

# 2021

## Sustainability Report

**kardex**



# Sustainability Report (ESG)

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## 1. Introduction

The year 2021 has once again highlighted the importance of sustainable structures in business and society. Committed action and cooperation are required because of the global challenges regarding climate protection, natural resources, and people's living and working conditions. Kardex has decided to address these challenges directly in its goals and actions, thereby more reflecting sustainability in its business model and promoting it in its daily activities.

By joining the UN Global Compact in the year under review, Kardex is strengthening the company's contribution to achieving the sustainability goals formulated by the UN in Agenda 2030. In doing so, Kardex is focusing on aspects that directly influence the company and can thus achieve a significant effect. This Sustainability Report is also considered a Communication on Progress (COP) within the framework of UN Global Compact membership, which is reviewed by UN Global Compact.

The increased awareness of sustainability in society is a great opportunity for Kardex because the efficient use of resources has occupied the company since its beginnings and is part of its corporate DNA. In the field of intralogistics, Kardex solutions significantly shorten long walking distances, reduce space requirements by up to 84% and make optimal use of space volumes. This conserves the scarce resource of land. In addition, Kardex solutions help customers to save energy. The high-quality and durable solutions, coupled with needs-based maintenance and modernization options, also guarantee a long service life - which safeguards the customer's investment and conserves resources. Kardex customers also provide their employees with ergonomic workplaces with Kardex solutions, thus fulfilling their responsibility as a caring employer and at the same time reducing the absenteeism rate due to accidents or long-term complaints.

A major milestone in reducing the company's CO<sub>2</sub> footprint was the complete conversion of all three production sites in Germany to sustainable electricity procurement by the end of 2021. This step makes a significant contribution to reducing CO<sub>2</sub> emissions in Kardex' operations. Kardex recycles consistently, uses as little as possible, and mainly recyclable packaging material. Wherever Kardex can influence building structures, it seeks ways to reduce resource consumption, for example by using economical LED lamps or targeted heat locks to prevent heat loss. For heating energy, Kardex will in future rely on local heating power plants at the Neuburg site that uses renewable fuel from regional forests. With the opening of the production facility in the USA, transport routes from suppliers and to customers will be shortened through local procurement and production close to customers.

As an employer, Kardex wants to offer its employees optimal working conditions in order to protect their health, to remain an attractive employer, and to jointly achieve the company's goals. Kardex aims to attract, retain and promote talent. This is done through targeted personnel development and the dual-career model, which allows for a managerial but also an expert career. As one measure, Kardex has significantly expanded its training offering in 2021 with internal and external courses, with on-site and online offerings. Through a mix of defined content and LinkedIn training choices, Kardex maps the needs of the company and its employees in the best possible way.

In the year under review, the Board of Directors worked with management to develop the first short-term milestones and targets, which will be further expanded in 2022.

## 2. Kardex joins the UN Global Compact

Kardex joined the UN Global Compact in 2021. As part of the cooperation of companies with the United Nations, Kardex wants to contribute to making corporate activities more ecological and social. Kardex has undertaken to comply with and promote the ten principles of the Global Compact in the areas of human rights, labor, the environment, and anti-corruption. An annual report on the progress is published in the context of the world's largest and most important initiative for

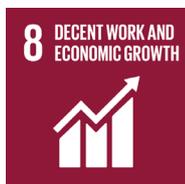
sustainable and responsible corporate governance.

Kardex consistently supports the 17 Sustainable Development Goals (SDGs) of the United Nations in its daily activities. With only a few years left to achieve these Sustainable Development Goals (SDGs) within the framework of the United Nations' Agenda 2030, the contribution of every single actor from politics, business, science, and civil society is important. Kardex accepts its responsibility as a company and focuses on those goals that the company can influence particularly strongly with its operational activities.



### Quality education and lifelong learning

Good education is the basis for sustainable economic growth and social development. Kardex offers apprenticeships and internships for young professionals and promotes its employees through continuous personnel development to keep their professional skills up to date and further develop them.



### Decent work and economic growth

Sustainable economic growth creates lasting jobs and prosperity. Through its business activities, Kardex aims to promote this development and attaches great importance to compliance with human rights, environmental and social standards within its sphere of influence.



### Sustainable consumption and production

With durable solutions and continuous improvements in its production process, Kardex helps to ensure that scarce resources are used sparingly. With Kardex solutions in intralogistics, customers can significantly reduce both their space requirements and energy consumption.



### Measures for climate protection

Both at Kardex and its customers, the company makes an important contribution to climate protection. Internally, Kardex is continuously working to reduce its emissions. Greater energy efficiency on the part of customers also contributes to a reduction in greenhouse gases.

### 3. Sustainability in action

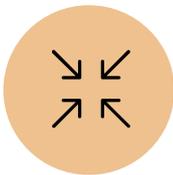
Sustainability is of central importance both within Kardex and in our interaction with customers, suppliers, and other external stakeholders. At Kardex, the efficient use of resources has always been at the heart of the business model. For this reason, the company sees the social trend towards sustainability as a great opportunity and as the basis for future success.

#### 3.1 Sustainable customer solutions

As a leading global provider of automated intralogistics solutions, Kardex demonstrates every day that long-term business success is closely linked to fundamental sustainability considerations. With its solutions, Kardex supports its customers in making better use of their sustainability potential. Increasing efficiency and sustainability have always been part of what Kardex does, which is demonstrated below.

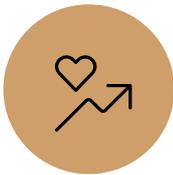
#### Resource-saving and ergonomic solutions at the center of the solution spectrum

Classic static racks based on the person-to-goods principle require a lot of space as storage is width-wise, because heightwise storage based on this principle is inefficient and therefore very quickly limited. Therefore, static solutions lead to long walking or driving distances. Kardex solutions are sustainable compared to a static racking solution in the following areas:



##### Area and space requirements

Kardex solutions make optimal use of space and room volumes, saving an average of 80 to 84% of the space required. This reduces the need for air-conditioned room volume, which directly saves heating, cooling, and lighting costs and reduces CO<sub>2</sub> emissions. This reduces the amount of built-up space required. In addition, walking and driving distances are reduced, which in turn reduces customers' resource requirements. Kardex solutions contribute to keeping the economy and the environment in balance.



##### Ergonomics

Kardex solutions are developed according to the goods-to-person principle based on ergonomic principles and protect the health of order pickers by providing goods at an ergonomically ideal height. This reduces physical strain, prevents incorrect posture, and has a positive impact on the health of employees and health costs for Kardex' customers.



##### Lifetime

Kardex solutions are of high quality and designed to remain up-to-date throughout their entire service life through updates or modernization. Solutions remain in operation for a long time and can additionally be adapted to the changing needs of customers or new safety standards. Remote diagnostics, remote service, and, increasingly, preventive maintenance minimize ad hoc on-site service calls and, in turn, travel mileage.

### 3.2 Careful use of Resources

Kardex currently has three production plants in Germany and one in the USA. All German plants are subject to the ISO 9001:2000 standard for quality management and also operate an energy management system in accordance with DIN EN ISO 50001:2018, which requires the careful use of resources and includes a concept for waste prevention, reduction, and recycling.

The introduction of the energy management system significantly increased transparency regarding energy consumption and also awareness at Kardex' German plants. In addition, environmental management is certified according to DIN EN ISO 14001:2015. Kardex thus complies with globally recognized standards. Regular audits ensure that the standards, norms, and guidelines for manufacturing companies are adhered to.

Kardex is continuously working to reduce resource consumption and emissions at its production plants. This is demonstrated by the fact that since the end of 2021, all three German plants have been using only sustainably generated electricity, which significantly reduces emissions. There is also a greater focus on sustainable forms of heat generation, specifically the connection of the Neuburg plant to a local heating power plant that uses renewable fuel from regional forests. Kardex recycles consistently, as evidenced by a high recycling rate of waste, and Kardex also takes a very economical approach to water consumption. The vehicle fleet already includes electric vehicles, and Kardex has begun offering employees charging stations for their e-cars. Sustainable action is a matter of course at Kardex and is part of everyday life. In its development work, the company constantly relies on the most modern components with a high degree of efficiency.

The new production facility in West Columbia (USA) brings production for the US market closer to customers. Short transport routes within the country instead of long sea transports reduce

emissions and help protect the climate. The production facility itself was also designed to be sustainable. The roof system regulates temperatures on the surface and in the building, which saves energy. LED lighting controlled by motion sensors also supports the responsible use of energy.

In Kardex' distribution organization, which comprises over 1,000 full-time positions in more than two dozen countries, Kardex is increasingly implementing the concept of sustainability. Customers are showing increasing interest in the topic of sustainability. Kardex advises them accordingly and actively points out to its customers what options they have to make intralogistics even more energy-efficient and sustainable. Overall, the quality of service determines customer loyalty. Kardex strives for long-term, trusting customer relationships.

### 3.3 Employees as the basis of Success

The employees are the basis of Kardex' business success. With their expertise, commitment and ideas, they contribute every day to providing the best possible service to Kardex' customers and thus to making the company successful. For this reason, Kardex is committed to offering the people who work for the company sustainable, healthy, and safe working conditions and to promoting them so that everyone can develop optimally and realize their full potential. Kardex aims to be an attractive employer with an attractive culture, modern employment conditions, and the dual career path, and thus to develop existing and attract new talent.

#### Code of Conduct

Kardex treats its employees fairly and with respect and is committed to protecting them from unfair, unethical, or unhealthy working conditions. Harassment or discrimination will not be tolerated. Kardex creates an inclusive work environment in which all employees can contribute. Diversity plays a crucial role in Kardex' success,

which is why talented employees with different backgrounds and open minds are recruited and supported in their further training. More detailed information regarding the focus areas in dealing with employees can be found in the Kardex Code of Conduct ([www.kardex.com](http://www.kardex.com)).

Employees are protected against possible misconduct by maintaining an open communication culture and by directly addressing potential violations of the Code of Conduct. However, a whistleblowing platform is also available to enable anonymous reports to be made. Whistleblowers enjoy protection from disciplinary consequences based on such reports.



### Guiding Principles

Kardex wants to create an environment in which positive spirit, enthusiasm, and identification can flourish. With the Guiding Principles and the values "Respect", "Team Spirit", "Reliability" and "Passion", Kardex has defined the cornerstones of its corporate culture and provides a clear code of conduct for all activities. The corporate values serve as guidelines for all employees in their daily dealings with colleagues. The Guiding Principles provide orientation on "who we are, how we want to be seen, and what we do to achieve this." Implementation is the key to sustainable success.

## Human Resources Development

Demographic change is leading to a shrinking and aging population, mainly in European countries, resulting in a shortage of qualified specialists in the labor market. As a medium-sized company, Kardex is also in competition with large international companies. Kardex is therefore permanently challenged to position itself as an employer of choice, to retain existing talent in the company, to develop new ones, and to attract additional ones.

For many years, Kardex has been working hard to be an attractive and preferred employer for existing and future employees, thus strengthening its competitive position in the labor market. In addition to market-oriented remuneration, Kardex has implemented a variety of personnel development tools such as the Kardex Academy with online learning or face-to-face courses and has continuously expanded fringe benefits such as the option of mobile working. At the heart of personnel development is a continuous feedback dialog process. This results in development plans that align employees' personal goals with the company's objectives.

In parallel, Kardex identifies possible development steps within Kardex together with the employees as part of talent development and succession planning. The feedback dialog process and the development steps serve as the basis for the training and development programs defined jointly between employees and their superiors. The Kardex Academy has a wide range of internal and external training courses to provide optimum support for these training and development programs. In the spirit of future-proof structures, the Kardex Academy increasingly relies on online offerings and enables Kardex employees to learn flexibly and independently, responding to individual needs.

Kardex offers a dual career model that promotes managers and experts alike. A change of career path in both directions is open. The Kardex Leadership Framework defines the leadership

principles as applied at Kardex and is mainly based on the intent-based leadership concept. These leadership principles are highlighted, discussed, and trained in regular leadership meetings.

## Employee satisfaction

All Kardex employees are surveyed anonymously every two years on their satisfaction with their working environment and can make suggestions for improvement. The results of this survey are discussed in all teams and improvement measures are jointly developed and implemented. Kardex has a global employee representative body, the Culture Committee, which represents Kardex' geographical regions and functions in a balanced manner. The task of the Culture Committee is to feel the pulse of the employees as an independent body, to evaluate the maturity and effectiveness of the Guiding Principles, and to share impressions and suggestions for improvement with Group Management at least twice a year.

## Occupational safety and health protection

Kardex attaches very great importance to prevention to reduce hazards, avoid accidents and thus protect employees in the best possible way. Through regular audits, Kardex ensures that the applicable standards and guidelines on workplace safety are complied with. This is reflected in a low number of relevant incidents.

Risks to the safety and health of employees are regularly identified, assessed and appropriate countermeasures developed. They are communicated transparently within the company. Through regular training courses, Kardex ensures that effective occupational health and safety is practiced within the company and that employees have the necessary technical skills and a high level of safety awareness. The management system for occupational health and safety is continuously reviewed, expanded, and improved.

## Diversity

Kardex is committed to diversity and consciously creates equal opportunities in the recruitment process, in which candidate lists must be heterogeneously represented in terms of region, age, origin, and gender. The selection process is based exclusively on professional and personal qualifications. Equal opportunities are also deliberately created in the internal promotion of talent and preference is not given to individual groups of people. The percentage of female managers at Kardex is similar to the percentage of female employees in the company. This can be taken as a sign that Kardex has good permeability, offers appropriate opportunities for advancement, and lives equal opportunity.

### 3.4 Responsibility in society

As a company, Kardex is committed to playing its role in society in a responsible manner. Kardex has defined how the company should be perceived from the outside and developed the outward-looking Brand Promise "Straightforward", "Innovative" and "Fair". The Brand Promise serves as a guide for all employees in their dealings with all stakeholders and helps them to set priorities in their daily working lives. Customer benefits are at the center of our daily activities.

At the same time, the Kardex **Code of Conduct** ([www.kardex.com](http://www.kardex.com)) sets out the general principles of ethical behavior for the Board of Directors, management, and all employees of Kardex in a binding manner. This applies both internally in dealings with employees and colleagues (see chapter 1.1), as well as externally in dealings with customers, suppliers, competitors, or other interest groups. Every new employee undergoes mandatory training on the Code of Conduct and the Guiding Principles as part of the onboarding program. These elements are then reminded at regular intervals through training courses.

The Kardex Code of Conduct applies to all divisions, subsidiaries, and fields of activity, and compliance is also required of affiliated

companies and business partners. The underlying values are expressed in five basic principles:

- We treat our employees fairly and with respect;
- Customer benefit is our top priority;
- We aim to deliver sustainable performance with integrity;
- Our goal is to be a trustworthy, fair, and respectful business partner;
- We strive to be a responsible corporate citizen.

The Kardex Code of Conduct underscores Kardex' commitment to meeting the expectations of its stakeholders as a responsible corporate citizen and sets out the fundamental principles and rules for ethical business behavior. Specific regulations, guidelines, and manuals complement the principles set out in the Kardex Code of Conduct.

When it comes to compliance with the Kardex Code of Conduct, Kardex makes no compromises and does not tolerate any violations of the Code of Conduct. Possible misconduct should be addressed directly, but can also be reported anonymously to a central location (Kardex Whistleblowing Platform).

Kardex respects the personal rights of all employees, customers, and other stakeholders. Data protection and information security have a high priority in the company and are also part of regular training offensives. Kardex is committed to fair competition and does not tolerate any form of bribery or corruption. The company expects that business partners also obey the law, comply with the principles of ethical business conduct and observe rules, regulations, and laws regarding personnel, health, safety, environmental protection, and management systems.

Kardex sees itself as a company that contributes to positive social, environmental, and cultural developments.

#### 4. Outlook: Kardex' ambitions

Kardex strives for continuous improvements in the area of sustainability. In the future, Kardex intends to provide more regular and comprehensive information about this for both employees and external stakeholders. The company is currently working on the definition of medium-term sustainability goals, which will be communicated in the next sustainability report. These targets will cover the environmental and social areas. Kardex will measure its progress on an ongoing basis to ensure that the sustainability targets set are achieved.

Another focus will be on even stronger communication and communication of the topic of sustainability within the organization. Both for employees and external stakeholders, Kardex intends to provide more detailed information in the future. For this reason, future reporting on the subject of sustainability will be based on the Global Reporting Initiative (GRI). The Board of Directors and Management thus underline how important the topic of sustainability is for Kardex.

By joining the UN Global Compact, Kardex is broadening its view of sustainability. Kardex becomes part of the large community of companies working towards a sustainable future for people and the environment in all regions of the world. The company sees this step as a valuable addition to its previous activities in the areas of environment, social affairs and corporate governance.

Kardex is convinced that demand for energy-efficient and space-saving solutions for environmentally friendly material and product flows will increase strongly and that appropriate positioning in this area is a key to future success.

## 5. ESG key figures

The key figures presented here include the consumption and emission values of the production sites in Bellheim (DE), Neuburg (DE) and Neuenstadt (DE), but also of the entire vehicle fleet. This covers the main consumption and emission values for Scope 1 and 2. The determination of greenhouse gases is limited to CO<sub>2</sub>.

### Key figures per million revenues

	Unit	2021	2020	+/-%
Total CO <sub>2</sub> emissions	tons	4.0	4.3	-7.0%
Total waste	tons	6.1	5.8	5.2%
Total energy consumption	MWh	28.3	29.4	-3.7%
Total water consumption	m <sup>3</sup>	20.7	33.6	-38.4%

### Key figures

	Unit	2021	(%)	2020	(%)	+/-%
<b>Total CO<sub>2</sub> emissions</b>	<b>tons</b>	<b>1'834</b>	<b>100.0%</b>	<b>1'771</b>	<b>100.0%</b>	<b>3.6%</b>
<b>Total waste</b>	<b>tons</b>	<b>2'758</b>	<b>100.0%</b>	<b>2'409</b>	<b>100.0%</b>	<b>14.5%</b>
Non-hazardous waste	tons	455	16.5%	500	20.7%	-9.0%
Hazardous waste	tons	16	0.6%	17	0.7%	-5.9%
Recycling	tons	2'287	82.9%	1'892	78.5%	20.9%
<b>Total energy consumption</b>	<b>MWh</b>	<b>12'905</b>	<b>100.0%</b>	<b>12'119</b>	<b>100.0%</b>	<b>6.5%</b>
Fossil fuels (gas)	MWh	7'680	59.5%	7'047	58.1%	9.0%
Electricity	MWh	5'225	40.5%	5'073	41.9%	3.0%
<b>Total water consumption</b>	<b>m<sup>3</sup></b>	<b>9'443</b>	<b>100.0%</b>	<b>13'856</b>	<b>100.0%</b>	<b>-31.8%</b>
<b>Total Employees</b>	<b>amount</b>	<b>2'060</b>	<b>100.0%</b>	<b>1'955</b>	<b>100.0%</b>	<b>5.4%</b>
Female employees	amount	425	20.6%	401	20.5%	6.0%
Apprentices / University interns	amount	54	2.6%	58	3.0%	-6.9%
Part-time employees	amount	136	6.6%	134	6.9%	1.5%
Employees with a disability	amount	44	2.1%	36	1.8%	22.2%
Employee fluctuation	amount	141	6.8%	164	8.4%	-14.0%
Occupational accidents	amount	42	2.0%	23	1.2%	82.6%
<b>Total Leadership positions</b>	<b>amount</b>	<b>386</b>	<b>100.0%</b>	<b>348</b>	<b>100.0%</b>	<b>10.9%</b>
Female leaders	amount	68	17.6%	61	17.5%	11.5%
<b>Total Board of Directors</b>	<b>amount</b>	<b>6</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>	<b>0.0%</b>
Female Board of Directors	amount	-	0.0%	-	0.0%	n. a.
<b>Compliance</b>						
Reported violations of the Code of Conduct	amount	-		-		n. a.