

2020

Sustainability Report

kardex

1. Focus on internal and external sustainability

As the world's leading provider of intralogistics solutions, Kardex proves that long-term business success is closely linked to fundamental sustainability considerations. Kardex solutions support customers in making better use of their own sustainability potential. That is why one focus of the sustainability report is set on the topic of resource-saving and ergonomic solutions. Here, Kardex also demonstrates the internal implementation of the sustainability concept with an energy-efficient supply chain.

1.1 Resource-saving and ergonomic solutions

Classic static racks based on the man-to-goods concept require a lot of space, as storage in width and height is inefficient and thus very quickly limited. Likewise, static solutions very often lead to long walking distances or travel distances with energy-consuming vehicles. Kardex solutions are sustainable compared to a static racking solution in the following areas:

- a) Kardex solutions make optimal use of existing space and room volumes, saving an average of 80-84% of space requirements. This reduces the need for air-conditioned room volume, which directly saves heating, cooling, and lighting costs and reduces CO2 emissions. Also, the need for built-up space is reduced. Our solutions help to balance the economy and the environment, and our customers can make better use of existing buildings and conserve resources.
- b) Kardex solutions are developed according to the goods-to-man concept based on ergonomic principles and protect the health of order pickers by providing goods at an ergonomically ideal height. This reduces physical strain, prevents poor posture, and has a positive impact on the health costs of our customers' employees.
- c) Kardex solutions are of high quality and designed in such a way that they can be kept up to date throughout their entire service life using updates and upgrades. This prevents the solutions from having to be taken out of service prematurely because, for example, new safety standards can no longer be met. The long service life of Kardex solutions conserves resources that would be consumed if they were replaced. Remote diagnostics and, in the future, preventive maintenance will minimize ad hoc service calls and thus travel mileage.

1.2 Energy-efficient supply chain

Kardex currently has three production plants in Germany where the company's products are manufactured. All 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 at Kardex' plants has led, among other things, to a significant reduction in energy consumption per ton of steel processed over the past few years. In addition, environmental management has been certified in accordance with 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.

2. The principles applied

2.1 Ethical business management

The Kardex Code of Conduct (www.kardex.com) sets out binding general principles of ethical behavior for the Board of Directors, management, and all employees of Kardex, is implemented by a mandatory training for new employees and regularly recalled through training sessions. 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 want 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 it 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.

Kardex does not compromise on compliance with the Kardex Code of Conduct and does not tolerate any violations of the Code of Conduct. Possible misconduct can be reported anonymously to a central office and whistleblowers are granted protection against retaliation or disciplinary consequences.

Kardex respects the personal rights of its employees, customers, and other stakeholders. Data protection and information security have a high priority in the company. Kardex is committed to fair competition and does not tolerate any form of bribery or corruption. The company expects that business partner 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 contributing to positive social, environmental, and cultural developments. Kardex strives to ensure that activities within its sphere of influence do not harm the fundamental human rights listed in the United Nations Universal Declaration of Human Rights and the Core Convention of the International World Labor Organization, either directly or through business relationships with third parties.

2.2 Dealing with employees

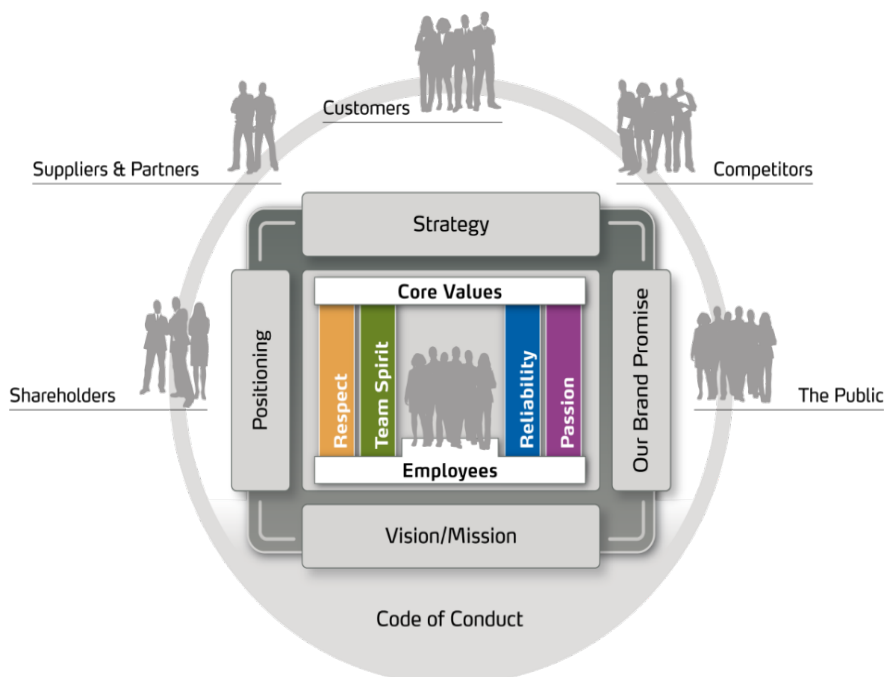
Kardex treats its employees fairly and with respect and is committed to protecting them from unfair, unethical, or unhealthy working conditions. Harassment or discrimination will not be tolerated. Kardex creates an inclusive work environment in which all employees can contribute. Diversity plays a crucial 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 its employees can be found in the Kardex Code of Conduct (www.kardex.com).

2.3 Corporate culture

Guiding Principles

Kardex strives to create an environment where positive spirit, enthusiasm, and identification can flourish. With the Guiding Principles and the core 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 core 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". Living the Guiding Principles is our key to sustainable success.



Brand Promise

Kardex has also 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 in dealing with customers and in setting priorities in daily working life. Customer benefits are at the center of our daily activities.

2.4 Human Resources Development

Demographic change is leading to a shrinking and aging population mainly in European countries and is drying up the labor market. Kardex, as a medium-sized company, is also often in competition with larger international companies, and therefore, ensuring low staff turnover and the battle for talent are a permanent challenge for Kardex.

For many years, Kardex has been working hard to become an attractive and preferred employer for existing and future employees, thus strengthening its competitive position in the labor market. In addition to remuneration in line with the market, a wide range of personnel development tools has been implemented and fringe benefits continuously expanded. At the heart of personnel development is a continuous feedback dialog process with the resulting development plans in line with the employees' personal goals and the company's objectives. In parallel, possible development steps within Kardex are identified as part of talent development and succession planning. The feedback dialog process and the identified development steps serve as basis for the training and development programs jointly defined between employees and their superiors. Kardex' own Academy has a wide range of internal and external training courses to provide optimum support for these training and development programs.

Kardex offers a dual career model for managers and for experts, which is also open to a change of career path. 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.

All Kardex employees are surveyed anonymously every two years about their satisfaction 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 that represents Kardex' geographical regions and functions in a balanced manner. The task of the employee representatives is to feel the pulse of the employees as an independent body and to share impressions and suggestions for improvement with Group Management at least twice a year.

2.5 Occupational safety and health protection

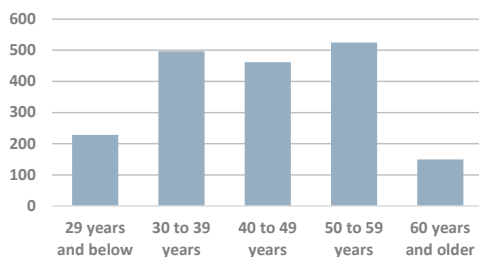
Kardex attaches great importance to the preventive avoidance of risks to protect its employees. Through regular audits, Kardex ensures that the applicable standards and guidelines on workplace safety are complied with.

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.

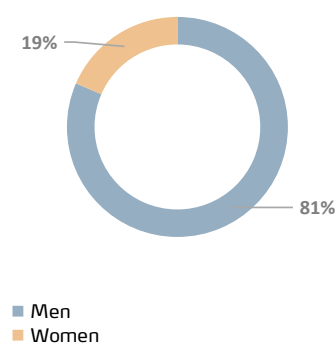
2.6 Diversity

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 age, origin, and gender. The selection process is based exclusively on professional and personal qualifications. Equality of opportunity is also deliberately created in the internal promotion of talent and preference is not given to individual groups of people.

Employees of Kardex



Employees of Kardex



Administration of Kardex

