environment that motivates and inspires.

The COVID-19 pandemic has turned many things upside down, including the way we work together. Where possible, remote working has replaced on-site working. Virtual video conferences and telephone calls take place instead of physical meetings and dialog in the office.

Virtual collaboration also changes the management role and poses new challenges for managers. In order to create a trusted new working culture, transparent framework conditions and clearly formulated goals and expectations between employees and managers are required. Promoting direct dialog between colleagues is particularly important when working remotely. Mutual appreciation and a sense of community must be strengthened in a targeted way. Virtual team meetings and the use of digital tools to ensure successful collaboration within teams have an important role to play.

To provide managers with the best possible support in their management tasks, Zeppelin offers a range of events, webinars, training sessions, and information materials that provide insights into topics such as virtual management of employees and teams, hybrid working, and mobile working. With these measures, around 500 managers were prepared for a new management task in 2020.

The findings from 2020 and the associated changes in the working world have shown that the understanding of leadership at Zeppelin needs to be worked on further and redefined. While aspects such as virtual leadership must be taken up more robustly, the importance of a global understanding of leadership at Zeppelin must also be underlined. As a connecting element, global management principles create a basis on which all managers can identify Group-wide. These leadership principles formulate guidelines for managers on how leadership at Zeppelin should be understood and lived, while at the same time providing employees with a transparent overview of what they can expect from their managers. The revision of the management principles was included in the Group Call for Strategy 2021.

Continuous dialog with the workforce is very important to the Group Management Board as the success of the company depends on the employees. Continuous improvement can only be achieved through discussions and cooperation across all countries, companies and roles.

Employee opinion surveys are a suitable format for entering into dialog with the workforce, allowing conclusions to be drawn about the mood and the fields of action and the derivation of measures to be identified. In 2013 and 2017, employees were able to submit their responses to the employee opinion surveys, including on their motivation, cooperation with the direct manager, trust in the Management Board, the future viability of Zeppelin, and their enjoyment of their work and working conditions.¹²⁵ A global employee opinion survey will be prepared in 2022. The topic of management culture will once again be an important part of this.

¹²⁵ In 2017, employees in Austria, Russia, Slovak Republic, Czech Republic, Ukraine and Switzerland were surveyed in addition to all companies in Germany. The results of the employee opinion survey from 2013 and 2017 are presented in the most recent progress report of 2019 (p. 52 ff.).

Human Resources in figures

As of December 31, 2020, the Group had more than 10,000 employees (headcount). These are divided into six strategic business units. The

table shows the breakdown of Zeppelin Group employees by FTE and headcount, the number of trainees, and the full-time ratio.¹²⁶

Number of employees by year (as of December 31, 2020)¹²⁸

Zeppelin Group employees	Unit	2018	2019	2020
Total number of employees	FTE	8,376	8,969	9,816
Total number of employees in the Zeppelin Group (excluding trainees)	Headcount	8,559	9,172	10,075
Trainees	FTE	324	361	362
Full-time ratio ¹²⁷	%	97.9	97.7	97.4

The employee numbers presented are generally not subject to any significant changes due to seasonal fluctuations or other regular significant changes to framework conditions.¹²⁹

The distribution of employees among the individual strategic business units is shown in the table below. The distribution across the respective countries is shown in the table on page 48.

Number of employees (headcount) by business unit (as of December 31, 2020) excluding trainees

Strategic Business Units	2018	2019	2020
Construction Equipment Central Europe	2,666	2,778	2,802
Construction Equipment Eurasia	1,820	1,923	1,911
Construction Equipment Nordics ^{129a}	–	–	650
Rental	1,545	1,757	1,780
Power Systems	848	894	1,013
Plant Engineering	1,524	1,622	1,619
Zeppelin GmbH ¹³⁰	156	198	299
Total	8,559	9,172	10,075

¹²⁶ GRI 102-8-f: We specify the number of employees excluding apprentices, employees on long-term sick leave, interns/trainees, combined study/work students as well as employees on unpaid leave, partial retirement in the release phase and those on parental leave. Temporary workers and freelancers are also not included. In contrast, employees on maternity leave and those engaged in military or community service are included.

¹²⁷ GRI 102-8-c, GRI 401-2: The full-time ratio is calculated based on the ratio of employees (FTE) to employees (headcount). The part-time ratio and the full-time ratio together add up to 100 percent. No distinction is made between full-time and part-time employees, i.e. all company benefits are also offered to part-time employees. This ensures compliance with the General Equal Treatment Act (AGG).

¹²⁸ Including Zeppelin GmbH and SMC Zeppelin Digit/Zeppelin Lab GmbH and including employees joining the Group from the acquisitions in Sweden and Denmark, as of: December 31, 2020

¹²⁹ GRI 102-8-e

^{129a} Effective December 31, 2019, Zeppelin assumed responsibility for the distribution and service of Caterpillar construction and mining equipment in Sweden, Denmark, Greenland, and the Faroe Islands, and merged them into the Construction Equipment Nordics SBU. The employees of the Construction Equipment Nordics SBU will be included in the report for the 2020 fiscal year for the first time.

¹³⁰ Including the employees of the former Z LAB strategic business unit, which was established in 2016, but fully integrated into the Zeppelin Digit Strategic Management Center (SMC) on January 1, 2020. Only Zeppelin GmbH employees were included in the 2019 Sustainability Report.

Distribution of employees (headcount) by country (as of December 31, 2020)¹³¹

Country	2018	2019	2020
Armenia	131	133	121
Belarus	45	50	52
Belgium	15	15	16
Brazil	136	111	85
China	108	126	127
Denmark ^{131a}	–	–	262
Germany	4,894	5,239	5,406
France	18	19	19
Greenland ^{131a}	–	–	5
UK	28	23	22
India	72	200	210
Italy	43	43	47
Austria	261	272	293
Poland	161	164	160
Russia	1,234	1,294	1,298
Saudi Arabia	66	63	64
Sweden ^{131a}	–	–	513
Switzerland	19	20	18
Singapore	10	9	8
Slovak Republic	134	138	137
South Korea	4	4	4
Tajikistan	9	11	11
Czech Republic	514	532	514
Turkmenistan	18	17	16
Ukraine	520	568	556
USA	93	93	78
Uzbekistan	26	28	33
Total	8,559	9,172	10,075

¹³¹ GRI 102-8-b

^{131a} Effective December 31, 2019, Zeppelin assumed responsibility for the distribution and service of Caterpillar construction and mining equipment in Sweden, Denmark, Greenland, and the Faroe Islands, and merged them into the Construction Equipment Nordics SBU. The employees of the Construction Equipment Nordics SBU will be included in the report for the 2020 fiscal year for the first time.

Zeppelin's growth is steady and healthy: Every new hire is well considered and the deployment of an employee is something that is planned for the long term. As a result, new Zeppelin employees generally receive a permanent employment contract – in 2020, the proportion of perma-

nent employees was 99 percent. The use of contracts for work, temporary workers and freelancers plays a subordinate role in terms of sustainable personnel planning.

Employees by type of employment (as of December 31, 2020)¹³²

Employees by type of employment	Unit	2018	2019	2020
Permanent employees	Total	8,483	9,090	9,979
Temporary employees	Total	76	82	96
Percentage of permanent employees	%	99	99	99

The low number of fixed-term employees shows that fixed-term employment is the exception. No significant proportion of the company's activities are carried out by employees who are employed outside Zeppelin.¹³³

The average age of Zeppelin employees in 2020 was 41.9 years (see table below).

Age distribution of employees in percent (Group level)¹³⁴

Age distribution	Unit	2018	2019	2020
<= 25	%	6	6	5
26-30	%	12	11	11
31-35	%	17	16	16
36-40	%	16	17	17
41-45	%	12	12	13
46-50	%	12	11	11
51-55	%	12	12	11
56-60	%	9	9	10
> 60	%	4	5	5
Average age in the Group	Years	41.5	41.6	41.9

¹³² Based on GRI 102-8 a, b

¹³³ GRI 102-8-d

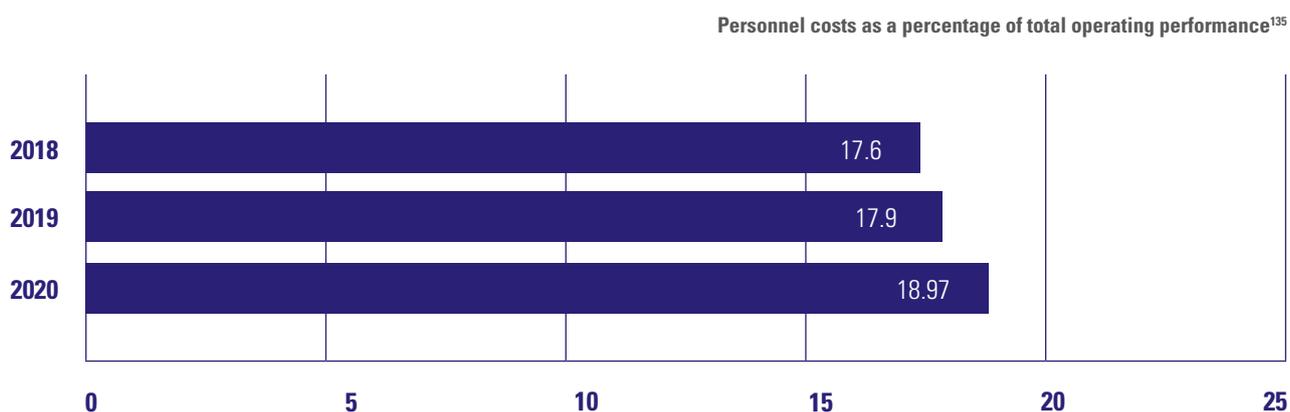
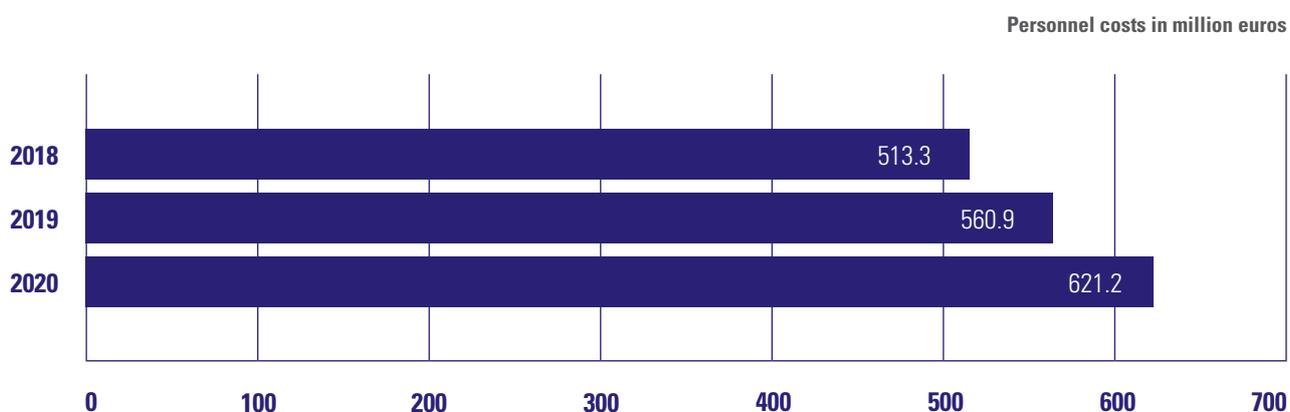
¹³⁴ GRI 405-1-b-ii

For Zeppelin, it goes without saying that employees should have a stake in the financial performance as they are the ones who make the company successful. The models vary from Group company to Group company and the respective position of the employee. There are models with contractually defined monthly remuneration plus annual profit sharing or models with a fixed salary and variable remuneration, which also contain a performance-related component.

The very good financial performance of recent years is therefore also reflected in personnel costs – which have increased not only due to the increased number of employees, but also due to the profit-sharing bonuses paid out.

The increase in personnel costs from 2019 to 2020 is around 11 percent, which corresponds to around 61 million euros more.

In terms of the overall performance of the company, an increase in personnel costs can also be observed, with an rise of around six percent compared with 2019. The exact figures are shown in the diagrams below.



¹³⁵ The total operating performance is the total sales from operations less other income.

Given the increasing importance of pensions for retirement, the Zeppelin Group offers employees in Germany the opportunity to save for a supplementary pension. There are different pension plan models in the individual companies, such as direct insurance, pension fund or plans stipulated in collective bargaining agreements. Company pensions are funded by the company with tax-exempt contributions. Em-

ployees also have the option of concluding a self-funded company pension scheme (deferred compensation) in accordance with the statutory provisions.

The respective framework conditions for provision by Zeppelin are regulated in the company-specific arrangements of the subsidiaries.¹³⁶

Employee benefits (calculation in accordance with IFRS)¹³⁷

Total per year (T€)	2018	2019	2020
Employee benefits	138,332	171,708	177,479

Based on the figures presented, specific targets are defined that ensure ongoing improvement and ongoing further development in HR. The objectives¹³⁸ are defined according to SMART principles in order

to achieve a realistic orientation, comprehensible evaluation and consistent follow-up.



¹³⁶ GRI 201-3-a

¹³⁷ See list in the 2020 Annual Report (p. 108)

¹³⁸ SMART objectives are specific, measurable, appropriate, realistic and time-bound.

Growing with Zeppelin – a promise to employees¹³⁹

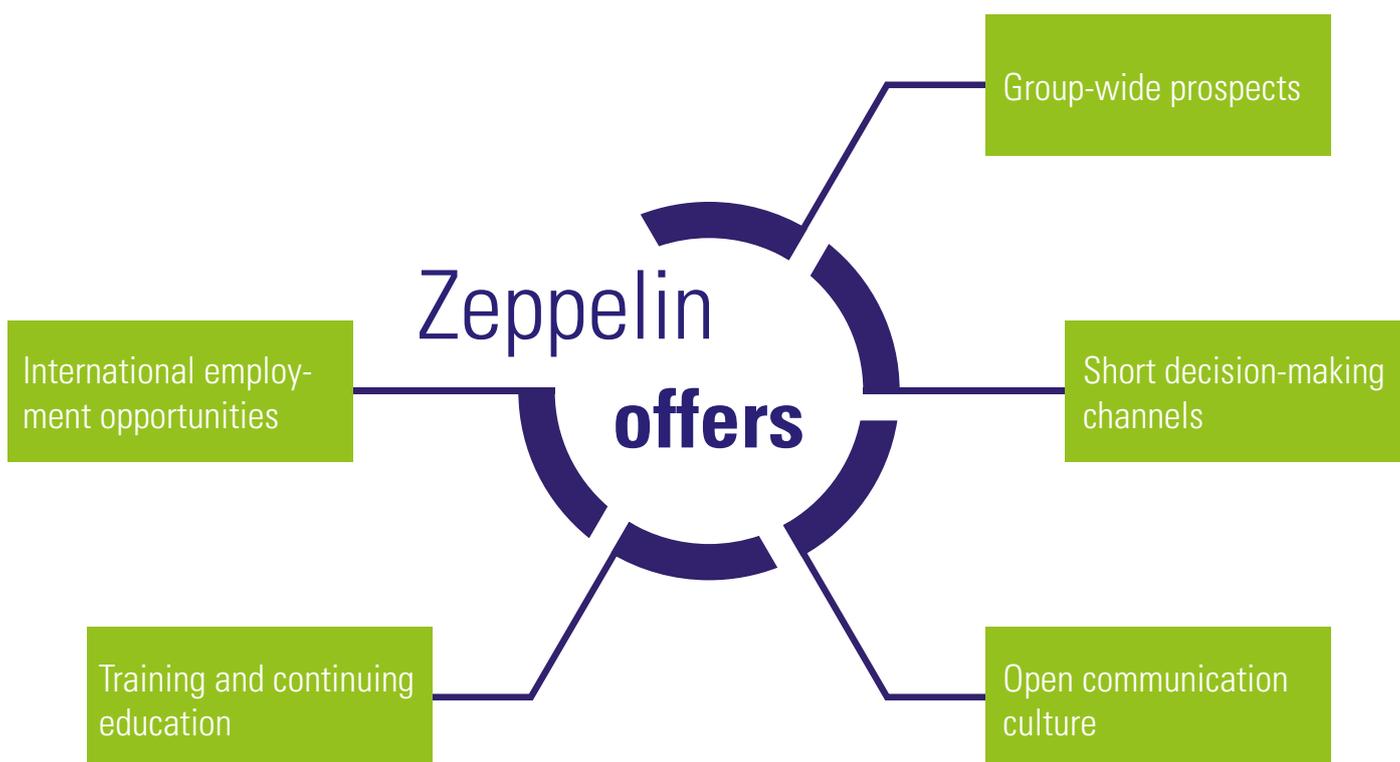
The long-term success of the company is only ensured if every employee can reach their full potential. This is why the Group's promise, in its role as an employer, is "Grow with Zeppelin." The focus is on the promotion and targeted development of employees. The various sectors and international dimension create a diverse range of Group-wide career opportunities.

The HR strategy is derived from the corporate strategy and consistently focuses on employees. Their excellence and integrity are the foundation of the Zeppelin value system and ensure the long-term success of the company. Finding talented individuals, nurturing employees, and inspiring them to be part of Zeppelin for the long term – these are the three cornerstones of our HR work. HR is constantly developing to ensure success in this area in the future.¹⁴⁰

The HR strategy is reviewed at regular intervals and adapted and updated accordingly in the event of changing outline conditions. This is carried out in direct consultation with the Group Management Board and the heads of the HR department. In 2020, the HR strategy was adapted to the current challenges and measures derived from them.¹⁴¹

The Zeppelin Group offers its employees short decision-making pathways and an open communication culture that crosses company and national borders. Thanks to the international posting opportunities and numerous training and further education opportunities, which are carried out both internally and externally, a wide range of career opportunities is available for every employee.

Zeppelin as an employer offers



¹³⁹ GRI 103-1, GRI 103-1-c: There are no explicit restrictions on the subject of HR.

¹⁴⁰ GRI 103-2 a, GRI 103-2 b

¹⁴¹ GRI 103-3

Goal setting and assessment in HR¹⁴²

All projects and initiatives aim to make the Zeppelin Group a modern employer with the best employees and efficient HR processes. The degree of target achievement and progress made since the last report are presented below.

The current targets focus in particular on increasing the proportion of women in the workforce, further improving the health rate, maintaining

the voluntary termination rate at a low level, and ensuring a consistently long length of service of more than nine years on average. In order to achieve these goals or to be able to successfully implement projects and initiatives, the HR department is organized in local HR departments at each company, which in turn are bundled via the reporting line in the management holding company.



Progress on Objective 1

Increasing the proportion of women.

Increase in the proportion of women to at least 20% by 2025 (status in 2020: 16%)

At Zeppelin, equal opportunities for women and men are self-evident, and also a key driver of the success of the Zeppelin Group. The goal, which is the focus here, is to utilize the potential of every woman as well as to support women in the development of their careers in the long term.

Zeppelin aims to increase the proportion of women to at least 20 percent by 2025. The topic is being promoted within the framework of the

Z COLOURFUL initiative, which deals with the integration of diversity and equal opportunities, and therefore not only represents an adaptation to a changed world of work, but also highlights diversity as a critical success factor. One driver for this program is the recruitment of female talent, both in the area of junior staff (e.g. trainees) and in the area of mid-career professionals (e.g. experts, managers). In addition, the focus is on targeted promotion and further development within the framework of our overall HR development programs.

Distribution of employees by gender in % at Group level (in management positions)¹⁴⁷

Category	Unit	2018	2019	2020
Female	%	17	17	16
Male	%	83	83	84
Proportion of women on the Management Board (Group) ¹⁴⁴	%	25	25	25
Proportion of women on the Supervisory Board (Group) ¹⁴⁵	%	25	25	25
Proportion of women at 1st management level ¹⁴⁶	%	18	20	22
Proportion of women at 2nd management level	%	17	16	17
Proportion of women at 3rd management level	%	17	15	15

¹⁴² GRI 103-2-c-iii

¹⁴³ The target to increase the proportion of women has been adjusted from 25% (2019) to 20% (2020) by 2025. The reason for this is that a more realistic target can be achieved. Nevertheless, the target of 20 percent by 2025 is a very ambitious one and reflects Zeppelin's high standards for the promotion and development of women.

¹⁴⁴ The proportion of women on the Management Board or Supervisory Board of Zeppelin GmbH is shown.

¹⁴⁵ GRI 103-2-c-iii. In the 2019 progress report, a slightly different value was erroneously reported.

¹⁴⁶ The first management level includes all employees in management positions who report directly to a managing director of a company. Employees at the 2nd management level are two levels away from the Management Board, etc.

¹⁴⁷ GRI 405-1-b, GRI 102-8-a, employees with the gender designation "various" are recorded; in 2020, the number recorded in this category was zero.



Progress on Objective 2

Increasing the health rate.

Increasing the health rate to at least 97% by 2025 (status as of 2020: 96.2%)

Health promotion played a particularly important role in 2020 due to the COVID-19 pandemic. Overall, health management at Zeppelin is considered to be greatly important as it has a decisive influence on maintaining performance and on life satisfaction. Not only can it reduce absenteeism, but it can also lead to increased vitality and energy in everyday work. The health ratios of 96.3 percent for 2018 and 96.5

percent for 2019 show how successful the previous efforts have been. Despite the COVID-19 pandemic, the health rate remained at a high level of 96.2% in 2020, due in part to the defined measures for fighting the pandemic and protecting against infections (see section on occupational health and safety).

Health rate per SBU at Group level

Strategic Business Units	Unit	2018	2019	2020
Construction Equipment Central Europe	%	95.7	95.8	95.6
Construction Equipment Nordics ¹⁴⁸	%	–	–	96.2
Construction Equipment Eurasia	%	98.7	98.7	98.1
Rental	%	94.5	95.0	94.2
Power Systems	%	96.5	96.4	96.6
Plant Engineering	%	96.2	96.7	96.7
Zeppelin GmbH	%	97.7	97.7	97.9
Group total	%	96.3	96.5	96.2

The measures of the Z FIT initiative supported employees during online health weeks in dealing with the challenges posed by the new situation. The counseling services of the famPLUS family service were also available to employees online; these cover the areas of care, childcare,

and psychosocial counseling. The objective is to further increase the health rate to at least 97% by 2025, with occupational health management making an important contribution.

¹⁴⁸ The health rate for 2019 already takes into account the Construction Equipment Nordics SBU, which was newly created on January 1, 2020, at Group level.



Progress on Objective 3

Maintaining the average length of service.

Maintain an average length of service of at least 9.3 years (status as of 2020: 9.6 years)

The third objective in HR is to maintain the average length of service of at least 9.3 years. Overall, employees are very loyal to the company, which explains the average length of service of **9.6 years (2020)** (see table).

Strategic Business Units	Average length of service in years		
	2018	2019	2020
Construction Equipment Central Europe	12.0	12.2	12.3
Construction Equipment Nordics ¹⁴⁹	–	–	7.3
Construction Equipment Eurasia	5.2	5.5	6.1
Rental	7.9	7.7	7.5
Power Systems ^{149a}	9.5	9.7	10.3
Plant Engineering	12.2	11.3	12.4
Zeppelin GmbH	7.4	8.4	6.0
Group average^{149b}	9.4	9.3	9.6

By ensuring the loyalty of its employees at an early stage and promoting talented and junior managers, Zeppelin wants to maintain and expand its goal of a long length of service in the company.

¹⁴⁹ With effect from December 31, 2019, the Group assumed responsibility for the distribution and service of Caterpillar construction and mining equipment in Sweden, Denmark, Greenland and the Faroe Islands, and merged it into the newly created Nordics SBU. The duration of employment of Construction Equipment Nordics employees was calculated based on the personnel data of the acquired company. The employees in the Construction Equipment Nordics SBU will be included in the report for the 2020 fiscal year for the first time.

^{149a} The figures of the Power Systems SBU were retroactively corrected for 2018 and 2019.

^{149b} The Group average figures were also retroactively corrected for 2018 and 2019 due to the adjustment in the Power Systems SBU.



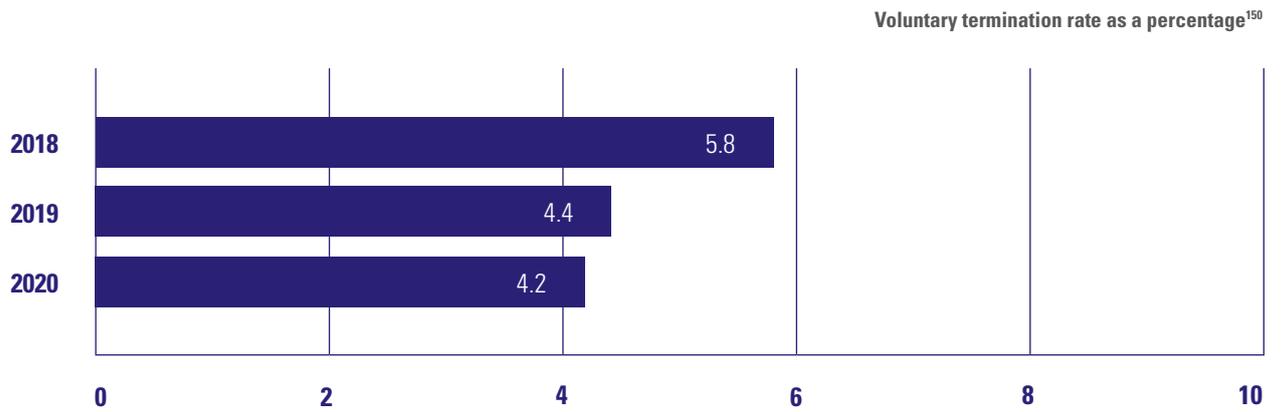
Progress on Objective 4

Maintaining the voluntary termination rate.

Maintaining the voluntary termination rate at a maximum of 5% by 2025 (status as of 2020: 4.2%)

The low voluntary termination rate reflects the high degree of loyalty and satisfaction of employees. In recent years, Zeppelin has introduced a variety of offers to increase employer attractiveness and employee

satisfaction in order to achieve the overarching goal of “keeping the voluntary termination rate at a maximum level of five percent by 2025.”



While there was a slight increase in 2017 and 2018, the voluntary termination rate fell by to 4.4 percent and 4.2 percent in 2020 in 2019.

¹⁵⁰ GRI 401-1

Human resources measures¹⁵¹

The Zeppelin Group introduces itself as an employer on its careers pages at zeppelin.com. Further information on the following topics can be found there.

Onboarding process

In 2020, Zeppelin launched an online version of the established onboarding program "Z Welcome" for the first time. Two German-speaking events took place and for the first time an English-speaking, international event. The international day was attended by 83 participants from eight different countries. This means that colleagues from abroad

now also have the opportunity to participate in onboarding and receive all relevant information. The onboarding program ensures that the necessary knowledge about the company and the individual strategic business units is conveyed uniformly.



Training, dual study program and trainee program

The Zeppelin Group is currently providing training in 14 different occupations in Germany and Austria. School leavers can get off to an excellent start in their career by training in a commercial, industrial, technical, or IT profession. The content of vocational training is continuously being developed and adapted to new challenges. In cooperation with various universities, Zeppelin also enables young talented employees to study mechanical engineering, industrial engineering, business administration, accounting, and electrical engineering in a dual study program that allows students to complete their Bachelor of Engineering or Bachelor of Arts. In 2020, 30 dual students learned and worked in various business units of the Zeppelin Group.

In order to continue to find qualified trainees, Zeppelin undertakes special HR marketing activities, such as participating in trade fairs and school career open days. Due to the pandemic, no physical trade fairs or open days took place in 2020. However, Zeppelin has participated in online events, such as the virtual trade fair *azubi&studentage* under the motto "The future needs you." The consistently high number of trainees confirms our successful approach (see table below).

Number of apprentices and dual students

Number of apprentices and dual students	2018	2019	2020
Trainees at the Zeppelin Group (FTE)	324	361	362
Dual study program students (FTE) ¹⁵²	28	28	30

¹⁵¹ GRI 103-2-c-vii

¹⁵² Applies exclusively to German Group companies.

Zeppelin also offers very good prospects for the target group of young academic career entrants. The new Z NEXT trainee program started in fall 2019 with a total of five trainees across various divisions of the company. In fall 2020, twelve new trainees started at Zeppelin.

The trainees go through a variety of postings within a 24-month period. This also includes time abroad at an international Group company. The framework program includes project management training, a business

management simulation, the teaching of intercultural skills as well as resilience and self-reflection modules. An internal mentoring program helps the trainees during their traineeship. It is planned to continue the program in the years ahead. In addition to training, dual study programs, and the trainee program, Zeppelin also offers the opportunity for several months of practical semesters, Bachelor's and Master's positions, and student trainee activities.



Your first careersteps with Zeppelin!

It goes without saying that the Zeppelin Group treats interns fairly and responsibly. Zeppelin has been a member of the "Fair Company" initiative since July 2018 and is committed to complying with defined quality standards. Fair Company is Germany's largest and most well-known employer initiative committed to a fair working environment in the long term, and is aimed specifically at young professionals and career entrants. Companies that offer young people fair working conditions and development prospects are honored.



Training and qualification

At Zeppelin, employees can not only count on challenging tasks and plenty of scope for action, but they can also rely on a Group that offers a sense of solidarity and secure career prospects. In regular conversations, employees receive feedback from their managers on their performance and they discuss professional prospects for the areas in which the individual employee can develop. Various Assessment Centers also assess whether the employee is suitable for a specialist or management career. This ensures that talented individuals within the Group are identified and that each employee receives sound feedback on their personal development.¹⁵³ Specific HR development measures are also agreed at these Assessment Centers.

The Zeppelin Development Landscape, which includes four different development programs for specialists and managers, was redesigned

in 2020 and expanded to include international programs. Hybrid formats were designed based on all the programs, and these now consist of a mix of face-to-face events and online training courses. This means that knowledge is passed on through a variety of channels. Relevant topics such as "virtual management" have been established in the programs in order to offer support to managers in this area. The *Accelerate to Accomplish* program is also being rolled out and piloted internationally for the first time. The global networking of all Zeppelin employees plays an important role in ensuring that we can also provide insights into the business units abroad. In addition to general content on professional development, the management development programs convey Zeppelin's unique attributes in order to strengthen the Group in the long term through qualified managers.¹⁵⁴

¹⁵³ Based on GRI 404-3

¹⁵⁴ GRI 404-2-a

Mobile working

The COVID-19 pandemic also had a significant impact on work and collaboration due to social distancing and hygiene rules: Meetings in the conference room and exchanges among colleagues in the shared office have been replaced by virtual video conferences and telephone calls. Where possible, remote working has replaced on-site working. One important milestone in this regard was the adoption of the new Group Company Agreement on remote working, which has been in force since October 1, 2020. By closely coordinating with their managers, employees are now free to work from wherever they wish and as flexibly as they wish. Taking into account the activity and operational requirements, the new rules allow maximum flexibility. Zeppelin will continue to focus on hybrid work in the future, and therefore on the needs-based use of mobile or on-site working, i.e. at the office or the customer's premises.



Inclusion, Equity & Diversity

The ability to innovate and the sustainable safeguarding of the company's success largely depend on how the Zeppelin Group deals with social changes, such as demographic change, changes in values, or changed life plans. This is crucial to enable employees to reach their maximum performance potential.



The topic is being promoted within the framework of the Z COLOURFUL initiative, which deals with the integration of diversity and equal opportunities, and therefore not only represents an adaptation to a changed world of work, but also highlights diversity as a critical success factor. Diverse teams help to reflect better, act more creatively and make smarter decisions. An important milestone in this regard was the signing of the Diversity Charter by the Group Management Board in October 2020 as part of the virtual WE ARE COLOURFUL campaign week. By signing this Charter, Zeppelin has committed itself to promoting and appreciating diversity in a targeted manner. During the campaign week, employees had the opportunity to participate in various presentations and workshops on the topic of diversity and to exchange ideas. In addition, Zeppelin is a founding partner of *Employers for Equality*, a program of [PANDA GmbH](#) for Gender, Equality & Diversity in companies that promotes equality, actively advancing progress in business and society. These memberships promote Zeppelin's visibility among professionals and experts and also increase its attractiveness as an employer.

Work-life balance

Striking a balance between work and private life is a top priority in the Zeppelin Group. The company offers individual solutions that contribute to a better work-life balance and is guided by the following guiding principle:

“We want to enable our employees to have a good work/life balance, and in so doing rely on partnership-based give and take.”



In March 2018, Management Holding Zeppelin GmbH and the Construction Equipment Central Europe, Rental, Power Systems, and Plant Engineering strategic business units received the “audit berufundfamilie” certificate for these efforts by the companies in Germany. This seal of quality is awarded by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth and the Federal Ministry for Economic Affairs and Energy, and recognizes existing standards with regard to a family-oriented HR policy as well as future goals and steps to improve work-life balance. As part of a re-audit process, the previous implementation of measures was evaluated in 2020. The certificate was successfully reconfirmed. In addition, new measures have been identified to further support the work-life balance. The objectives will continue to be reviewed by external experts as part of an annual reporting process.

Zeppelin GmbH has deliberately opted for a broad concept of what family can mean, with the aim of catering for all employees, regardless of their private life situation, and taking account of people’s changing requirements during the various phases of their life.

One of the biggest milestones is the introduction of a family service with a range of counseling services for care, childcare and psychosocial counseling. All costs incurred are covered by Zeppelin in full. Through this partner, Zeppelin also offers holiday care at larger sites, as well as webinars on the subject of care, family and health. The target agreement also contains measures for particularly stress-prone groups of employees, such as service technicians and fitters.

The number of employees who have taken parental leave is constantly at a level above 100 (see table below).

Number of employees who took parental leave¹⁵⁵

Year	Unit	2018	2019	2020
Employees who have taken parental leave	Headcount	101	118	102

¹⁵⁵ Based on GRI 401-3-b: Applies exclusively to German and Austrian companies in accordance with statutory regulations.

Z NOW – Network of Women

Z NOW is a strategic initiative which is primarily aimed at women, and is operated by the Zeppelin Group. Men are, of course, also welcome. At Zeppelin, equal opportunities for women and men are self-evident, and also a key driver of the success of the Zeppelin Group. The aim is to help women reach their potential and continue to develop their careers. The opportunity to expand their individual network, inspire each other, and share personal experiences are also important building blocks. In order to successfully achieve the goal, network managers are recruited at each large site to act as points of contact at the local level.

Another step is the planning, organization and implementation of Z NOW events, activities and initiatives.

Notable events were also held in 2020 (e.g. virtual lunch & learn events). The network and its events support Zeppelin in its goal of increasing the proportion of women by 2025 and continue to represent the Zeppelin Group as an attractive and diverse employer.



Collective bargaining agreements

The majority of Zeppelin Group companies in Germany are not subject to collective bargaining agreements. Nevertheless, Zeppelin does base many of the provisions governing the companies outside of the collective bargaining agreement on the outline bargaining agreement.

Collective bargaining agreements are in place in two strategic business units. Most Zeppelin Systems GmbH employees are covered by

local collective agreements for the metal industry, while a small number of Zeppelin Rental GmbH employees are covered by the collective agreement for the construction industry. The overview of the individual collective agreements and the sites and employees covered by these are shown in the table below.

Overview of collective bargaining agreement ¹⁵⁶	Collective bargaining agreements		
	2018	2019	2020
Collective bargaining agreement for the construction industry			
Zeppelin Rental GmbH (Germany)	78	101	60
of which trainees and DHBW students	./.	./.	./.
Collective bargaining agreement for the metal industry Baden-Württemberg			
Zeppelin Systems Deutschland GmbH ¹⁵⁷	498	501	457
Friedrichshafen site	490	492	371
Ludwigsburg site	4	4	3
Zeppelin Aviation & Industrial Services Friedrichshafen	–	–	52
Zeppelin Aviation & Industrial Services Hamburg	–	–	31
Cologne site – Collective bargaining agreement for the metal industry North Rhine-Westphalia	4	5	0
of which trainees and DHBW students	34	29	32
Collective bargaining agreement for the metal industry Hessen			
Zeppelin Systems Deutschland GmbH	285	275	265
Rödermark site	285	275	226
of which trainees and DHBW students	19	16	12
Metal collective agreement Saxony			
Zeppelin Systems GmbH – Freital site	–	–	15
of which trainees and DHBW students	–	–	0

¹⁵⁶ GRI 102-41: the reporting date is 31/12 of the respective reporting year, as specified in the headers.

¹⁵⁷ On January 1, 2020, the Plant Engineering SBU acquired the Zeppelin Aviation & Industrial Service GmbH (formerly BIS Inspection Service GmbH) with sites in Friedrichshafen, Hamburg und Cologne (Sankt Augustin), which had been managed under the Rental SBU until the end of 2019. From 2020, the decline in employees at the Friedrichshafen site was due to the establishment of Zeppelin Aviation & Industrial Service GmbH.

Occupational health and safety

Occupational Health and Safety Policy at Zeppelin¹⁵⁸

The Zeppelin Group's declared goal is to completely avoid work-related accidents and occupational illnesses (Vision Zero). This goal is given the same priority as other company goals, such as quality, adherence to deadlines and customer satisfaction. This means that occupational health and safety aspects are integrated into operational planning on an equal footing with economic considerations. The following basic principles apply, and are enshrined in the Group Policy on Occupational Health and Safety:¹⁵⁹

- ▶ The Management Board and managers have the primary responsibility and act as role models for safe and healthy working at Zeppelin. They take measures to maintain and continuously improve the health and performance of all employees in the long term. For this purpose, all the necessary means and resources (time, money, materials, and training) are made available to establish the occupational health and safety organization and the resulting measures.¹⁶¹
- ▶ All employees are obliged to conduct themselves in such a way that they help prevent accidents, illnesses and hazards at work, both for themselves and for others. This means that the applicable occupational health and safety regulations are observed at all times, that the prescribed personal protective equipment (PPE) is always worn and that machines, devices and work equipment are only used for their intended purposes.
- ▶ All employees are required to report or resolve faults and deficiencies and to submit identified potential for improvement for a safe and healthy workplace in order to achieve continuous improvement of working conditions and continuous reduction of work-related accidents and illnesses.

With the help of the occupational health and safety management system in accordance with ISO 45001, Zeppelin not only manages the direction and achievement of its goals, but also monitors and documents progress (see figure).¹⁶² The development is documented and monitored at each site of the German companies with more than 20 employees in quarterly occupational health and safety committee meetings with the participation of safety specialists and company doctors.¹⁶³

2020 was heavily impacted by the COVID-19 pandemic: In order to protect the health of employees, Zeppelin has taken various measures as quickly as possible to ensure that every employee gets through the pandemic unscathed. Zeppelin set up four crisis management teams at an early stage, focused on personnel, finance, operations, IT service and infrastructure. The task of the crisis management team is to assess the humanitarian and economic risks and consequences of a pandemic, as well as to initiate possible measures to safeguard business operations and ensure occupational safety for employees.

In the short term, operations were adapted to fit pandemic-related hygiene rules: extended mobile working was enabled, shift models were introduced, and work and communication were adapted to online formats.



In addition, a protocol has been developed which defines the procedure for managing a pandemic. This includes, among other things, the distribution of responsibilities, the assessment of possible economic and health risks and the examination of suitable measures to maintain the core business processes, ensure the ability to act and protect the health of employees and business partners. The pandemic protocol is scheduled to be published in 2021.¹⁶⁴

¹⁵⁸ GRI 103-1, GRI 103-2-a, GRI 103-2-b and GRI 103-1-c: There are no explicit restrictions on occupational health and safety.

¹⁵⁹ GRI 103-2-c-i and GRI 103-2-c-ii for the following three bullet points

¹⁶⁰ GRI 103-2-c-iv

¹⁶¹ GRI 103-2-c-v

¹⁶² The scope of the certified occupational health and safety management system in accordance with ISO 45001 includes the companies Zeppelin GmbH, Zeppelin Rental GmbH, Zeppelin Baumaschinen GmbH, Zeppelin Power Systems GmbH, and Zeppelin Systems GmbH and their Group companies in Germany.

¹⁶³ Based on GRI 403-1: this corresponds to the statutory regulations in Germany.

¹⁶⁴ GRI 103-3 and the following paragraph on the Management Review of procedural instructions and the results of the management review from 2020.

The effectiveness of the management approach to occupational health and safety is regularly assessed by the occupational health and safety officer and the occupational health and safety management officer, and once a year as part of the management review with the Group Management Board. The procedure is regulated in the "Management review" procedural instructions. The results of the regular internal

and external audits as well as those ensuing from the shareholders' meetings, management and project meetings provide essential input to this. The audit for 2020 revealed that the occupational health and safety management system is a key success factor for successfully coping with the COVID-19 pandemic. Further measures to reduce work-related accidents and lost working time have been defined.

Occupational health and safety in figures¹⁶⁵

Zeppelin's commitment to occupational health and safety is also reflected in the corresponding KPIs: The number of work-related accidents reflects the safety of the working environment and indicates the employer's efforts to actively improve health protection. In addition, the number of lost days resulting from the reported work-related accidents was determined and analyzed. The definition of reportable work-related accidents at Zeppelin is as follows:

"A work-related accident is an accident that occurs due to or as a result of a person's activity in the workplace, while working or while traveling on business, which requires medical

treatment and leads to a period of absence lasting more than three calendar days after the day of the accident.¹⁶⁶ Deaths are also accounted for and reported separately."

The number of accidents at work and the number of lost days are compared with the number of employees in order to be able to take the economic development of the company into account in the evaluation and therefore calculate the 1,000 person rate customary in occupational health and safety (see table below).¹⁶⁷

Overview of key figures from occupational health and safety

Occupational health and safety	Unit	2018	2019	2020
Work-related accidents (> 3 calendar days of lost time)	Total	216	219	228
Lost days (from work-related accidents reported above)	Total	5,152	5,387	5,205
Fatal work-related accidents ¹⁶⁸	Total	1	1	0
Work-related injuries per 1,000 employees	Total	25.2	23.8	22.6
Lost days per 1,000 employees	Total	601.9	587.0	516.6
Employees as a basis for calculation ¹⁶⁹	Headcount	8,559	9,172	10,075

In 2020, both the number of work-related accidents per 1,000 employees and the number of lost days per 1,000 employees decreased. However, the number of work-related accidents increased slightly, while the number of lost days fell by around 3.5 percent. No fatal work-related accidents occurred in 2020.

¹⁶⁵ Based on GRI 403-2

¹⁶⁶ Accidents are temporary events affecting the body from the outside that can lead to damage to health or even death. Accidents on business trips and travel are considered to be work-related accidents and are not counted as travel accidents.

¹⁶⁷ The 1,000-person ratio is a general indicator of accident statistics in which the total number of reportable work-related accidents is determined for a defined period of time and converted to the number per 1,000 full-time employees (FTE). The period of consideration is a full calendar year.

¹⁶⁸ The fatal work-related accidents occurred in Germany in 2018 and 2019.

¹⁶⁹ The employee numbers come from the Human Resources department and are presented in Chapter 5.

The breakdown of work-related accidents and lost days across the individual SBUs is shown in the table below. The majority of work-related accidents occurred in the Construction Equipment Central Europe SBU. In 2020, about 50 percent of the reported work-related accidents

occurred there. In the Rental SBU and the Power Systems SBU, the number of work-related accidents was also high. This was due to the higher risks posed by working in the service or field service area in these strategic business units.

Distribution of work-related accidents and lost days among the respective SBUs

Strategic Business Units	Number of work-related accidents		Number of resulting days lost	
	2019	2020	2019	2020
Construction Equipment Central Europe	115	113	2,636	2,933
Construction Equipment Nordics	–	3	–	50
Construction Equipment Eurasia	3	3	60	87
Rental	55	65	1,890	1,321
Power Systems	30	27	385	358
Plant Engineering	16	17	416	456
Zeppelin GmbH	0	0	0	0
The Zeppelin Group	219	228	5,387	5,205

In Germany, detailed accident statistics are compiled both Group-wide and for individual companies, which contain the types of injury, severity of injury, parts of the body injured and rate of injury.

Targets for continuous improvement in the area of occupational health and safety management are defined based on the findings made.

Goal setting and assessment of this area



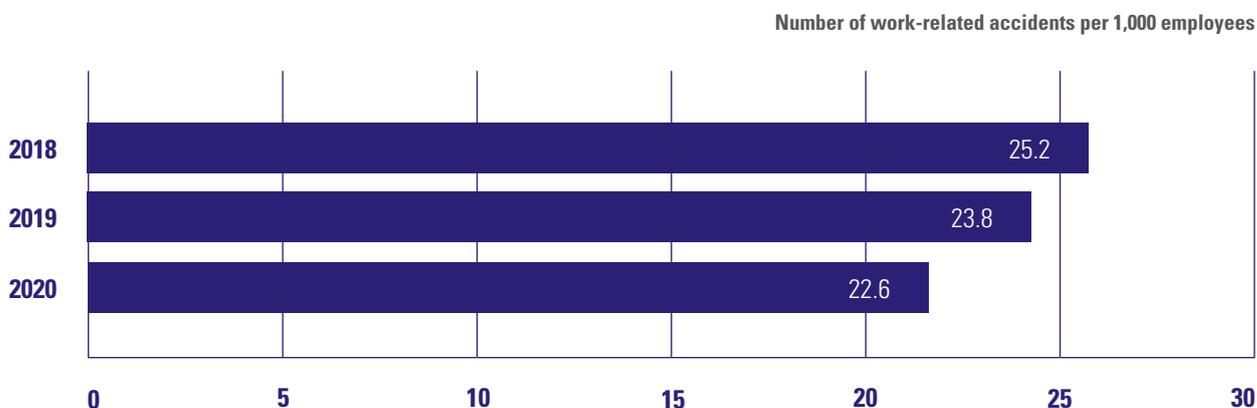
Progress on Objective 1

Reduction of the work-related accident rate.

Reduce work-related injuries by 10% per year by 2025

The work-related accident rate, in combination with the lost days due to accidents, describes the frequency and severity of work-related accidents. Over time, it shows how safety develops in the working environment. It is Zeppelin's aim to provide all employees with a safe

and healthy workplace, which is why Zeppelin has set itself the goal of reducing the work-related accident rate by ten percent annually by 2025.¹⁷¹



The number of work-related accidents per 1,000 employees has decreased over the last three years. In the period from 2018-2019, a reduction of around six percent was achieved, and in 2020 a further reduction of five percent compared with the previous year was achieved.

As a result, the defined target of a reduction of ten percent in 2020 was not achieved. The aim is to further reduce work-related accidents over the next few years, for which additional measures to improve occupational health and safety at Zeppelin will be implemented.

¹⁷⁰ GRI 103-2-c-iii

¹⁷¹ The reduction is calculated in comparison with the previous year.



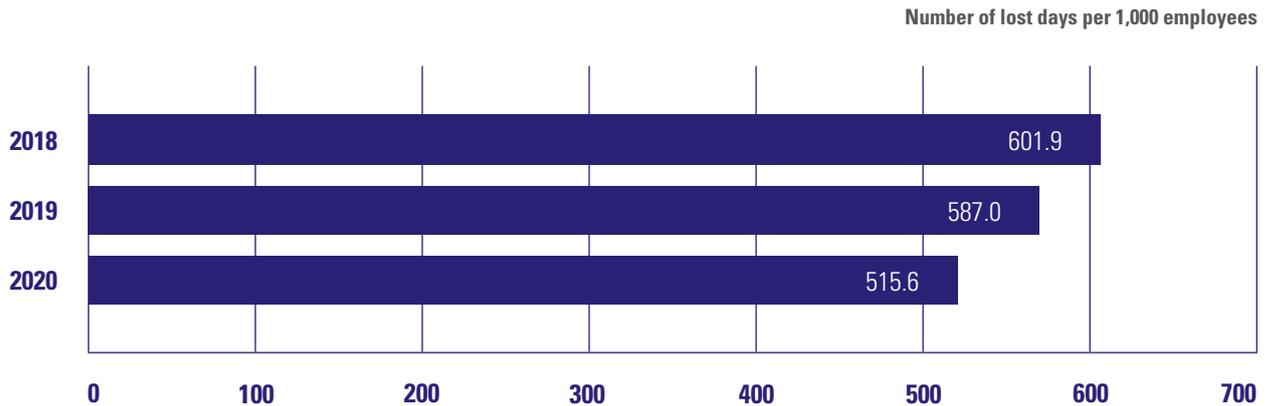
Progress on Objective 2

Reduction of lost days due to accidents.

Reduce accident-related lost time (days) by 10% per year by 2025

The improvement in the work-related accident rate per 1,000 employees, combined with significantly lower days lost per 1,000 employees,

shows that there were fewer work-related accidents with less severe effects in 2020 even though the number of employees increased.¹⁷²



The target of a 10% annual reduction in accident-related lost time (days) was achieved in 2020. The number of lost days per 1,000 employees was reduced by about twelve percent. The Group will reinforce

this positive trend on the path to “Vision Zero” with further targeted measures and work on a new understanding of security.

Occupational health and safety measures¹⁷³

COVID-19 Pandemic Response

In Germany, measures to combat the COVID-19 pandemic included the establishment of a global reporting system for COVID-19 cases, which are monitored on a weekly basis in the specially created crisis management teams in order to define and implement the necessary measures

as quickly as possible. In addition, the implementation of the respective regulations and ordinances on infection control was implemented at all sites and hygiene articles such as masks and disinfectants were provided.

Work safety instructions for wearing personal protective equipment (PPE)

In order to further improve occupational safety, a work instruction on wearing personal protective equipment was created and communicated in 2020 at Zeppelin Baumaschinen GmbH and Zeppelin Rental GmbH. This instruction applies in workshops and depots, regardless

of department, as well as in factories, construction sites and other facilities, and regulates the wearing of the necessary personal protective equipment.

¹⁷² The number of employees in recent years is shown in Chapter 6.2 HR.

¹⁷³ GRI 103-2-c-vii

Financial commitment

Business and corporate social responsibility

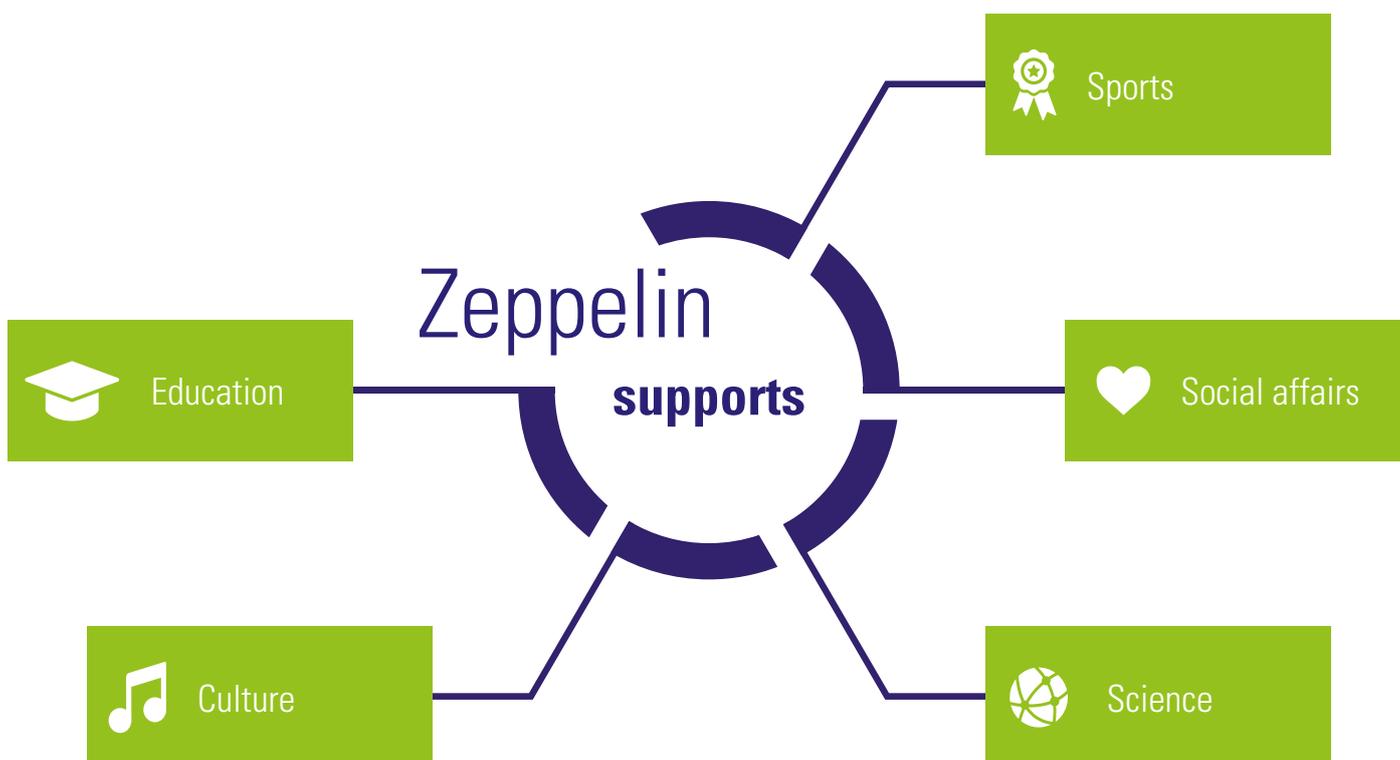
For Zeppelin as a foundation-owned company, business and corporate social responsibility are inseparable. The Group transfers part of its profits to the Zeppelin Foundation, which uses the money exclusively for charitable and benevolent purposes. In addition, the Group takes its responsibilities in the areas of education and science, culture and sport seriously, and is committed to charitable causes.¹⁷⁴ Group-wide guidelines define binding instructions for the allocation of donations and sponsorship funds.¹⁷⁵

Zeppelin defines donations as one-off or recurring unilateral monetary benefits to non-profit or charitable organizations for which no consideration is received. Payments to charities, NGOs and research institutions (not linked to the organization's commercial research and development),

funds to support community infrastructure (e.g. leisure facilities) and direct costs for social programs also come within the Group's definition of potential donation recipients and purposes. Donations are made without consideration or contractual basis.¹⁷⁶

Sponsorship refers to the promotion of individuals, a group of people, organizations in the form of cash, non-cash contributions or services with the expectation of receiving a supporting consideration from the recipient of the payment (e.g. for marketing or communication purposes). In addition to presenting the Zeppelin Group as a reliable partner for customers and employees, the sponsorship also focuses on our commitment as a partner and promoter of groups, organizations and people.

Scope of social responsibilities



¹⁷⁴ GRI 103-1-an and GRI 103-1-b

¹⁷⁵ GRI 103-2-c-i

¹⁷⁶ GRI 103-2-an in conjunction with the following paragraph



Other forms of donation, such as corporate volunteering, i.e. voluntary social engagement by employees and the Group's support for employee social engagement, are not considered in this context.¹⁷⁷

The Zeppelin Group's donation strategy is derived from its identity as a foundation-owned company, from its corporate strategy, corporate values, and the business areas and competencies that the company stands for. The foundation on which it stands is one of integrity and excellence.¹⁷⁸

When selecting the projects and initiatives to be funded, i.e. the donation's purpose, it is therefore particularly important to Zeppelin that its own values are also reflected in the funding purpose, which is particularly clear in the following attributes:

a) Taking responsibility

This is about assuming social responsibility and setting an example of sustainability and a forward-looking vision. That's why Zeppelin supports projects relating to the environment, climate and youth, for instance.

b) Solutions-driven and innovation

These are inseparably linked to the spirit of Zeppelin, which is also reflected in the Group's motto "We Create Solutions." For Zeppelin, a focus on customers and goals, perseverance and determination are naturally part of our identity. Research and education, particularly on environmental and sustainability issues, are therefore high on the list of projects and initiatives to be supported.

c) Team spirit: "We are Zeppelin"

Zeppelin employees know that strength comes in numbers and that we work more effectively and create even better solutions together. This includes trust, fairness and teamwork. Characteristics that are shaped and honed in team sports or children's and youth sports activities.

The main groups of recipients of donations supported by Zeppelin therefore go hand in hand with the purpose of the donation. These include institutions, projects and associations from the fields of education, research, science, health, sport, social affairs & inclusion, and art & culture. Individuals and political parties do not form part of Zeppelin's target group. The presentation of the donations and sponsorships made in recent years as well as the development of the defined goals and selected measures of the division are set out below.

¹⁷⁷ GRI 103-1-c

¹⁷⁸ GRI 103-3-an and GRI 103-3-b in conjunction with the following paragraphs.

Donations & sponsorship in figures

The donations and sponsoring contributions made by the Zeppelin Group in recent years is shown in the table. The individual sums are divided across education, culture, science, social affairs, sports and others.¹⁷⁹

Overview of donations and sponsorships in EUR by area¹⁸⁰

Areas	Unit	2018	2019	2020
Education	EUR	2,214,995	686,562	421,291
Culture	EUR	8,080	14,492	35,706
Science	EUR	23,330	11,073	28,500
Social affairs	EUR	95,116	187,962	129,474
Sports	EUR	727,093	635,299	636,513
Miscellaneous	EUR	86,991	143,103	107,399
Total	EUR	3,155,605	1,678,491	1,358,883

The donation volume for Education fell between 2018 and 2019. This was because a large part of the funding for Zeppelin University is now provided directly by the Zeppelin Foundation, which is why this inflow of donations is no longer reported as a donation from the Zeppelin Group. The total has also decreased for the same reason. Since the 2019 fiscal year, the amounts for donations and sponsorships have been reported

separately in order to improve the transparency of data and the traceability of expenses. In previous years, it was not possible to provide such a breakdown due to the available database. The following table shows the distribution of financial commitments for 2020 separately for the areas of donations and sponsorship.

Allocation of donations and sponsorship expenses 2020

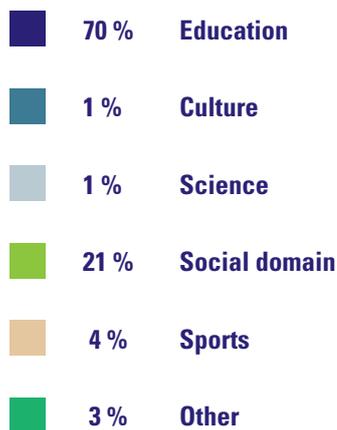
Distribution 2020		Donations	Sponsorships
Education	EUR	419,460	1,831
Culture	EUR	5,510	30,196
Science	EUR	8,500	20,000
Social affairs	EUR	129,474	0
Sports	EUR	22,224	614,289
Miscellaneous	EUR	17,899	89,500
Total	EUR	603,067	755,816
Share	%	44	56
Total	EUR		1,358,883

¹⁷⁹ Based on GRI 201-1

¹⁸⁰ The KPIs were defined in 2015 as "Donations to third parties" and were expanded in 2016 to include "Sponsoring in general" and "Donations/Sponsoring to third parties and the Zeppelin organization." Since 2019, donations and sponsorships have been reported separately.

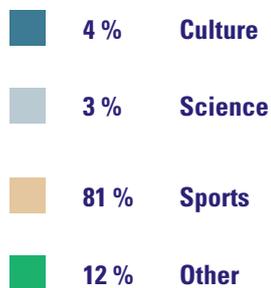
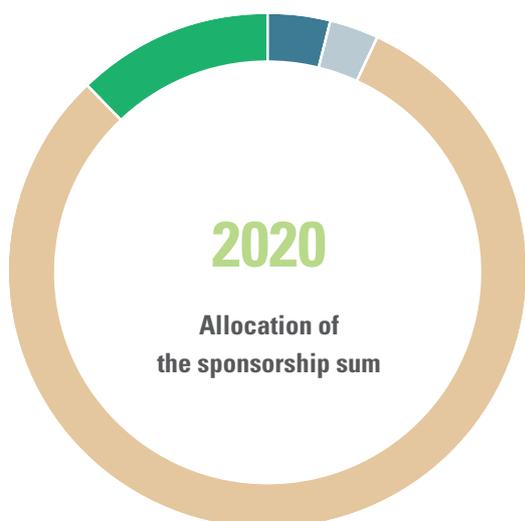
In 2020, around 56 percent of the expenditure is for sponsorship, with funding focusing on sports. The Zeppelin Group spends a large proportion of its donation budget on "Research and Education."

In the 2020 fiscal year, this totaled 70 percent of the total donations. This is followed by the "Social" donation category, with 21 percent of the total donation volume.



Sponsoring enables the Zeppelin Group to pursue the goal of establishing a broad visibility of the Zeppelin Group beyond the construction industry, with the focus of sponsorship being on sports. Below we present

some examples of projects, associations or organizations which are supported by the Group's sponsorship. First, the area-specific objectives are presented, from which the individual measures are derived.



Goal setting and assessment in Donations & Sponsoring¹⁸¹



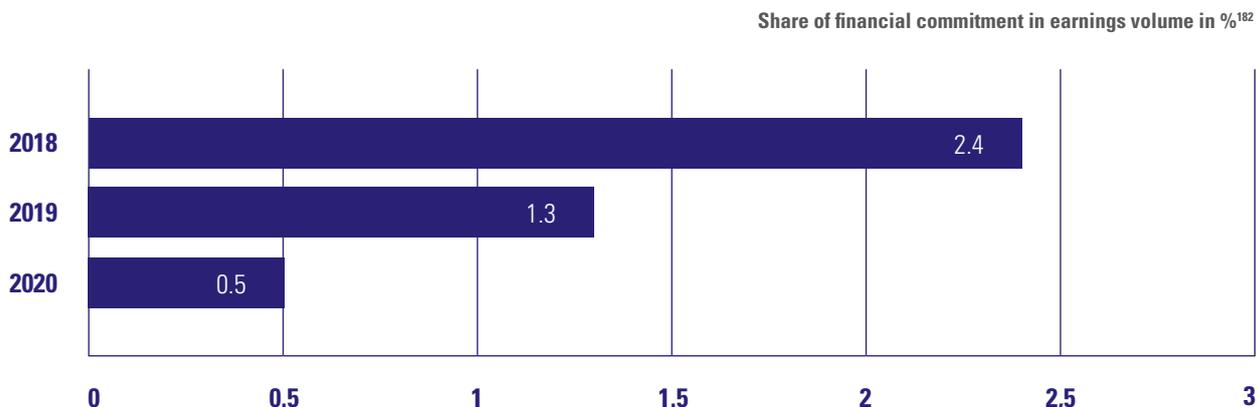
Progress on Objective 1

Allocation of donations in accordance with the foundation's ethos and vision on the company's economic earning power.

Total donations as a proportion of Group net income (earnings before tax) of at least 0.5-1.0% annually

The budget, which is available annually for promotional purposes, is based on the economic earnings power (earnings before taxes) of the Group, taking into account the foundation's ethos. The measured variable is calculated from the total donations in a calendar year in relation to the Group net income. The targeted range is 0.5 – 1.0 percent annually. In recent years, this target has been achieved or even significantly exceeded. The percentage decline in 2019 is due to the organizational

changes already mentioned in the donation volume in the area of education, i.e. the direct promotion of Zeppelin University via the Zeppelin Foundation. In the 2020 fiscal year, the target was achieved again, even though the volume was at the lower end of the range. Due to the unique circumstances of the COVID-19 pandemic, there were fewer social events for donations overall. The uncertain overall economic situation also contributed to the initially restrained allocation of donations.



¹⁸¹ GRI 103-2-c-ii and GRI 103-2-c-iii

¹⁸² Earnings before tax are recognized as income volume (see Annual Report 2018 (page 62), Annual Report 2019 (p. 63), Annual Report 2020 (p. 84)).



Progress on Objective 2

Presentation of Zeppelin's social commitment to donations and charity by donation-specific communications.

Reporting the number of all donations

As part of the annual worldwide survey of non-financial key figures, the number and sum of donations and sponsorship spending have been recorded since 2015. Not only the respective donation and sponsorship amounts are recorded, but the associated projects, associations, etc. are also disclosed. This provides a good overview of the allocation of funds for the areas of donations and sponsorship. Based on the data reported, selected donations are regularly communicated internally and externally to underline Zeppelin's social commitment.

In order to gain even more transparency in the allocation process and to bring the donation allocation in line with the defined donation strategy and the available budget, the Zeppelin Group established a donations committee at Group level in fall 2020. This is made up of members of the Group Management Board, the Head of Group Auditing and the Group Compliance Officer. In its regular meetings, the Donations Committee reviews all donation applications for more than 1,000 euros and is guided by the Group's donation strategy described above.¹⁸³

Measures in this area¹⁸⁴

For many years, the Zeppelin Group has regularly supported [Zeppelin University \(ZU\)](#) in Friedrichshafen, founded in 2003. The foundation's university of applied sciences is now attended by more than 1,200 young people studying toward bachelor's and master's degrees. For several years, the Zeppelin Group has been promoting chairs for business theory and international business theory. The "Mining Institute" of the State Mining University of St. Petersburg, Russia is also regularly funded.

The Zeppelin Group also supports the [JUST! Zeppelin Youth Foundation](#), which was established in 1990 by Zeppelin GmbH and Luftschiffbau Zeppelin GmbH. Its aim is to support the education and training of young talent from the Friedrichshafen and Ravensburg-Weingarten region.

Every two years the Foundation allocates sponsorship awards worth EUR 25,000 in total, recognizing outstanding work in natural sciences and engineering, economics, and social and cultural science. The prize winners on stage are presented with the JUST! award. The invitation to participate in the 14th edition of the awards was publicly announced in April 2021; the next award will be made in May 2022 to pupils and students whose achievements have been outstanding. Awards are given to

compelling school projects and scientific papers in various categories, including the special topic of "Life and Learning in the Pandemic Era."

Zeppelin supports [Friedrichshafen Wissenswerkstatt](#), for example, which has made it its mission to interest and inspire young people about technology. This knowledge workshop enables them to work on specific technical projects, such as robot vehicles or air-water rockets. As the organization works closely with schools, universities, and chambers of commerce and industry, this also opens up professional prospects for young people. The Zeppelin Group has been donating funds to the Friedrichshafen Wissenswerkstatt for many years. In 2020, both partners agreed on closer content-related collaboration in the development of special online educational formats for children, to which Zeppelin actively contributes its technical expertise.

Since fair play and sportsmanship are firmly anchored in Zeppelin's corporate culture, the promotion of **sports**, and team sports in particular, is a special cause for the Group. Zeppelin feels a special connection between Friedrichshafen and the Lake Constance region, and has been supporting VfB Friedrichshafen as a sponsor and in the form of donations to the volleyball, football, and badminton divisions for many years.

¹⁸³ GRI 103-2-c-vi and GRI 103-3

¹⁸⁴ GRI 103-2-c-vii

In the **Social** area, the company is also involved in child and youth welfare projects around the world. Zeppelin has been supporting the charitable organization [Home from Home](#) for several years now. The organization's focus is creating a better future for orphans, HIV-positive children and those who are no longer with their families, in the townships near Cape Town. Against the backdrop of the COVID-19 pandemic, in 2020 funds were made available for IT equipment that has enabled children and young people to be taught remotely during the lockdown, as well as for the necessary protective equipment and hygiene and medical items.

With a donation in the form of an excavator loader, the Group supported the [Learning Lions](#) aid organization in 2020. This provides young people with future prospects in the remote Kenyan region of Turkana on the border with South Sudan and Ethiopia. Beneficiaries receive free training in the areas of IT services and digital media. In order to support this initiative, the Zeppelin Group donated a used excavator loader, which made it possible to construct various facilities, such as an IT school and kindergarten.

Supporting projects in the health sector is also an important part of our social commitment. For example, Zeppelin regularly supports [St. Anna Children's Cancer Research](#) (St. Anna Kinderkrebsforschung), which is dedicated to improving the diagnosis and therapy of cancer in children and adolescents. Donations were made in 2020, for example, to the [Sternenbrücke children's hospice](#) (Sternenbrücke Kinderhospiz) in Hamburg. In Brazil, Zeppelin donated to [Fazenda da Esperanca](#), an organization that supports people with addiction problems with appropriate therapy options.

Promoting the general good and supporting local initiatives in the regions in which Zeppelin operates has always been part of the foundation's ethos. Zeppelin naturally therefore also supports charitable organizations that are involved in disaster relief or humanitarian aid. In 2020, a donation was made to [the Munich food bank](#) (Münchener Tafel). Zeppelin supported local aid organizations in Brazil in 2020 by donating food to orphanages and retirement homes. We also organized the collection of clothing for those in need.

Often initiated by individual employees and supported by company management, aid campaigns are also carried out for children's homes and charitable organizations at home and abroad. For example, in 2020 Zeppelin in Russia funded a playground for children in Kovdor (Murman-sk region) and supports the non-profit children's organization SFT Group from the proceeds of waste paper collection.

Zeppelin is also a promoter in the **arts and culture sector**. The [Deutsches Museum's network of friends and sponsors](#) in Munich, is a regular recipient of support. Individual projects are also considered, with donations made on an ad hoc basis.

Beyond sports sponsoring (see above), the Zeppelin Group is also active in promoting activities as a **sponsor and partner** at the Tyrolean Festival Erl (Tiroler Festspiele Erl), the Munich Management Colloquium (Münchener Management Kolloquium) at the TU Munich, and the awarding of the German Landscape Architecture Prize.

Some of the Zeppelin Group's social commitment activities as of year-end are listed below.

Excerpt from the Zeppelin Group's overview of corporate social responsibility activities



JUST! ZEPPELIN'S YOUTH FOUNDATION

Promoting outstanding projects for talented pupils and students in the fields of science, technology, economics, social sciences or cultural sciences.



ZEPPELIN UNIVERSITY

The Zeppelin Group supports education and research at the university, founded in Friedrichshafen in 2003.



DONATIONS FOR THE NEXT GENERATION

Home from Home	St. Anna Kinderkrebsforschung (Vienna)
Children's homes in Armenia	Clemens-Maria-Kinderheim in Putzbrunn near Munich



SUPPORT FOR SPORTS AND CULTURE

Main sponsor of the multiple German champion VfB Volleyball Friedrichshafen
Promotion of cultural events such as the Festival Erl, Kulturhaus Caserne Friedrichshafen

Due diligence in the field of human rights

The Zeppelin Group is committed to guaranteeing and protecting the human rights of every individual. Based on its values of integrity and excellence, Zeppelin is committed to fairness, appreciation, transparency and democratic social order in order to contribute to global peace and the freedom of all people.¹⁸⁵

Violence, discrimination, hate speech, excessive nationalism and defamatory political disputes are rejected. Zeppelin values the diversity of its employees, rejects all forms of discrimination and is committed to diversity and equal opportunities, regardless of age, gender, religion, ethnic origin, or sexual orientation. The Zeppelin Group is not aware of any child labor, forced labor or compulsory labor at its sites in the reporting period ending December 31, 2020.

Respect for human rights is also reflected in their integration into internal guidelines. The Group's "Sustainability" guideline is based on the International Bill of Human Rights, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (ILO) and on the principles of the UN Global Compact, which Zeppelin signed up to in 2016.¹⁸⁶

As part of the human rights due diligence process, the Zeppelin Group implements a continuous improvement process, which means, for instance, that internationally recognized human rights are respected and supported at all sites and that the management approach is regularly reviewed (at least once a year) by the Sustainability Representative and the Group Management Board. The results of the last audit revealed that no change in the management approach is needed.¹⁸⁷

Zeppelin regularly identifies and assesses the risks of human rights violations that may occur as a result of business activities, products and services, as well as through investment decisions.¹⁸⁸ Corrective and preventive measures are taken immediately, where necessary. Internal and external parties are included in the risk analysis. This takes place proactively when selecting suppliers and business partners in the

supply chain. For example, suppliers must meet the company's quality requirements, such as compliance with legal obligations, the Zeppelin Code of Conduct for Business Ethics and Compliance, and the applicable data protection guideline.¹⁸⁹

Zeppelin has also recorded its desired corporate and social conduct in the Code of Conduct for Business Ethics and Compliance. These are guidelines for dealing with customers, business partners and colleagues. Anyone who is part of Zeppelin – no matter where in the world – is obliged to follow the Code of Conduct when carrying out their activities and must always practice values such as integrity, respect, transparency, and openness.

Zeppelin also follows a preventive compliance approach to ensure compliant conduct. Possible transgressions of the rules should be ruled out in advance where possible. In addition to the Code of Conduct, compliance guidelines provide specific instructions in unclear situations. The Zeppelin Trustline is an online whistleblower system that can be used to submit reports in any language relevant to the Zeppelin Group. The system offers the option of contacting the Zeppelin Group anonymously and confidentially, including on topics relating to human rights due diligence (see the Compliance section).



¹⁸⁵ GRI 103-1-a

¹⁸⁶ GRI 103-2 and subsequent paragraphs in this section.

¹⁸⁷ GRI 103-3

¹⁸⁸ GRI 103-1-b and GRI 103-1-c

¹⁸⁹ More information on supplier management and its evaluation can be found in Section 4.5.

6 ENVIRONMENTAL SUSTAINABILITY

Energy efficiency and Carbon neutrality – An active contribution to environmental protection¹⁹⁰ –

For Zeppelin, environmental sustainability is a basic prerequisite for making an active contribution to environmental and climate protection. This is in line with the principle of infinity, which is enshrined in Zeppelin's essence as a foundation-owned company. Zeppelin is committed to this principle in the environmental sector and is implementing numerous measures to achieve its aims.

As part of its energy and environmental management system, the Zeppelin Group is committed to continuously improving its energy and environmental performance in order to protect the environment, prevent environmental pollution and strengthen its market position. Work is always carried out in accordance with the principle of prudence, i.e. potential negative impacts on the environment are reduced as far as

possible from the outset and, in the best-case scenario, completely avoided.¹⁹¹

The Group-wide energy management system in accordance with ISO 50001 was introduced in the German and Austrian companies back in 2015. In 2019, as part of the introduction of the Integrated Management System, an environmental management system in accordance with ISO 14001 was introduced in all German companies and successfully certified for the first time. The effectiveness of the energy and environmental management system was successfully confirmed in 2020.¹⁹² As part of the energy management review in 2020, the transition to the current ISO 50001:2018 standard revision took place and the scope was extended to the legal entities in the Slovak Republic and Poland.



The Management Board actively promotes target achievement by providing the necessary resources, data and information, and appoints an energy and environmental management officer who continuously improves the management systems. This is supported by other contact

persons in the individual companies during implementation.¹⁹³ Zeppelin naturally complies with the statutory requirements and all other binding obligations in the energy and environmental sector.

¹⁹⁰ GRI 103-1, GRI 103-2

¹⁹¹ GRI 102-11

¹⁹² This includes the companies Zeppelin GmbH, Zeppelin Baumaschinen GmbH, Zeppelin Rental GmbH, Zeppelin Power Systems GmbH, Zeppelin Systems GmbH, Zeppelin Österreich GmbH, Zeppelin Rental Österreich GmbH & Co. KG.

¹⁹³ GRI 103-2-c-v, GRI 103-2-c-iv

In 2019, the Zeppelin Group extended the existing syndicated loan agreement with the core banks and, as a foundation company, placed great importance on the syndicated credit facility being issued as a green loan clause. This means that interest on loans increases or decreases depending on the achievement of sustainability targets especially energy saving targets. The first evaluation of the defined targets was carried out for 2020 and showed that the desired outcomes, i.e. the defined energy savings and the required number of certified companies, had been successfully achieved.

All procedures and specifications for alignment, development, monitoring and improvement are described in the management manual.¹⁹⁴

Energy and environmental management in figures

The changes in the energy and environmental sector are presented using several KPIs: This includes absolute and specific energy consumption, energy savings, freshwater consumption, waste volume and CO₂ emissions.

Energy consumption

The total energy consumption is based on the individual consumption per Group company and stated in megawatt hours (MWh). Once a year, the companies report their energy consumption for each of their sites to the Energy Management Officer. The basis for calculating consumption is the invoices received from energy suppliers or landlords, meter readings and, if consumption cannot be measured, projections for annual consumption.¹⁹⁷ The procedure for determining energy data is regulated uniformly for the Zeppelin Group in the "Energy & Environmental Data Collection" procedural instructions.

The energy and environmental policy, as well as the strategic orientation and all objectives and measures derived from this, are reviewed at regular intervals and, if necessary, are adapted to match changing conditions.¹⁹⁵ The management review takes place once a year with the Group Management Board, in which the effectiveness of the management approach is reviewed and documented.¹⁹⁶ For 2020, the assessment confirmed the effectiveness of the energy and environmental management system. The expansion to other national legal entities was accelerated and measures to improve data collection defined.

In 2019 to 2020, an increase in absolute energy consumption was observed. This was attributable to the additional distribution and service territories of the newly created Construction Equipment Nordics SBU in Sweden, Denmark, and Greenland in 2020. Excluding the energy consumption of the Construction Equipment Nordics SBU, energy consumption in 2020 fell by around one percent compared with the preceding year. Reasons for the reduction in energy consumption include the implementation of defined savings targets and measures as part of the energy management system and the associated awareness of employees regarding the careful use of resources, as well as the implementation of other structural and organizational measures. In pandemic year 2020, the increased use of mobile working and digital communication tools, as well as the significant reduction in business trips, were also reasons for the reduction in energy consumption.

Total energy consumption per SBU

SBU	Unit	2018	2019	2020
Construction Equipment Central Europe	MWh	72,632	62,797	64,800
Construction Equipment Nordics ¹⁹⁸	MWh	–	–	18,879
Construction Equipment Eurasia	MWh	32,369	34,522	31,687
Rental	MWh	29,056	30,585	34,636
Power Systems	MWh	12,136	12,650	11,968
Plant Engineering	MWh	25,595	23,920	20,803
Zeppelin GmbH (holding company)	MWh	3,653	3,777	3,366
Total	MWh	175,441	168,251	186,139

¹⁹⁴ GRI 103-2-c-i

¹⁹⁵ The main content of the environmental and energy policy is contained in this section to ensure that information on the environmental and energy policy is available to interested parties.

¹⁹⁶ GRI 103-3 and next paragraph

¹⁹⁷ GRI 302-1-f; the total energy consumption shown includes a small percentage of forecast consumption (less than five percent).

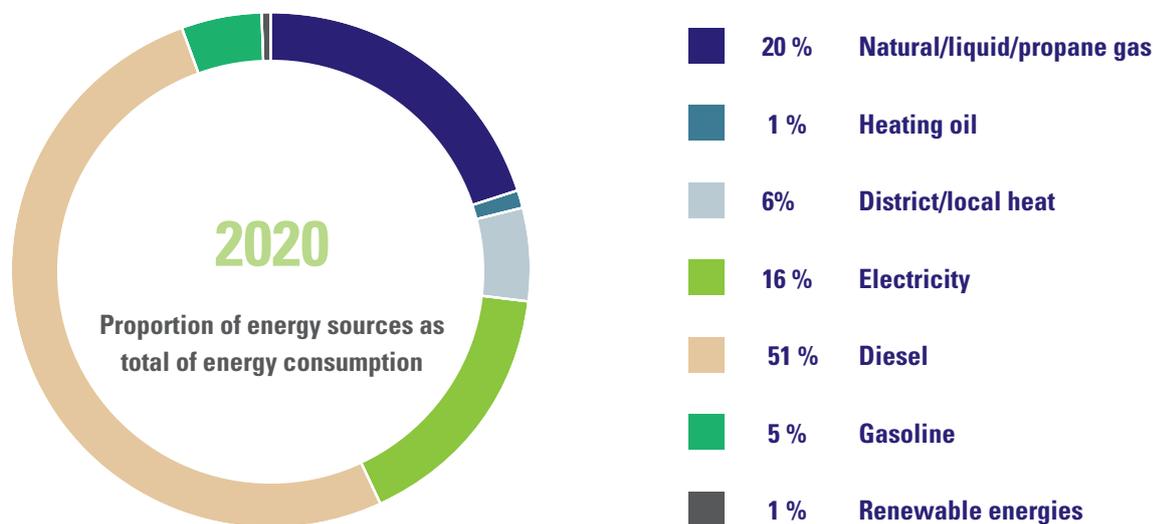
¹⁹⁸ With effect from December 31, 2019, the Group assumed responsibility for the distribution and service of Caterpillar products in Sweden, Denmark, Greenland, and the Faroe Islands, and consolidated these activities in the Construction Equipment Nordics SBU.

The majority of energy consumption was due to the use of fuels: In 2020, around 56 percent of worldwide energy consumption was attributable to diesel and gasoline consumption, which the service employees need to travel to customers, construction sites or plants. In addition,

fuel consumption includes fuel for company cars for those entitled to one. The second largest source of energy is natural gas at around 20 percent, followed by electricity at around 16 percent in 2020.

Overview of energy consumption per energy type¹⁹⁹

Energy types ²⁰⁰	Unit	2018	2019	2020
Total heat consumption	MWh	47,474	46,517	49,776
Consumption of natural/liquid/propane gas	MWh	39,326	39,574	36,512
Heating oil consumption ²⁰¹	MWh	1,243	1,573	1,799
District/local heating consumption ²⁰¹	MWh	6,904	5,370	11,465
Total power consumption	MWh	26,664	26,936	30,292
Total fuel consumption ²⁰¹	MWh	101,084	94,656	105,479
Diesel consumption ²⁰²	MWh	90,447	83,249	95,482
Gasoline consumption ²⁰³	MWh	10,636	11,407	9,997
Consumption of renewable energies	MWh	218	142	591
Miscellaneous	MWh	0.2	–	0.5
Total energy consumption²⁰⁴	MWh	175,441	168,251	186,139



¹⁹⁹ The Construction Equipment Nordics SBU is not included in the figures as the corresponding Group companies were not included before December 31, 2019.

²⁰⁰ GRI 302-1 a to e: No steam energy is consumed. Cooling energy is included in the power consumption, e.g. when air conditioning units are operated. No external energy is sold to third parties. Energy consumption is instead attributable to internal demand.

²⁰¹ No correction was made in respect of the reported heating oil consumption of Zeppelin Rental GmbH, the district heating consumption of Zeppelin Systems GmbH, and the fuel consumption of Zeppelin Polska Sp. z o.o. for 2019.

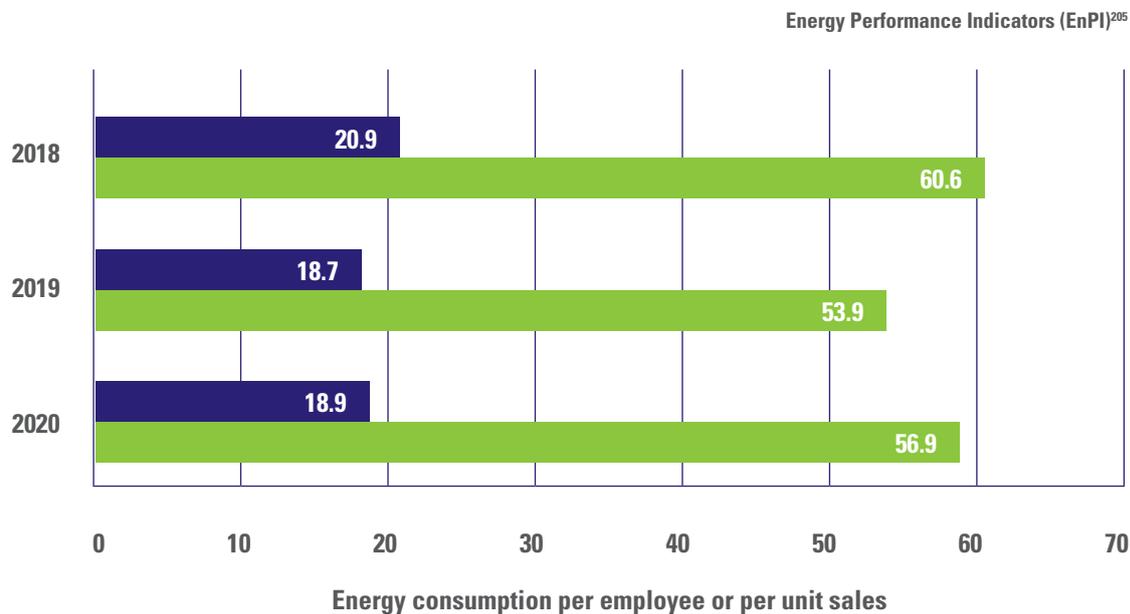
²⁰² GRI 302-1 g: For the conversion of diesel in liters to kWh, a factor of 10 was used for the sake of simplicity.

²⁰³ GRI 302-1 g: For the conversion of gasoline in liters to kWh, a factor of 10 was used for the sake of simplicity.

²⁰⁴ GRI 302-1-e: The total energy consumption for 2019 does not include the energy consumption of the companies in Sweden, Denmark, and Greenland as these only became part of the Zeppelin Group on December 31, 2019, meaning that the energy consumption from 2019 was generated by the previous organization of these Group companies.

In order to compare the use of energy with economic performance, specific energy performance indicators (EnPI) are determined in addition to the absolute values. This includes energy consumption per unit

of sales (measured in millions of euros) and energy consumption per employee (measured in terms of the number of FTEs).



- Energy consumption per employee
- Energy consumption per unit sales (MWh/million €)

Last year, we further reduced specific energy consumption in terms of the number of employees. Specific energy consumption per unit sales increased slightly in 2020 compared with the previous year. The figures used to calculate the EnPI are shown in the table below.²⁰⁶

Data basis for calculation of EnPI²⁰⁷

Category	Unit	2018	2019	2020
Total energy consumption ²⁰⁸	MWh	175,441	168,251	186,139
Number of employees	FTE	8,376	8,969	9,816
Sales	€ million	2,897	3,118	3,272
Energy consumption per employee	MWh/FTE	20.9	18.7	18.9
Energy consumption per unit sales	MWh/€ million	60.6	53.9	56.9

²⁰⁵ GRI 302-1: This concerns energy consumption within the organization, not outside the business.

²⁰⁶ The data is consistent with the figures already shown in the HR section and/or the Group's earnings figures.

²⁰⁷ GRI 302-3

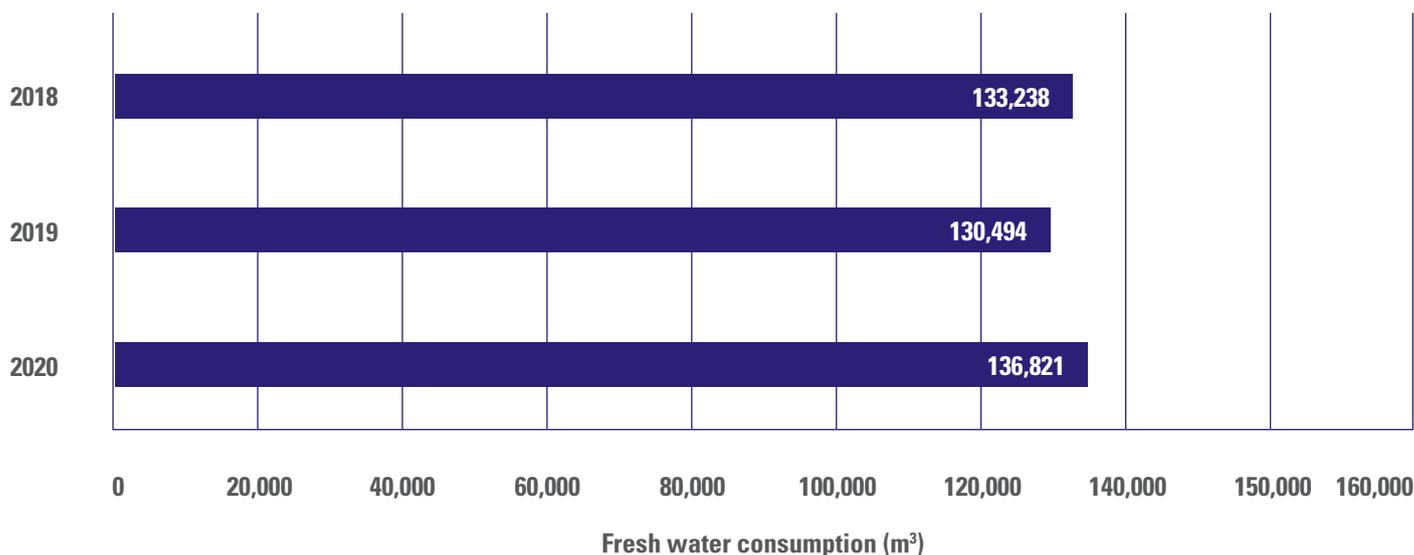
²⁰⁸ Based on the correction made to the fuel consumption data of Zeppelin Polska Sp. z o.o., the district heating consumption of Zeppelin Systems GmbH and the heating oil consumption of Zeppelin Rental GmbH for 2019, the energy performance indicators for 2019 were adjusted accordingly.

Water consumption

Fresh water consumption is based on the individual consumption per company and is specified in cubic meters. The companies report their water consumption for each of their sites to the Environmental Management Officer once a year.

The consumption is based on the invoices of the respective water supply companies, meter readings on water meters, or overview of water consumption in the landlord's service charge statement.

Fresh water consumption throughout the Zeppelin Group²⁰⁹



Fresh water consumption per SBU

SBU	Unit	2018	2019	2020
Construction Equipment Central Europe	m ³	56,284	53,871	57,184
Construction Equipment Nordics ²¹⁰	m ³	–	–	7,115
Construction Equipment Eurasia	m ³	30,788	29,068	24,935
Rental	m ³	19,248	22,260	20,012
Power Systems	m ³	3,092	3,255	2,936
Plant Engineering	m ³	18,756	17,114	21,900
Zeppelin GmbH (holding company)	m ³	5,070	4,926	2,739
Total	m³	133,238	130,494	136,821

Absolute fresh water consumption increased in 2020 compared with the previous year on account of the newly created Construction Equipment Nordics SBU and the added distribution and service territories in Denmark, Greenland, and Sweden. Excluding the newly added share of the Construction Equipment Nordics SBU, fresh water consumption fell by around one percent in 2020. This welcome development can be attributed to the effectiveness of the environmental management system, the associated awareness of employees to save resources, as well

as structural and organizational measures. The exceptional situation caused by the COVID-19 pandemic in 2020 and the associated consequences, such as the more frequent use of mobile working and the closure of company canteens are reasons for the reduction in fresh water consumption. In 2020, it was determined that water management will be included as a focus topic in the Group Call for Strategy for 2021 in order to identify potential for reducing fresh water consumption in all SBUs.²¹¹

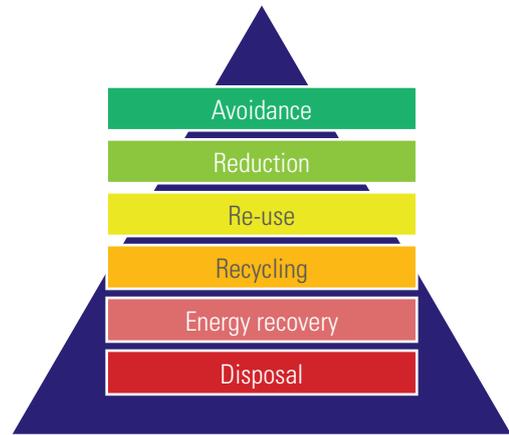
²⁰⁹ Based on GRI 303-1: Water consumption includes a small percentage of consumption forecasts (less than two percent). The water consumption does not include the share of the Construction Equipment Nordics SBU as the corresponding companies were not integrated into the Zeppelin Group until December 31, 2019.

²¹⁰ see footnote 198

²¹¹ The report on sustainability at Zeppelin for 2021 covers the results and the goals and measures set.

Waste volumes

Zeppelin’s main objective is to make the most of the resources and products available, and to prevent or reduce the generation of waste from the outset. Disposal is always seen as the last resort, the top priority being avoidance, reduction, reuse or recycling. The levels of waste management at Zeppelin are shown in the figure on the right.

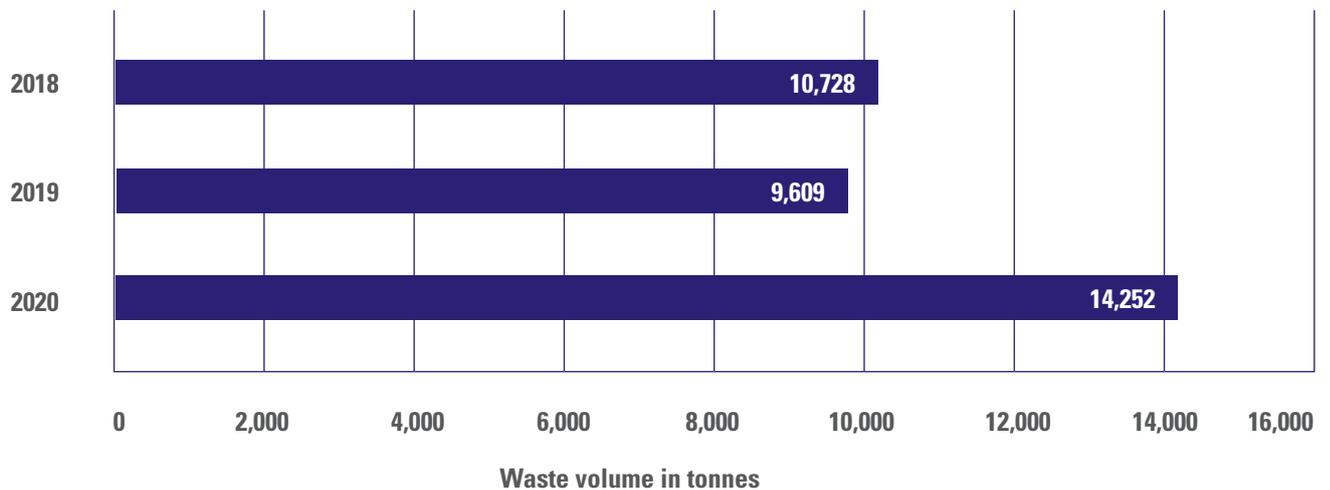


Levels of waste management²¹²

The amount of waste is determined by the individual consumption per company and stated in tonnes.²¹³ Each company reports its waste volumes for each of its sites to the Environmental Management Officer once a year. This is divided into hazardous and non-hazardous waste, as well as into the individual waste fractions.²¹⁴ The basis for calculating

consumption is the invoices from the respective disposal companies and disposal documentation.²¹⁵ The procedure is regulated uniformly for the Zeppelin Group in the “Waste Management” procedural instructions. The changes in recent years is shown in the chart below.

Waste volumes in the Zeppelin Group²¹⁶



²¹² In accordance with German legislation (Kreislaufwirtschaftsgesetz)

²¹³ If individual types of waste have a different unit, conversion factors available in the relevant literature are used to convert them to tonnes.

²¹⁴ The main waste fractions are oversized waste, waste wood, scrap metal, construction waste, electrical appliances, cardboard and waste paper, waste glass, paint residues, sludge, etc.

²¹⁵ GRI 306-2-c-ii: The collected information is made available in this way by the disposal service provider.

²¹⁶ An addition has been made to volume of waste in 2019 since the last reporting interval. Corrections were made to the volumes of waste at Zeppelin Österreich GmbH. The volume of waste shown contains a small percentage of forecast data (less than five percent).

An increase in the total volume of waste can be observed for 2020. This was due to the additional distribution and service territories in Denmark, Sweden, and Greenland and to improvements in the database for the Construction Equipment Eurasia SBU. In 2018 and 2019, there were

no valid figures available for waste consumption in the Construction Equipment Eurasia SBU, meaning that the first quality-assured notification of waste volumes was the one made in respect of 2020.

SBU	Unit	Waste volume per SBU		
		2018	2019	2020
Construction Equipment Central Europe	Tonnes	5,516	5,809	6,674
Construction Equipment Nordics ²¹⁷	Tonnes	–	–	2,064
Construction Equipment Eurasia	Tonnes	–	–	1,188
Rental	Tonnes	3,907	2,496	2,864
Power Systems	Tonnes	188	201	191
Plant Engineering	Tonnes	1,067	1,063	1,214
Zeppelin GmbH (holding company)	Tonnes	50	40	57
Total	Tonnes	10,728	9,609	14,252

Reported waste is categorized into non-hazardous and hazardous waste. Non-hazardous waste includes paper, cardboard, plastics, wood, mixed municipal waste and biodegradable waste. Hazardous waste includes, but is not limited to, paint and varnish residues, waste oil, sludges, and oil and grease residues. Around 60 percent of the reported waste in 2020 can be attributed to non-hazardous waste.²¹⁸

tem in accordance with ISO 14001, and already rolled them out where possible. In 2020, Zeppelin also decided to include waste management as a focus topic in the Group's strategy call to identify the potential for reducing, preventing, and recycling waste worldwide in each SBU.²¹⁹

In order to reduce waste, improve recycling, and make the best possible use of storage materials, Zeppelin tested awareness-raising measures in all German companies as part of its environmental management sys-

²¹⁷ see footnote 198

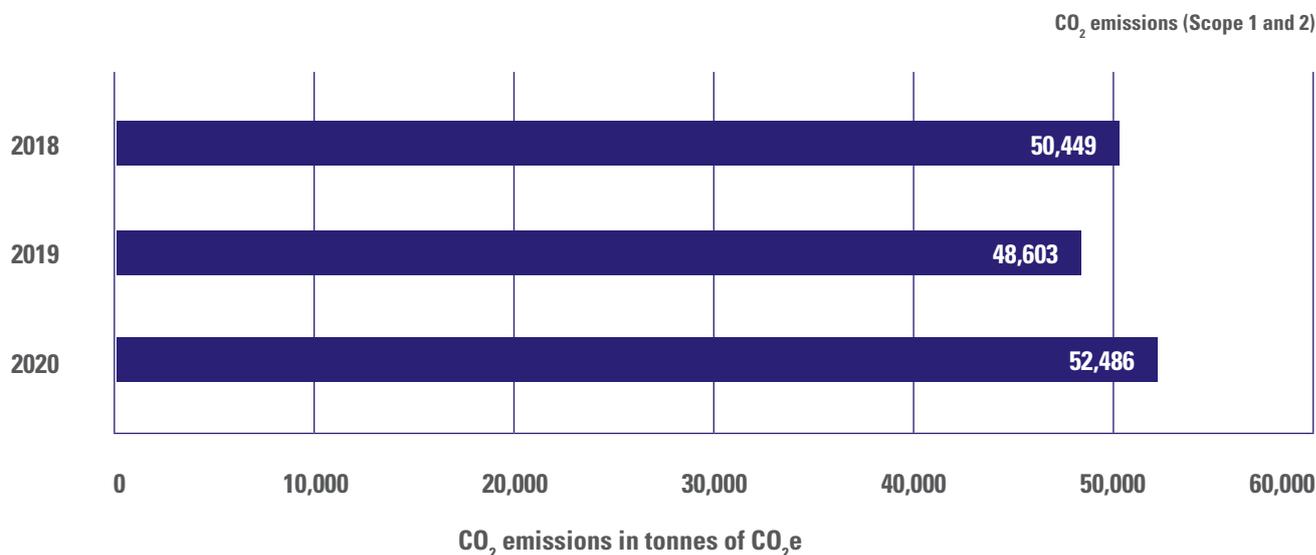
²¹⁸ GRI 306-2

²¹⁹ The Group Call for Strategy started in January 2021. The results and defined targets as well as the measures for each SBU will be reported in the next Report on Sustainability at Zeppelin.

Emissions

Once a year, the CO₂ emission equivalents of the companies are calculated based on the respective consumption of each company. All energy consumption of the respective companies is taken into account and the individual energy types are converted into an emission-equivalent quantity (tonnes of CO₂e) using CO₂ emission conversion factors.

The total of the emissions from all energy sources produces the CO₂ footprint. CO₂ emissions are therefore reported in accordance with the Green House Gas Protocol, a globally recognized standard, including emissions from Scope 1 and 2.²²⁰



The increase in CO₂ emissions in 2020 was due to the new additional distribution and service territories in Sweden, Denmark, and Greenland (SBU Construction Equipment Nordics). If the Construction Equipment Nordics SBU is excluded, CO₂ emissions actually fell by around one percent.

The Zeppelin Group has set itself the target of being a net-zero carbon company in its ongoing business operations by 2030 at the latest. In order to flesh out this target in the SBUs, the focus topic of carbon neutrality was integrated into the Group Call for Strategy for 2020.

CO₂ emissions per SBU²²¹

SBU	Unit	2018	2019	2020
Construction Equipment Central Europe	to CO ₂ e	20,194	17,727	18,065
Construction Equipment Nordics ²²²	to CO ₂ e	–	–	4,296
Construction Equipment Eurasia	to CO ₂ e	9,490	10,048	9,224
Rental	to CO ₂ e	8,300	8,603	9,788
Power Systems	to CO ₂ e	3,501	3,672	3,347
Plant Engineering	to CO ₂ e	7,566	7,126	6,526
Zeppelin GmbH (holding company)	to CO ₂ e	1,398	1,427	1,240
Total	to CO₂e	50,449	48,603	52,486

²²⁰ The three scopes of the Greenhouse Gas Protocol (GHG Protocol) provide a benchmark for calculating emissions. Emissions from Scope 1 and Scope 2 are taken into account in our calculations. Scope 3 emissions are not included. The conversion factors used are shown in the Appendix. The procedure for calculating CO₂ emissions is stipulated in the "Calculation of CO₂ emissions" procedural instructions.

²²¹ The CO₂ emissions relating to 2019 have been amended since the last report. For instance, Zeppelin Österreich GmbH's electricity, which is already purchased without emissions, was reported accordingly with an emissions factor of zero. In addition, the calculation procedure was improved and the country-specific electricity mix used to calculate CO₂ emissions from 2018.

²²² The Construction Equipment Nordics SBU was founded in Northern Europe on January 1, 2020, following the acquisition of new distribution and service territories.

Goal setting and assessment of energy and environmental management²²³

The progress made in achieving the desired outcomes in Energy & Environment for 2020 is shown below.



Progress on Objective 1

CO₂ neutrality in ongoing business operations by 2030 at the latest.

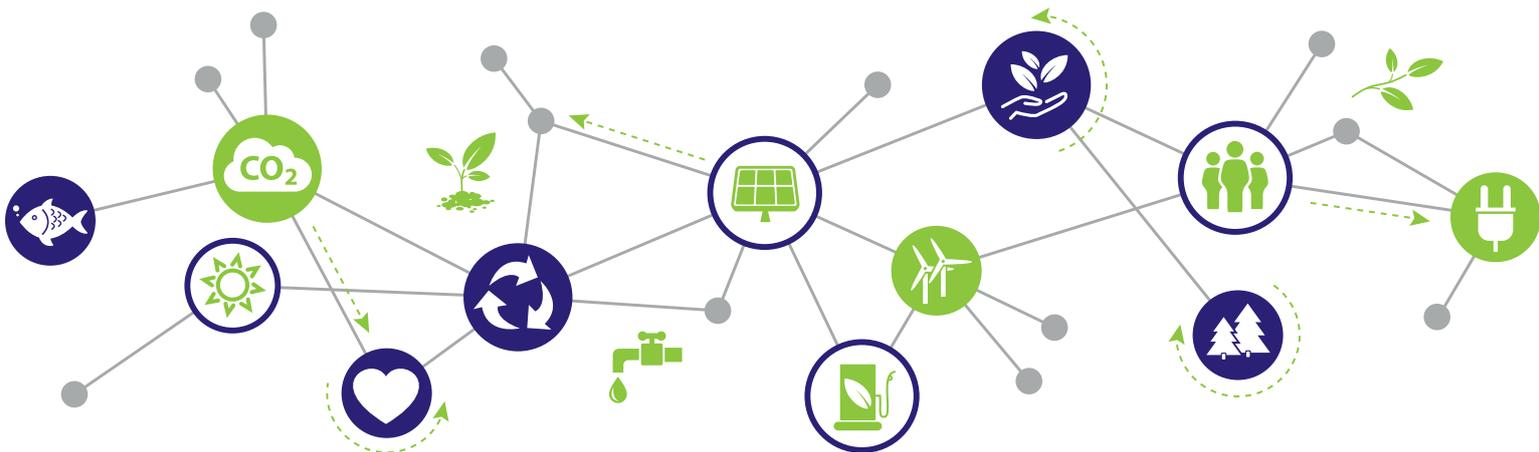
CO₂ neutral business in its operations (measured variable: CO₂ emissions)

A key focus of Zeppelin's activities in 2020 was implementing the net-zero carbon ambition: Zeppelin has set itself the ambitious goal of achieving CO₂ neutrality by its own internal efforts as far as possible. Greenwashing actions²²⁴ are totally rejected and offsetting measures are considered to be the very last option to neutralize CO₂ emissions.

The implementation of carbon neutrality by itself means investing heavily, for example, for energy-efficient renovation or construction of new sites, the installation of photovoltaic systems (PV systems) or the gradual conversion to more energy-efficient plant and equipment.

To drive forward the CO₂ neutrality target, all SBUs were invited in 2020 as part of the Group Call for Strategy to analyze and evaluate their CO₂ emissions and to define appropriate targets and measures to ensure CO₂ neutrality.

The possible CO₂ savings were based on the CO₂ emissions from 2019. Within the framework of SBU-overarching workshops and together with the central CSR department, specific targets and measures were developed to ensure carbon neutrality; these are presented in the following table.



²²³ GRI 103-3-c-iii

²²⁴ Greenwashing is a critical term for PR methods that aim to give a company an environmentally friendly and sustainable image in the public domain without any substantive foundations. (see the entry for [greenwashing](#)) at Investopedia.com.

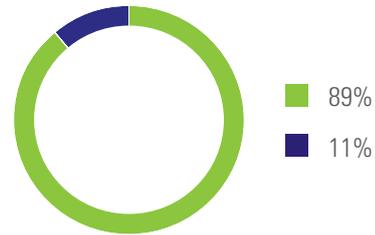
Defined targets and measures for CO₂ neutrality

Forecast savings in CO₂ emissions by 2030

(based on the targets and measures defined for each SBU in 2020)

Construction Equipment Central Europe

- ▶ Switch to green electricity
- ▶ Environmentally friendly fleet to reduce CO₂ emissions
- ▶ Energy-efficient renovation of existing buildings
- ▶ Installation of PV systems at suitable sites
- ▶ Ongoing energy savings under ISO 50001



Construction Equipment Eurasia

- ▶ Switch to green electricity
- ▶ Environmentally friendly fleet to reduce CO₂ emissions
- ▶ Energy-efficient renovation of existing buildings
- ▶ Ongoing reduction of energy consumption through energy-saving measures
- ▶ Implementation of training activities and raising awareness of sustainable actions



Construction Equipment Nordics²²⁵

- ▶ Switch to green electricity
- ▶ Ongoing reduction of energy consumption through energy-saving measures
- ▶ Initial ISO 50001 certification in 2021 for Sweden and Denmark

Consumption data for 2019 was not available at the time of the Group Call for Strategy.

Rental

- ▶ Switch to green electricity
- ▶ Environmentally friendly fleet to reduce CO₂ emissions
- ▶ Energy-efficient renovation of existing buildings
- ▶ Minimum energy requirements for landlords in the case of leased real estate locations
- ▶ Ongoing reduction of energy consumption through energy-saving measures
- ▶ Implementation of training activities and raising awareness of sustainable actions



■ Forecast of SBU CO₂ savings
■ Forecast of the remaining CO₂ emissions of the SBU

²²⁵ Effective December 31, 2019, Zeppelin assumed responsibility for the distribution and service of Caterpillar construction and mining machines in Sweden, Denmark, Greenland, and the Faroe Islands, and merged them into the Construction Equipment Nordics SBU. Because of the recent acquisition, the consumption figures for 2019 were not available. In the future, the savings will be calculated based on the consumption data from 2020.

Defined targets and measures for CO₂ neutrality

Forecast savings in CO₂ emissions by 2030

(based on the targets and measures defined for each SBU in 2020)

Power Systems

- ▶ Switch to green electricity
- ▶ Environmentally friendly fleet to reduce CO₂ emissions
- ▶ Ongoing reduction of energy consumption through energy-saving measures
- ▶ Energy-efficient renovation of existing buildings



Plant Engineering

- ▶ Switch to green electricity
- ▶ Environmentally friendly fleet to reduce CO₂ emissions
- ▶ Ongoing reduction of energy consumption through energy-saving measures



Zeppelin GmbH (Holding company)

- ▶ Switch to green electricity
- ▶ Environmentally friendly fleet to reduce CO₂ emissions
- ▶ Ongoing reduction of energy consumption through energy-saving measures
- ▶ Switch to CO₂ neutral heat procurement



■ Forecast of SBU CO₂ savings

■ Forecast of the remaining CO₂ emissions of the SBU

A key element in achieving carbon neutrality is the procurement of green electricity instead of the conventional electricity mix, which is largely made up of fossil fuels. For Germany, a decision has already been made to gradually switch to green electricity between 2021 and 2023 for the majority of the sites across SBUs. As part of the Group Call for Strategy, a decision was made on the future use of green electricity at all other sites.²²⁶

The introduction of a CO₂ neutral or environmentally friendly fleet will also play a decisive role in implementing carbon neutrality. The aim is to switch from fossil fuel-based vehicles to electric so far as possible. For this purpose, the Group guidelines for vehicle fleets were amended on January 1, 2021, and electric and hybrid models included in the available carpool. The necessary charging infrastructure at the German sites will also be expanded from 2021. Due to the currently low availability of electric models in the service vehicle and truck sector, developments in the automotive industry are being actively pursued in order to allow a rapid switch to more environmentally friendly vehicle models.

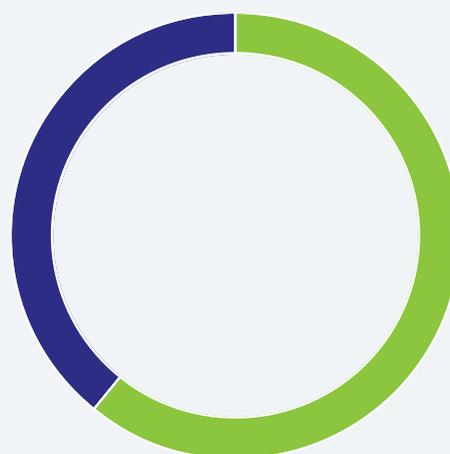
The expansion of renewable energies is another important element of the CO₂ strategy: Photovoltaic systems are planned to be built at suit-

able branches, and these will cover internal consumption needs. This will not only reduce the share of external procurement, but also the resulting CO₂ emissions in the power supply.

Other objectives and measures defined to reduce CO₂ emissions in the individual SBUs include ongoing energy savings as part of the energy management system, and the implementation of training and awareness-raising measures. In real estate, the gradual energy-efficient refurbishment of properties in our own portfolio and the definition of minimum energy requirements for rental properties are an integral part of the objective. The procedure in the real estate sector to achieve CO₂ neutrality will be summarized in a new Group guideline in 2021, which sets out clear requirements for the carbon neutral operation of properties in our own portfolio as well as rental properties. Based on the defined targets and measures in the individual SBUs, a total of around 75 percent of CO₂ emissions can be saved at Group level by 2030 (total of about 38,600 tonnes of CO₂).²²⁷

The results of the Group Call for Strategy 2020 are continuously being refined, which is why it can be assumed that further potential savings will be achieved in the years ahead. In addition to the focus topic of waste and water management, the Group Call for Strategy 2021 once again includes the topic of carbon neutrality in order to embed measures, further develop them and, where necessary, expand them. An assessment of the savings actually achieved will be carried out and documented following completion of the measures.

Forecast total CO₂ emissions savings in the Zeppelin Group
(based on the targets and measures defined for each SBU in 2020)



- 75% reduction in CO₂ emissions
- 25% remaining CO₂ emissions

²²⁶ Green electricity is not currently available in every country. However, in order to ensure a CO₂ neutral electricity supply, the intention is that guarantees of origin will be obtained in countries where no direct supply of green electricity is available. But by 2030, it can be assumed that green electricity will be available worldwide and that guarantees of origin will therefore become less important in implementing carbon neutrality.

²²⁷ The Construction Equipment Eurasia and Plant Engineering SBUs are the SBUs with the most sites outside Germany. As the same technical and energy standards are not yet available in all countries as they are in Germany, the savings values here are currently lower because of these restrictions.



Progress on Objective 2

Reduce energy consumption

10% reduction in energy consumption in Germany and Austria between 2014 and 2020, and 1% annually in Germany (electricity and heat) between 2021 and 2025

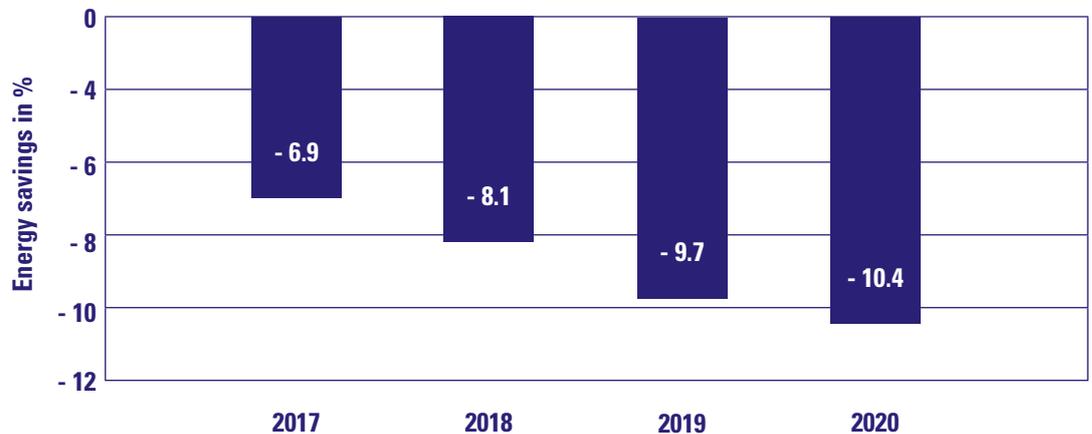
As part of the introduction of the energy management system in 2015, Zeppelin GmbH set itself the goal of reducing energy consumption by ten percent in the German and Austrian companies, taking into account business developments between 2014 and 2020.²²⁸

Energy consumption includes all energy sources used, i.e. electricity, heat and fuel directly used at the individual sites. The baseline for the target evaluation is the total energy consumption in Germany and Austria in 2014. The energy savings achieved will be compared with the energy consumption of the baseline year. For this purpose, all energy-saving measures implemented in the respective period are assigned a specific saving value. In relation to the total energy consumption, this will result in a relative energy saving. The actual savings will be evaluated, for example, in the case of construction measures via the real estate department or via the externally commissioned company that

performs the construction work. Savings from organizational measures and awareness-raising campaigns are also taken into account and assigned a measured saving value.²²⁹

In recent years, numerous constructional, organizational and employee awareness-raising measures have been implemented, leading to an improvement. Based on these savings, the target of reducing energy consumption by ten percent by the end of 2020 was achieved.²³⁰ Target achievement and successful energy savings in recent years demonstrate the effectiveness of the energy management system at Zeppelin.

Assessment of the energy consumption reduction target of 10% by 2020 (baseline year 2014 in Germany and Austria)



²²⁸ This includes the companies Zeppelin GmbH (holding company), Zeppelin Baumaschinen GmbH, Zeppelin Rental GmbH, Zeppelin Power Systems GmbH, Zeppelin Systems GmbH, Zeppelin Österreich GmbH, and Zeppelin Rental Österreich GmbH & Co. KG.

²²⁹ If it is not possible to measure the value of the savings, a forecast value may be extrapolated. If it is also possible to extrapolate a forecast, an estimated value based on the empirical values of comparable measures and corresponding specialist literature may be used. For the entire period from 2017 to 2020, energy savings of 0.5 percent per year for the certification period 2016 to 2020 are expected due to the drive to raise awareness of employees. This is achieved through the central e-learning modules which must be completed annually as well as regular consultation sessions with the energy officers. The savings from the awareness-raising measures were included in the evaluation for the 2020 consumption figures.

²³⁰ GRI 302-4

Due to the COVID-19 pandemic, the Group Management Board adopted a comprehensive investment freeze in March 2020, meaning that numerous construction measures were not implemented as planned in 2020, but postponed to later years. The savings originally planned for 2020 will therefore only take effect once they have been implemented. This will have a positive effect on the goal of further reducing energy

consumption by one percent annually in the German companies between 2021 and 2025. In order to achieve this savings target, further measures that have a positive impact on energy consumption are being implemented, such as the energy-efficient refurbishment of existing properties or conversion to highly efficient technologies.



Progress on Objective 3

Increase in the number of ISO 50001-certified companies.

Number of certified companies in the Zeppelin Group

The energy management system was certified to ISO 50001 for Germany and Austria for the first time in 2016. Since then, the scope of the energy management system has been continuously expanded in order to gradually improve energy performance in accordance with uniform standards throughout the Group.

scope to the Slovak Republic and Poland. This target was achieved by the successful initial certification of companies in both countries in fall 2020. The scope is planned to be extended to Sweden and Denmark in 2021. Further legal entities will then be identified to be included in the ISO 50001 certification process.

In addition to the changeover to the ISO 50001:2018 revision of the standard for all certified companies, the goal for 2020 was to extend the



Measures in Energy and Environment²³¹

Commissioning of the photovoltaic system in Friedrichshafen

Zeppelin has been working towards high energy efficiency at the Friedrichshafen site since 2007. For example by putting in place an energy control center that utilizes waste heat recovery from CHP plants and compressors, and installing LED lighting technology in the 25,000 m² factory hall.

Together, Luftschiffbau Zeppelin GmbH, the Zeppelin Group, and Stadtwerk am See Friedrichshafen (a local utility) took another step towards reducing CO₂ emissions in 2020. An environmentally friendly photovoltaic system was made operational at the Zeppelin car park facility in Friedrichshafen, which supplies up to 500,000 kilowatt-hours of electricity. A total of 1,500 solar power modules have been supplying around 495,000 kWh of energy per year since August 2020. These modern modules produce electricity even under diffuse radiation conditions, such as clouds or fog.²³²



Construction of the Linz branch of Zeppelin Österreich GmbH

Due to a lack of space, the Linz branch needed a new site – Zeppelin invested around 14 million euros in a new building that became operational in 2020. From the outset, energy efficiency and sustainability have been key aspects of the construction, both in terms of technical equipment and spatial design. For example, the previously separate construction machine and engine sales, as well as rental via Zeppelin Rental Austria, were brought under one roof, so that customers also benefit from synergy effects of the services offered. In building technology, for example, only energy-efficient LED lights are used throughout the entire site (office wing, hall, and outdoor facilities). Secondary spaces and traffic areas are equipped with motion detectors, and the exterior lighting is switched on and off via a timer and twilight sensor. All energy consumption is continuously logged in an energy monitoring system, and a photovoltaic system generates electricity for internal consumption. The 20 kWp photovoltaic system already produced 20,500 kWh of green electricity in 2020. Zeppelin Österreich GmbH intends to continue on this successful path and, in 2021, to use particularly durable and efficient CAT photovoltaic modules from Caterpillar Inc. at its headquarters



in Vienna. The PV system planned by Power Systems Austria will then generate 117,000 kWh annually.

Gradual switch to green electricity in Germany

The Zeppelin Group attaches great importance to the responsible use of resources and protection of the environment. For this reason, the company decided in 2020 to gradually convert its energy supply to green electricity at a majority of the German sites. This changeover will take place in cooperation with Friedrichshafener Stadtwerk am See and will be completed in 2023. From 2023, the sites concerned will source 100 percent of their green electricity from hydropower.



²³¹ GRI 103-2-c-vii

²³² Further information can be found in the press release dated October 02, 2020 (available [here](#))

7 SUMMARY AND OUTLOOK

As a foundation-owned company, the Zeppelin Group is committed to the infinity principle. Our primary objective is to make an authentic contribution to society and the environment from the strength of our unique corporate culture as a sustainable and economically successful company.

The environmental, economic and social goals of the Zeppelin Group within the framework of sustainability management are described in detail in this report. The evaluation of the achievement of the desired outcomes and the significant progress achieved in 2021 are summarized in the table below.

Action area	Objective	Evaluation of objectives and progress in 2020	Status of achievement of objectives	Chapter
Compliance	Maintaining a corporate culture in which the Group naturally complies with legal and ethical obligations	Increased compliance awareness in the organization		4
	High training rate in the area of Compliance > 80%	The objective of a training rate > 80% was achieved and a new e-learning system introduced in 2020 to improve training quality		4
Data protection	Avoiding data protection breaches through information and training	Preparation were carried out for the introduction of a technical solution in 2021 to further improve the data protection management system		4
Quality management	Sustainable corporate development	Crisis management was successfully carried out during the COVID-19 pandemic, a CSR department was created to embed sustainability topics and the Group Call for Strategy with the focus topic of carbon neutrality was held.		4
	Using the knowledge and innovativeness of employees for ongoing improvement and optimization	High reward rate of 15% for ideas submitted to the Z IDEA ideas management system		4
	Training employees and managers in the Integrated Management System and CSR	High participation rate of more than 50% achieved in e-learning modules for IMS & CSR		4

Action area	Objective	Evaluation of objectives and progress in 2020	Status of achievement of objectives	Chapter
Supplier Management	Collaborating with qualified suppliers	Uniform evaluation criteria were defined and the degree to which the criteria set have been met regularly measured		4
	Creating and implementing a Supplier Code of Conduct	Clear requirements were defined for the taking on of social and environmental responsibilities, and compliance with ethical business conduct in the supply chain		4
	Carrying out the relevance assessment	The relevance assessment was carried out in all German Zeppelin companies and the scope gradually expanded		4
Employee satisfaction	Increasing the proportion of women to at least 20% by 2025	The target was adjusted in 2020 to ensure a more realistic target that could be achieved.		5
	Increasing the health rate to at least 97% by 2025	Despite the COVID-19 pandemic, a high health rate was achieved due to the health protection measures defined.		5
	Maintaining the average length of service at a level of at least 9.3 years	The length of service in 2021 was increased to 9.6 years on average		5
	Maintaining the voluntary termination rate at a maximum of 5% by 2025	The voluntary termination rate in 2020 is slightly lower than the previous year's level (status as of 2020: 4.2%). Ongoing improvements are being made.		5
Occupational health and safety	Reducing the rate of work-related accidents by 10% per year by 2025	A further reduction in the work-related accident rate was achieved in 2020, but the targeted 10% (6% reduction) was not entirely achieved.		5
	Reducing the lost-time injury rate of 10% annually by 2025	The target of a 10% annual reduction was achieved in 2020 (a 12% reduction in lost time).		5

Action area	Objective	Evaluation of objectives and progress in 2020	Status of achievement of objectives	Chapter
Donations & Sponsorship	Allocating donations in accordance with the foundation's ethos and vision on the company's economic earning power	The target of a donation amount in relation to Group net income of at least 0.5 – 1% was achieved in 2020.		5
	Presenting Zeppelin's social commitment to donations by donation-specific communications and reporting	A donations committee was set up at Group level in fall 2020 to improve transparency and communication		5
Energy & Environment	Carbon neutrality in ongoing business operations by 2030	Targets and measures for each SBU to reduce CO ₂ emissions were defined in the Group Call for Strategy		6
	10% reduction in energy consumption between 2014 and 2020 in relation to business performance	The defined reduction was achieved in 2020 by implementing structural, organizational and technical measures to save energy		6
	Reducing electricity and heat consumption by 1% annually between 2021 and 2025	The data basis was established for target evaluation starting from 2021	An assessment will take place for the first time in respect of the year 2021	6
	Increasing the number of ISO 50001-certified companies	The scope of ISO 50001 was successfully extended to the subsidiaries in Poland and Slovak Republic		6

In the years to come, the Zeppelin Group will continue systematically driving forward the achievement of the defined goals for making ongoing improvements in the action areas defined as essential. One of the key elements in 2021 is the Group Call for Strategy. In addition to other focal points, this sets out the focus topics of carbon neutrality, and water and waste management to optimize resource consumption and identify and implement any potential for further improving our environmental footprint.

In 2021, another focus will be on successfully navigating the COVID-19 pandemic and the associated restrictions and legal requirements. Occupational health and safety will play a key role here. Progress on the achievement of targets is communicated publicly as part of the annual reporting process. The next report on sustainability at Zeppelin is expected to be published in summer 2022.

APPENDIX

A1 Reporting standard

Report contents and reporting period

With this report on “Sustainability at Zeppelin 2020”, the Zeppelin Group comprehensively presents its achievements and targets in the area of sustainability, as well as the changes compared with the previous year. Group-wide collaboration in the Zeppelin Group revolves around a management holding company – Zeppelin GmbH²³³ – and six strategic business units: Unless otherwise indicated, all information in this report relates to the Zeppelin Group.²³⁴

The sustainability report covers the period from January 1, 2018 to December 31, 2020, and therefore covers three full fiscal years.²³⁵ Certain figures or KPIs are not consistently available as the reporting has been improved in the last two years in terms of quality and the scope expanded. A corresponding identifier indicates the respective database. However, for the sake of completeness and depending on the subject matter in question, this report also contains information on the circumstances and facts prior to the specified period, as well as providing an outlook for the subsequent years. The reference date for the most recent data collection in respect of 2020 is June 22, 2021. The editorial deadline for this report was July 30, 2021.

Reporting standard

This report was prepared in accordance with the [Global Reporting Initiative \(GRI\) standards](#) – Core option.²³⁶ The generally applicable GRI 101, 102, 103 standards (universal standards), as well as the topic-specific GRI 200, 300 and 400 standards, which came into force on July 1, 2018, were used for the presentation format.²³⁷ According to GRI 101, the reporting principles for determining report content include stakeholder inclusiveness, consideration of the sustainability context (organization, structure, framework, etc.), and the principle of materiality and completeness. In order to ensure the quality of the report, attention was paid to a comprehensible, reliable, up-to-date, comparable, accurate and balanced presentation.

For easier orientation, in addition to the GRI Index at the end of the report, references to the corresponding standards are also provided directly in the thematically structured sections in the form of footnotes.²³⁸ The footnotes provide information on which data in the text meets the corresponding GRI requirements.

As a sign of its commitment to corporate responsibility, Zeppelin GmbH signed up to the UN Global Compact in 2016. The current 2020 Communication on Progress on the ten principles in the areas of human rights, labor standards, environmental protection and anti-corruption is included in this report. An overview of the contents of the individual principles can be found in the appendix.

External review

As a foundation-owned company, Zeppelin GmbH is not subject to the reporting obligation pursuant to the German CSR Directive Implementing Act.²³⁹ However, submission of the sustainability report is made on a voluntary basis and is a management decision. Content published in the Group management reports and consolidated financial statements²⁴⁰ for 2018, 2019 and 2020 was reviewed by an independent auditor. The audit opinion can be found at the end of the respective annual report. The contents of the annual report are marked in the text. This report on sustainability forms part of the certification of the Integrated Management System to ISO 9001, ISO 14001, ISO 45001 and ISO 50001, and is therefore subject to an external review by the independent certification company; no further external review is planned. The Group Management Board is involved in the external review and commissioned this review.²⁴¹

Reporting Cycle

The Zeppelin Group Sustainability Report is published annually, fully revised, as is the annual report.²⁴²

²³³ GRI 102-1

²³⁴ A list of the companies included in the consolidation group of the Zeppelin Group can be found in the financial statements: GB 2020: P. 116 ff., GB 2019: P. 89 ff., GB 2018: P. 86 ff.

²³⁵ GRI 102-50 pp. w/ GRI 101 item 2.7.1.

²³⁶ GRI 102-54

²³⁷ For more information, see <https://www.globalreporting.org/standards/getting-started-with-the-GRI-standards/>²³⁸ GRI 102-55

²³⁹ Transposition of the CSR Directive (2014/95/EU) into German law

²⁴⁰ These are integrated into the respective financial statements.

²⁴¹ GRI 102-56

²⁴² GRI 102-52

A2 GRI Index

The mandatory information from the Core area for GRI 102 is marked in color in the following table. For each GRI index, the corresponding page on which further information can be found is stated.

Disclosure	Description	Page	Remarks
GRI 101 principles			
GRI 102 General disclosures			
GRI 102-1	Name of the organization	4	
GRI 102-2	Activities, brands, products and services	7, 8	
GRI 102-3	Location of headquarters	7	
GRI 102-4	Location of operations	10	
GRI 102-5	Ownership and legal form	9	
GRI 102-6	Markets served	8, 10	
GRI 102-7	Scale of the organization	7, 9	
GRI 102-8	Information on employees and other workers	47-49, 53	
GRI 102-9	Supply chain	42 ff.	
GRI 102-10	Significant changes to the organization and its supply chain	4	
GRI 102-11	Precautionary principle or approach	76	
GRI 102-12	External initiatives	28	
GRI 102-13	Membership of associations	28	
GRI 102-14	Statement from senior decision-maker	3	
GRI 102-16	Values, principles, standards and norms of behavior	3, 11	Code of Conduct for Business Ethics and Compliance
GRI 102-17	Procedures for ethical consultation and concerns	33	
GRI 102-18	Governance structure	4, 6, 10	
GRI 102-19	Delegating authority	15	
GRI 102-20	Executive-level responsibility for economic, environmental and social topics	14, 15	
GRI 102-22	Composition of the highest governance body and its committees	4, 6	
GRI 102-23	Chair of the highest governance body	6	
GRI 102-24	Nominating and selecting the highest governance body	6	based on GRI 102-24
GRI 102-26	Role of highest governance body in setting purpose, values and strategy	6, 10	
GRI 102-37	Stakeholders' involvement in remuneration		Only applies to employees covered by collective bargaining agreements (p. 62)

Disclosure	Description	Page	Remarks
GRI 102-40	List of stakeholder groups	17	as well as evaluation of stakeholder opinion survey 2020
GRI 102-41	Collective bargaining agreements	62	
GRI 102-42	Identifying and selecting stakeholders	17 ff.	as well as evaluation of stakeholder opinion survey 2020
GRI 102-43	Approach to stakeholder engagement	17 ff.	
GRI 102-44	Key topics and concerns raised	18.23	
GRI 102-45	Entities included in the consolidated financial statements		Appendix A5
GRI 102-46	Defining report content and topic boundaries	14, 23	and Appendix A1
GRI 102-47	List of material topics	24	
GRI 102-48	Restatements of information	4	see Chapter 2
GRI 102-49	Changes in reporting		No change to previous version with regard to the material topics and the topic boundaries
GRI 102-50	Reporting period		see Appendix A1
GRI 102-51	Date of most recent report		Most recent report was published in July 2020
GRI 102-52	Reporting cycle		see Appendix A1
GRI 102-53	Contact point for questions regarding the report		see the 'About this publication' section
GRI 102-54	Statements on reporting in accordance with the GRI Standards		see Appendix A1
GRI 102-55	GRI content index		see Appendix A2
GRI 102-56	External assurance		see Appendix A1

In addition to the requirements from the Core area, information is also provided on the GRI indices listed below, divided into the action areas defined as essential.

Disclosure	Description	Page	Remarks
Risk management			
GRI 103-1	Explanation of the material topic and its boundary	31 ff.	
GRI 103-2	The management approach and its components	31 ff.	
GRI 103-3	Evaluation of the management approach	31 ff.	
Compliance and anti-corruption			
GRI 103-1	Explanation of the material topic and its boundary	32 ff.	
GRI 103-2	The management approach and its components	32 ff.	
GRI 103-3	Evaluation of the management approach	32 ff.	
GRI 205-3	Confirmed incidents of corruption and actions taken	32 ff.	No confirmed cases of corruption in the reporting period.
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices		There were no proceedings in the reporting period.
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	32 ff.	
Data protection			
GRI 103-1	Explanation of the material topic and its boundary	36 ff.	
GRI 103-2	The management approach and its components	36 ff.	
GRI 103-3	Evaluation of the management approach	36 ff.	
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	36 ff.	
Quality management			
GRI 103-1	Explanation of the material topic and its boundary	38 ff.	
GRI 103-2	The management approach and its components	38 ff.	
GRI 103-3	Evaluation of the management approach	38 ff.	
Supplier Management			
GRI 103-1	Explanation of the material topic and its boundary	42 ff.	
GRI 103-2	The management approach and its components	42 ff.	
GRI 103-3	Evaluation of the management approach	42 ff.	

Disclosure	Description	Page	Remarks
Employee satisfaction			
GRI 103-1	Explanation of the material topic and its boundary	52 ff.	
GRI 103-2	The management approach and its components	52 ff.	
GRI 103-3	Evaluation of the management approach	52 ff.	
GRI 405-1	Diversity of governance bodies and employees	6, 49, 53	
GRI 201-3	Defined benefit plan obligations and other retirement plans	51	
GRI 401-1	New employee hires and employee turnover	56	Voluntary termination rate
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	58	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	58	based on GRI 404-3
GRI 401-3	Parental leave	60	based on GRI 401-3
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	47	
Occupational health and safety			
GRI 103-1	Explanation of the material topic and its boundary	63 ff.	
GRI 103-2	The management approach and its components	63 ff.	
GRI 103-3	Evaluation of the management approach	63 ff.	
GRI 403-1	Workers representation in formal joint management worker health and safety committees	63 ff.	
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	63 ff.	Based on GRI 403-2
Financial commitment – donations & sponsorship			
GRI 103-1	Explanation of the material topic and its boundary	68 ff.	
GRI 103-2	The management approach and its components	68 ff.	
GRI 103-3	Evaluation of the management approach	68 ff.	
GRI 201-1	Direct economic value generated and distributed	7, 9, 10	based on GRI 201-1

Disclosure	Description	Page	Remarks
Human rights due diligence			
GRI 103-1	Explanation of the material topic and its boundary	75	
GRI 103-2	The management approach and its components	75	
GRI 103-3	Evaluation of the management approach	75	
Energy and environmental management			
GRI 103-1	Explanation of the material topic and its boundary	76 ff.	
GRI 103-2	The management approach and its components	76 ff.	
GRI 103-3	Evaluation of the management approach	76 ff.	
GRI 302-1	Energy consumption within the organization	77-79	
GRI 302-3	Energy intensity	79	
GRI 302-4	Reduction of energy consumption	88	
GRI 303-1	Water withdrawal by source	80	
GRI 306-2	Waste by type and disposal method	81, 82	
GRI 307-1	Non-compliance with environmental laws and regulations		None were known in the reporting period.

A3 UN Global Compact Index

The Zeppelin Group signed up to the UN Global Compact in 2016 and voluntarily commits itself to compliance with the “10 principles of the UN Global Compact.” These are shown in the table below. In the right column, you will find a reference to the chapter in which compliance is reported in this report, as well as to the objectives in this area and the measures already implemented and planned. The Management Board’s statement is set out in Chapter 1 of this report.

Compliance with the 10 principles of the UN Global Compact

No.	Principle	Area	Chapter
1	Businesses should support and respect the protection of internationally proclaimed human rights.	Human rights	5
2	Businesses should make sure that they are not complicit in human rights abuses.	Human rights	5
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Labor standards	5
4	Businesses should advocate the elimination of all forms of forced and compulsory labor.	Labor standards	5
5	Businesses should advocate the effective abolition of child labor.	Labor standards	5
6	Businesses should advocate the elimination of discrimination in respect of employment and occupation.	Labor standards	5
7	Businesses should support a precautionary approach to environmental challenges.	Environmental protection	6
8	Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental protection	6
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Environmental protection	6
10	Businesses should work against corruption in all its forms, including extortion and bribery.	Anti-corruption	4



A4 Conversion factors for CO₂ emissions

For the calculation of CO₂ emissions, emission factors per energy source are required in order to convert consumption figures into an emission level. The emission factors used for each energy source are shown in the table below.

Emission factors used to calculate CO₂ emissions. The emission factors are taken from freely available specialist literature.

Energy source	Unit	Emission factor for CO ₂ emissions (kg CO ₂ e per unit)
Biogas	m ³	0.000
Natural gas	kWh	0.202
LPG (Liquefied Petroleum Gas)	Liters	1.904
Wood chips	kWh	0.024
Heating oil OR next cell	Liters	2.660
Heating oil	kWh	0.266
Pellets	kWh	0.023
Gasoline	kWh	0.264
Biomass wood	kWh	0.029
Diesel	kWh	0.266
District heating*	kWh	0.280
Electricity**	kWh	country-specific electricity mix
Renewable energies (self-generated)	kWh	0.000

* District heating: In real terms, emissions in the district heating sector can deviate significantly upwards or downwards depending on the generator's source. When calculating CO₂ emissions, it is possible to use the real emission value, provided that corresponding evidence is provided via the calculation method.

** For the emission factor for electricity, the respective country electricity mix of the individual countries was used. Data from the Verband der Automobilindustrie e.V. (Association of the Automotive Industry) and thinkstep AG provided the basis for this; (source: VDA, thinkstep AG; "Emissionsfaktoren für Strom, Fernwärme und Kraftstoffe" [Emission factors for electricity, district heating and fuels], June 2019).

A5 Overview of legal entities (subsidiaries)

In the individual countries in which Zeppelin operates, the business is organized into legal entities (subsidiaries), as presented in the table below and included in this report (see also the 2020 Annual Report from page 116 onwards).

Subsidiaries	Country
Zeppelin GmbH	Germany
AT Baumaschinentechnik Beteiligungs GmbH	Germany
Luther HL GmbH & Co. KG	Germany
METON GmbH	Germany
Zeppelin Aviation & Industrial Service GmbH	Germany
Zeppelin Baumaschinen GmbH	Germany
Zeppelin Lab GmbH	Germany
Zeppelin Power Systems GmbH (founded in 2020)	Germany
Zeppelin Power Systems GmbH & Co. KG	Germany
Zeppelin Power Systems Verwaltungs GmbH	Germany
Zeppelin Rental GmbH	Germany
Zeppelin Rental Verwaltungs GmbH (merged into Zeppelin Rental GmbH in 2020)	Germany
Zeppelin Struktur GmbH	Germany
Zeppelin Systems GmbH	Germany
Zeppelin Armenien 000	Armenia
Zeppelin Systems Benelux N.V.	Belgium
Zeppelin Systems Latin America Equipamentos Industriais Ltda.	Brazil
Zeppelin Systems China (Beijing) Co. Ltd.	China
Zeppelin Systems China (Shanghai) Co. Ltd.	China

Subsidiaries	Country
Zeppelin Danmark A/S	Denmark
Zeppelin Systems UK Limited	UK
Zeppelin Systems France S.A.R.L.	France
Smart Controls India Ltd.	India
Zeppelin Systems India Pvt. Ltd.	India
Nuova Ciba S.p.A.	Italy
Zeppelin Systems Italy S.r.l.	Italy
Zeppelin Österreich GmbH	Austria
Zeppelin Rental Österreich GmbH & Co. KG	Austria
Zeppelin Rental Österreich Verwaltungs GmbH	Austria
Zeppelin Polska Sp. z.o.o.	Poland
Zeppelin Immobilien Russland 000	Russia
Zeppelin Power Systems Russland 000	Russia
Zeppelin Russland 000	Russia
Zeppelin Systems Gulf Co. Ltd.	Saudi Arabia
Zeppelin Sverige AB	Sweden
Zeppelin International AG	Switzerland
Zeppelin Systems Singapore Pte. Ltd.	Singapore
DIMA service for plant engineering s.r.o.	Slovak Republic
Zeppelin SK s.r.o.	Slovak Republic

Subsidiaries	Country
Zeppelin Systems Korea Corporation	South Korea
Zeppelin Tadschikistan OOO	Tajikistan
Zeppelin CZ s.r.o.	Czech Republic
Zeppelin Turkmenistan JV	Turkmenistan
Zeppelin Marine Service Ukraine LLC (founded in 2020)	Ukraine
Zeppelin Ukraine TOV	Ukraine
Zeppelin Central Asia Machinery OOO	Uzbekistan
Zeppelin Systems USA Inc.	USA
Zeppelin Weißrussland OOO	Belarus



A6 List of Abbreviations

The following overview explains the main abbreviations used in this report.

Abbreviation	Description
HSMS	Health and Safety Management System
BMU	Federal Office for the Environment
CAT	Caterpillar Inc.
CSR	Corporate Social Responsibility
DPMS	Data Protection Management System
EnPI	Energy performance indicators
FCM	Forum Compliance Mittelstand
HR	Human Resources
KICG	Konstanz Institute for Corporate Governance
KPI	Key Performance Indicator
ILO	International Labor Organization
IMSO	Integrated Management System Officer
IMS	Integrated management system
PPE	Personal protective equipment
QM(S)	Quality management (system)
SBU	Strategic business unit
SMC	Strategic Management Center
PI	Procedural Instruction

ABOUT THIS PUBLICATION

Publisher

Zeppelin GmbH
Headquarters
Graf-Zeppelin-Platz 1
85748 Garching bei München
Phone +49 89 320 00 - 0
Fax +49 89 320 00 – 482

Company headquarters
Graf-Zeppelin-Platz 1
88045 Friedrichshafen
Phone +49 7541 202 - 02
Fax +49 7541 202 – 1210

Sustainability/CSR point of contact at Zeppelin²⁴³

Ramona Wallner, Zeppelin GmbH
Sustainability, Energy and Environmental Management Representative
Tel.: +49 89 32000 122
Fax: + 49 89 32000 7122
Email: ramona.wallner@zeppelin.com
www.zeppelin.com

Contact via Corporate Communications

Phone +49 89 320 00 - 440
Fax: +49 89 320 00 - 7 440
Email: zeppelin@zeppelin.com

More information on the Zeppelin Group is available online at
www.zeppelin.com.

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²²⁶ GRI 102-53