

DEMATIC



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## We Are on a Sustainability Journey

Sustainability is not a destination, it's a journey. Our vision is to make it a key part of our business strategy. The focus of that vision is simple: Our people. They directly impact our customers; our communities; our planet; and our products, solutions, and services.

Dematic's holistic, transparent, industry-leading approach to sustainability values equally people, planet, and product. We are in a passionate, sustained pursuit of being an employer of choice, limiting our impact on climate change, and enhancing the safety of our customers.

We're fostering a working environment that connects our employees to greater opportunities through ensuring successful leadership practices, mentoring, and continued training. In 2021, we invested \$4.2 million in career development for our rapidly expanded workforce.

We are focused on ambitious goals via well-defined commitments. And we know how to get there: Little changes lead to dramatic impact as we build sustainability into every product from the start. Responding to our customer's sustainability challenges creates opportunities to develop new products, software, and solutions.

As an intelligent automation company, we thrive on systems and processes. We take this responsibility very seriously and apply this engineering approach to sustainability across our entire organization by incorporating all topics from utility consumption, greenhouse gas emissions, and supply chain to engagement with our employees and communities. We achieve this by, for example, developing roadmaps, scorecards, and specific targets that will contribute to our commitment. It begins before entry into our production process — and continues after. We are collaborating all along that value chain with suppliers, partners and — yes — customers. As we build a sustainable future for people and the planet, we're embracing the principle of a circular economy.

We are looking forward to the future — one in which we are more sustainable and we are helping our customers reach those same goals. We're grateful that you are on this journey with us.

A handwritten signature in black ink, appearing to read 'H. Dandashly'.

Hasan Dandashly  
President, Supply Chain Solutions & Executive Board Member  
KION Group



## EXECUTIVE SUMMARY

We power  
the future of  
commerce

Dematic designs, builds, and supports intelligent automated solutions empowering and sustaining the future of commerce for its customers in manufacturing, warehousing, and distribution. With engineering centers, manufacturing facilities and service centers located in more than 35 countries, our global network of over 11,000 employees has helped achieve approximately 8,000 worldwide customer installations for some of the world's leading brands. Headquartered in Atlanta, Dematic is a member of KION Group, one of the world's leading suppliers of industrial trucks and supply chain solutions.



**11,000+**  
employees

**35**  
countries

**8,000**  
customer  
installations

**\$4.3**  
billion revenue

## ABOUT DEMATIC

### We Deliver Solutions

#### From Receiving to Shipping

We improve supply chain performance by focusing on manufacturing, warehouse, and distribution environments. We find efficiencies that increase supply chain performance — helping our customers operate more sustainably. Every solution is engineered with software that efficiently controls the flow of inventory and information.

#### Omnichannel & E-Commerce

Our multichannel fulfillment systems support the omnichannel distribution strategies for retailers, wholesalers, and manufacturers. Typical Dematic fulfillment systems process and prepare e-commerce orders for shipment to retail stores, homes, and businesses and for customer pick-up.

#### Design, Build, Implement, Support

We help manage the entire integrated engineering and implementation process for supply chains. We can support all aspects of system integration — from defining the business objectives and solution development to implementation and long-term support over the operational life of the system.

#### About This Report

This sustainability report reflects activity and accomplishments that took place during our 2021 fiscal year, January 1 to December 31, 2021. (A sustainability report for fiscal year 2020 is also available.) The data and policies reflect all fully-owned operations within our global network unless otherwise indicated. All monetary figures in this report are in U.S. dollars unless otherwise indicated.

Please direct any questions regarding the content of this report to [sustainabilityreport@dematic.com](mailto:sustainabilityreport@dematic.com).

## GOVERNANCE

### Integrity at the Core

Dematic has an unwavering commitment to do the right thing. We have well-established compliance programs and structures aligned with KION Group that guide everyone in our organization to follow all applicable laws and regulations.

KION Group Code of Compliance (KGCC) serves as the primary source of rules for ethical, value-oriented, and law-abiding business activities. This code is supported by additional company-wide policies that establish rules and expectations for a wide range of activities.

We communicate our policies clearly and consistently throughout our business to employees, suppliers, and customers. We do this to ensure a clear understanding of the importance of accountability and integrity to every part of our business.

We take a proactive approach that focuses on prevention, detection, and response. Our compliance team leads our efforts to identify potential risks and encourages a culture of openness across the company. Our employees at all levels are required to complete annual compliance training.



## SUSTAINABLE DEVELOPMENT GOALS

### Our Commitment to Supporting the Global Effort

Dematic sustainability efforts are aligned with the framework outlined by the United Nations Sustainable Development Goals (SDGs). The SDGs are a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

The SDGs that we are prioritizing based on where we believe our operations and activities have the greatest potential for impact include:





## SUSTAINABILITY STRATEGY

### People, Planet, and Products

Sustainability is both an underlying principle and a driver of Dematic's business strategy. Our core values — integrity, collaboration, courage, and excellence — compel sustainable actions. These are values shared by KION Group and reflected in the KGCC that informs the actions of each member of our company.

Our holistic, transparent, industry-leading approach to sustainability equally values people, planet, and product. Together — with our people, our customers, and through our processes and our products — we connect to do what's best for our planet.

Throughout this report, you'll see how we weave sustainability into everything we do.

- **People:** We aim to be an employer where people want to work. Occupational health and safety are fundamental to us.
- **Planet:** We limit our impact on climate change and the planet as a whole. We also expect our suppliers to comply with environmental and social standards.
- **Products:** We provide highly performing products, solutions, and services that are efficient to use, contribute to climate change mitigation, and enhance the safety of our customers.

## DEMATIC'S SUSTAINABILITY GOALS\*

### PEOPLE

#### Occupational Health & Safety

- Reduction of accident frequency rate by 5% per annum (based on the annual upper limit)
  - Long-term: no occupational accidents
- 100% ISO 45001 certification rate\*\* (all sites) by 2024

#### Employer Attractiveness

- Increase in employee satisfaction to an engagement score of at least 75 and a participation rate of at least 68%, as measured by an annual, global employee survey by 2023\*\*\*
- No cases of non-compliance with KION Group minimum employment standards

### Environmentally and Socially Responsible Supply Chain

- EcoVadis or equivalent rating (Corporate Social Responsibility performance) available for:
  - 25% of top spend on strategic suppliers by 2022
  - 100% of strategic and high-risk suppliers by 2023
  - 100% of direct suppliers by 2025
- Definition and communication of minimum EcoVadis or equivalent score for all suppliers by 2023
- Minimum EcoVadis score mandatory for all suppliers by 2027
- EcoVadis "gold" rating by 2027

### PLANET

- 30% absolute reduction of total energy related GHG emissions of own operations in metric tons of CO<sub>2</sub>e (Scope 1,2,3) compared to 2017
- Absolute reduction in GHG emissions in metric tons of CO<sub>2</sub>e compared with 2021
  - Near-term: Scope 1 & 2 by 4.2% per year and Scope 3 by 2.5% per year through 2030\*\*\*
  - Long-term: Net zero, Scopes 1, 2 & 3 by 100% by 2050\*\*\*
- 100% ISO 14001 certification rate\* (all sites) by 2024

### PRODUCTS

- Development towards a sustainability-focused portfolio: 100% of Dematic's new product/solution portfolio will be measured by sustainability-related targets by 2027\*\*
- CO<sub>2</sub> neutrality of products and solutions during use phase (in metric tons of CO<sub>2</sub>e Scope 3 GHG emissions caused by the use of annually shipped KION Group products and solutions) by 2050\*\*
- Mitigating risks of noise pollution by offering quieter and safer solutions: 20% of Dematic's solution portfolio targeted to operate under 85 dBA by 2027\*\*

\* All targets are subject to change due to annual reviews

\*\* Or equivalent standards

\*\*\* Subject to approval by the boards of KION Group AG, after the end of the reporting year, scheduled for early 2022

## Sustainability Steering Committee

Dematic identified sustainability as a key focus with the formation of the Sustainability Steering Committee in 2017. It is managed by Dematic President, Supply Chain Solutions & Executive Board Member KION Group Hasan Dandashly and reports to KION Group's Sustainability Steering Committee.

As a result of a materiality analysis, KION Group — and Dematic — have identified 14 action fields as vital to achieving sustainability success (see chart below). Each action field is a specific program with objectives, measures, and monitoring.

Responsible for integrating the elements of the action fields and KION Group's sustainability strategy into our business operations and processes, the committee has established specific, quantitative targets backed up with key performance indicators (KPIs) outlined in the chart on page 7. Each element is connected to an individual leader who ensures alignment with KPIs and manages the element's progress.

In 2021, the strategic role played by this committee increased as we identified new ways to partner with our customers to support mutual sustainability goals.

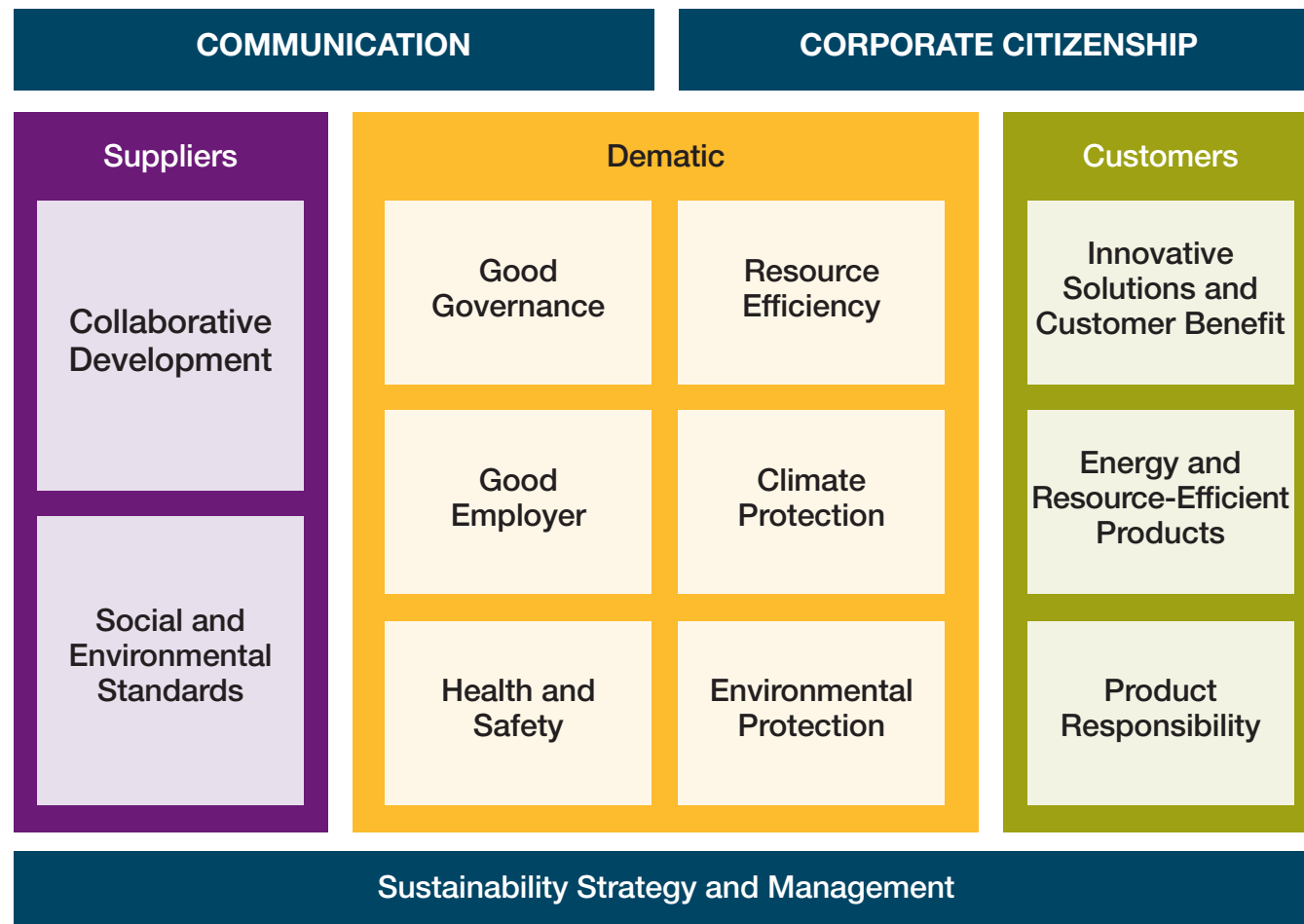
## KION GROUP

### Moved by Sustainability

KION Group aspires to understand the needs of its customers like no other company anywhere in the world and to meet their needs with customized material handling solutions. Sustainable business practices are the logical consequence of this aspiration. By aligning its actions with environmental, social and economic aspects, KION Group also supports its customers in implementing their sustainability programs, thereby meeting a key prerequisite for their own success.

KION Group's sustainability strategy was revised in 2021 to focus on people, products, and processes. The most important topics — such as climate change mitigation, environmentally and socially responsible supply chain, and enhancing customer safety — were prioritized in order to focus activities. Specific targets and indicators were identified for each topic. Responsibility for implementing measures to achieve these targets falls to the individual operating units, which determine the relevance of each target to their business.

## DEMATIC'S SUSTAINABILITY MANAGEMENT ACTION FIELDS



## MATERIALITY

### Shared Stakeholder Priorities

Dematic's approach to materiality is based on analysis undertaken by KION Group, most recently in 2018–2019. The process included a detailed internal examination across all regions as well as a global survey of key stakeholder groups.

These efforts identified 15 potentially relevant aspects, which were then evaluated (see the chart below).

Opportunities and risks for corporate activities were considered on the basis of the United Nations SDGs, as were the positive and negative impacts of company activities on the environment and society.

Based on these findings, Dematic prioritizes eight topics in our sustainability strategy as well as in this report. KION Group is planning to undertake a new materiality exercise in 2022.



## STAKEHOLDER ENGAGEMENT

### An Ongoing Dialogue

Dematic engages with a wide variety of stakeholders in order to understand and address their expectations. We engage directly with our stakeholders through surveys and at events. We also gather feedback indirectly by monitoring legal and regulatory changes, industry organizations, and media coverage.

Through this process, we aim to identify changing stakeholder needs and expectations at an early stage to make informed decisions that serve our organization as well as our stakeholders.

Dematic's key stakeholders include: customers, distributors, employees, general public, industry associations, legislators/policy makers, communities, media, non-governmental organizations (NGOs), science and research institutions, and suppliers.





## PEOPLE

Our people's  
impact on our  
planet and our  
communities

At Dematic, sustainability starts with our employees, it encompasses our customers and business partners, and, ultimately, it impacts our communities. Our people are committed to sustainability at every stage. From hiring diverse employees who are sustainably minded and supporting their professional development and community involvement to collaborating with customers to developing new products, we are breaking down barriers and building bridges to a more sustainable future.





**A GLOBAL SNAPSHOT:**  
INVESTING IN EMPLOYEES AND COMMUNITIES

**11,000+**  
Number of employees

**46%**  
Growth in employees  
(since 2019)

**81%**  
Employees who take advantage of career development

**\$4.2M**  
Amount invested in employees

**\$197,000**  
Amount donated to nonprofits

**294%**  
Increase in nonprofit donations

**PROMOTING SUCCESS**

Connecting Employees with Greater Opportunity

Dematic is committed to employee success starting day 1 and continuing throughout their careers. From information about our history to foundational trainings that ensure successful leadership practices to technical training and platforms that help identify new opportunities, we ensure our employees have the tools and resources they need to grow within the company and as professionals.

We launched LinkedIn Learning® for our employees across the globe. This collection of thousands of courses helps employees bridge the gap between the career they want and the skills they need to advance their careers. Topics range from being an effective leader to basic Excel skills to understanding unconscious bias.

The Leadership Essentials program helps provide the foundation of skills and tools our employees need as they grow their careers at Dematic. This program delves into the different styles of leadership, how to delegate, conflict management, understanding emotional and cultural intelligence, and so much more. Since its launch in December 2021, a total of 237 individual courses have been completed.

## BY THE NUMBERS:

11

Years injury-free at the Salt Lake City, Utah site

7

Years injury-free at the Monterrey, Mexico site

5

Years injury-free at the Belrose, Australia site

1.84

Global Lost Time Injury Frequency Rate (LTIFR) — well below our target of 2.0



“I want Dematic employees to know, see, and feel that **we put their health and well-being at the heart of everything we do.**

I am passionate about driving well-being, and, if my team can help employees change habits, seek support, or share experiences, then we will be successful.”



— Rebecca Hartley, Vice President, Human Resources, EMEA

## HEALTH & SAFETY

### Our Number One Priority

#### Enriching Employee Environments

Dematic Well-Being is a program that strives to enrich employee environments with tools and resources to improve health, and gain a sense of total well-being. The program includes interactive health tools, an online platform, fun challenges, free events, educational workshops, and free consultations with health and fitness professionals. Some of the tools offered include:

- Free therapy to employees and their dependents
- Virtual weekly recharge breaks
- On-demand fitness library
- Virtual team building (e.g., cooking classes)

In 2021, we launched the Health & Well-Being Committee. This committee focuses on five pillars of health and well-being: Financial, Digital, Physical, Social, and Mental & Emotional.

#### Behavior-Based Safety Process

At Dematic, we consistently look for ways to improve safety for our employees, customers, partners, and the environment — and prevent accidents. In 2019, we began ISO 45001 certification on health and safety throughout our organization. As of December 2021, nearly 80% of our sites are certified, and we intend to have 100% certified by 2024. Also in 2021, we established a Behavior-Based Safety Process. It starts with a foundation of Dematic's Life Safety Rules — eight rules that focus every employee on situational awareness, being proactive, respect for potential hazards, and risk avoidance. And it continues with connecting every employee through engagement and feedback, training and mentoring, and rewards — all by both a top-down and bottom-up approach.

## Supporting Each Other's Mental Health

Dematic's well-being strategy also focuses on supporting employee mental health.

We launched our Mental Health program by training employees to become certified Mental Health First Aiders (MHFAs). MHFAs are points of contact in the workplace for employees undergoing emotional distress or experiencing difficulties with their mental health. MHFAs provide initial support through non-judgmental listening and guidance. They can also encourage employees to seek appropriate help, like a therapist or psychiatrist.

As well as being there for someone in a crisis, MHFAs are valuable in providing early intervention help for employees who may be beginning to develop mental health problems.

By partnering with Mind, a nonprofit dedicated to mental health wellness, 16 Dematic employees became accredited as Mental Health First Aiders in 2021.

“It's important to ensure that while our MHFAs are supporting others, we are also supporting them,” stated Rebecca Hartley, Senior Human Resources Director. Dematic rewards our MHFAs with an allowance of up to \$245 towards something that supports their own mental health. This can be a night away, a spa treatment, a gym membership, or even guitar lessons.



Help, hope and purpose



## DIVERSITY

### Valuing Integrity, Collaboration, and Inclusivity

#### Building an Inclusive and Diverse Workplace

We desire to be an inclusive company where employees can join and feel free to bring their full selves to work. Our Employee Resource Groups (ERGs) are a vital tool at Dematic to connect our employees and ensure everyone feels included, accepted and supported. Those ERGs continue to grow:

- DWN (Dematic Women’s Network) — saw more than 100 women globally participate in the annual Women’s Mentoring Program.
- BOLD (Black Organization Leadership Development) — gained more than 125 members globally.
- PRISM (Professional Responsibility & Inclusion for Sexual Minorities) — welcomed 115 members globally in its first year.

#### Connecting with the Business Community for Good

With our global headquarters located in Atlanta, we proudly joined with more than 150 other metro-Atlanta businesses in the fight for social justice. In partnership with the Metro Atlanta Chamber, the ATL Action for Racial Equity was launched to help drive measurable action to focus on inclusive economic development, education, and workforce development, which are vital areas that will address Atlanta’s immobility and inequity challenges.

Our diverse employee workforce helps develop innovative ideas and new approaches to how we support our customers. Being part of ATL Action for Racial Equity allows us to make an impact in our communities and enriches our culture.

#### Supplier Diversity

Just as Dematic benefits from the diversity of our workforce, we also recognize it is essential to have a diverse pool of suppliers that reflect our communities and help us offer products and services with new and fresh perspectives.



#### Promoting a Diverse Supply Chain

A strong Supplier Diversity program helps us build on our shared values of integrity, collaboration, courage, and excellence to become a more inclusive company. We intentionally add highly capable small and diverse businesses and establish strong, mutually beneficial relationships with our suppliers. In addition to buying from diverse suppliers, we work with business leaders, community organizations, and trade associations that represent the interests of diverse businesses.

#### Making Powerful Connections

Dematic was selected to be part of the *Fast Company* Social Impact Council. This council is an invitation-only collective with many of the most creative people in business. The group meets several times a year for webinars and roundtable discussions on current opportunities, pressing challenges, and the roles companies and council members play in shaping the future.

In addition to several Chambers of Commerce in locations where we operate, our company is a member of the Georgia Minority Business Council and the Greater Women’s Business Council. Both are regional advocacy groups that provide development and engagement opportunities for diverse businesses and corporate members.

**“PRISM bridges Dematic’s LGBTQ+ and ally communities by highlighting diversity and fostering a culture of inclusivity in order to deliver the best possible employee and customer experiences.”**



— Matt Castillo, PRISM Founder and Chair

## COMMUNITIES

### Giving Back

We believe that giving to our communities — in ways big and small — is what connects us. Our employees volunteer their time, donate funds, mentor the next generation, and build powerful bonds with each other, not only making the Dematic family stronger but also making the company a better neighbor.

Our company-sponsored giving falls into three focus areas: Building a Stronger Community, Education & Workforce, and Environment & Sustainability.

#### Employee Giving Committee

The Dematic Employee Association is just one way that our employees give back to our local communities. For example, in 2021, our employees donated \$75,100 to 27 nonprofit organizations located near our operations in Grand Rapids, Michigan.

**“FIRST is an excellent way to introduce students to Dematic and shows them how the skills they learn can be applied to solve real-world problems.”**



— Michael Larsson, Executive Vice President, Dematic Americas Region



#### FIRST

FIRST (For Inspiration and Recognition of Science and Technology) is a leading youth-serving nonprofit advancing STEM (Science, Technology, Engineering and Math) education. Dematic continues to support FIRST Robotics. With a donation of \$50,000 in 2021, the company supported 13 teams, provided hundreds of hours of mentoring, and gave scholarships that totaled \$15,000.



#### The Student Becomes the Teacher

Daniel Copeland is a testament to the partnership between FIRST and Dematic. Daniel was a member of CORE 2062 from 2009–2013, a Dematic sponsored team from Waukesha, Wisconsin. While on the team, he served as the team’s safety captain, driver, and animation lead. Under his leadership, the team won the international UL Industrial Safety award and multiple regional safety awards and was nominated twice internationally by Autodesk for the animations produced.

During his junior and senior years at the Milwaukee School of Engineering, he interned with Dematic’s Solutions Development department as a Simulation intern. Upon graduating last November, he joined the company as a full-time Simulation Consultant. He has remained involved in FIRST and now volunteers as a safety mentor for CORE 2062 and as a judge and emcee at FIRST LEGO League tournaments.

The animation experience gained from his time in FIRST directly led to his interest in joining the Simulation department where he currently focuses on the Demo3D sales animations for Dematic. Already, his knowledge of animation has changed the way the department handles human animations.

## COMMUNITIES

### Volunteering Makes a Difference

#### In the Americas:

- Four teams of employees competed in the “Steps for \_\_\_\_ Walking Challenge,” walking 25,392 miles and raising nearly \$25,000. The winning team, which got to select the beneficiary, logged an impressive 7,311 miles and then chose Doctors Without Borders (Medecins Sans Frontieres).
- The company gave \$3,500 to Wreaths Across America, which seeks to remember our fallen veterans, honor those who serve, and teach children the value of freedom. Our employees participated in wreath-laying ceremonies in Milwaukee, Atlanta, and Grand Rapids.
- Dematic partnered with Georgia Institute of Technology to ensure that the knowledge and the skills students acquire prepare them for success in software careers at Dematic.

#### In EMEA:

- Employees in Germany were granted paid leave to support relief organizations after heavy rain and flooding devastated parts of the country in October 2021. Dematic even received a badge from the German Federal Agency for Technical Relief as a thank you for enabling this paid leave policy.
- Dematic Germany has a partnership with Darmstadt University to offer students guided tours through the Imagination & Tech Center in Heusenstamm.

#### In APAC:

- A team of 11 employees in Australia took part in the March Charge — a walking/running/cycling challenge to raise funds for Cancer Council Australia. They raised more than \$2,300 for the Council.
- Dematic made cash donations to various organizations serving populations with great needs:
  - \$4,000 to the Australian Red Cross to assist with floods on the east coast
  - \$3,000 to Royal Flying Doctor Service providing medical care to remote regions
  - \$3,000 to the Food Bank for hunger relief
  - \$3,000 to the Black Dog Institute to investigate mental health across the lifespan





## PLANET

Working together  
to reduce our  
global impact

At Dematic, we are committed to sustainability practices that benefit our planet. Our people have a passion for this. Our products reflect that passion. The bridge between our customers, our people, and our products is our mutual goal for a sustainable future. We are reducing our impact on the planet in ways that will serve as an example throughout our industry by setting aggressive, yet achievable, targets. It's not only good for the earth, it's good business.

## GREENHOUSE GAS EMISSIONS AND ENERGY

### Doing More with Less

As an intelligent automation company, a strong drive towards efficiency has been key to our success. A focus on operational efficiency in our business has also helped us decrease emissions and energy consumption. We will continue to look at our operations with a focus on environmental impacts.

We are also expanding our efforts to work together with our customers and supply chain partners to conserve the natural resources we all depend upon.

In 2021, our emissions decreased by more than 14% and our energy usage by more than 17%, even while our business grew by 146% (see charts below). We launched significant efforts that drove this progress including a systematic initiative to change over to LED lights, add motion sensors, and convert to electric forklift trucks. For just one site in Grand Rapids, converting to LED lights will reduce our projected electricity consumption by around 8%, which equates to 886,947 pounds of CO<sub>2</sub> each year — that's enough to power an average of 66 houses in Detroit per year.

#### EMISSIONS IN KILOGRAMS OF CO<sub>2</sub>E

	2021	2020	2019
Scope 1	5,885,257	7,614,203	7,815,452
Scope 2	12,187,576	13,498,489	14,306,231
<b>TOTAL SCOPE 1&amp;2</b>	<b>18,072,833</b>	<b>21,112,692</b>	<b>22,121,683</b>

#### TOTAL ENERGY CONSUMPTION IN GIGAJOULES



“We’re challenging all of our operations teams to identify **additional opportunities for the continued reduction of energy usage.**”



— Will Weatherford, Senior Vice President, Environmental Health, Safety and Sustainability



#### MANAGING THROUGH MEASUREMENT

##### A Corporate Social Responsibility Scorecard

We are an intelligent automation company. That means we love systems and processes. We are bringing this engineering approach to sustainability across our entire business by using EcoVadis, a global rating platform, to assess our corporate social responsibility. They provide holistic ratings of non-financial issues such as ethics, sustainable procurement, and environmental, labor, and human rights.

As part of this process, we are developing a sustainability risk scorecard based on EcoVadis data that will allow each Dematic site to identify opportunities for continuous improvement. The scorecard includes a comprehensive set of sustainability metrics for energy, water, waste, and greenhouse gas emissions as well as employee and community engagement. This approach, developed in 2021, will launch in 2022 and continue to expand moving forward.

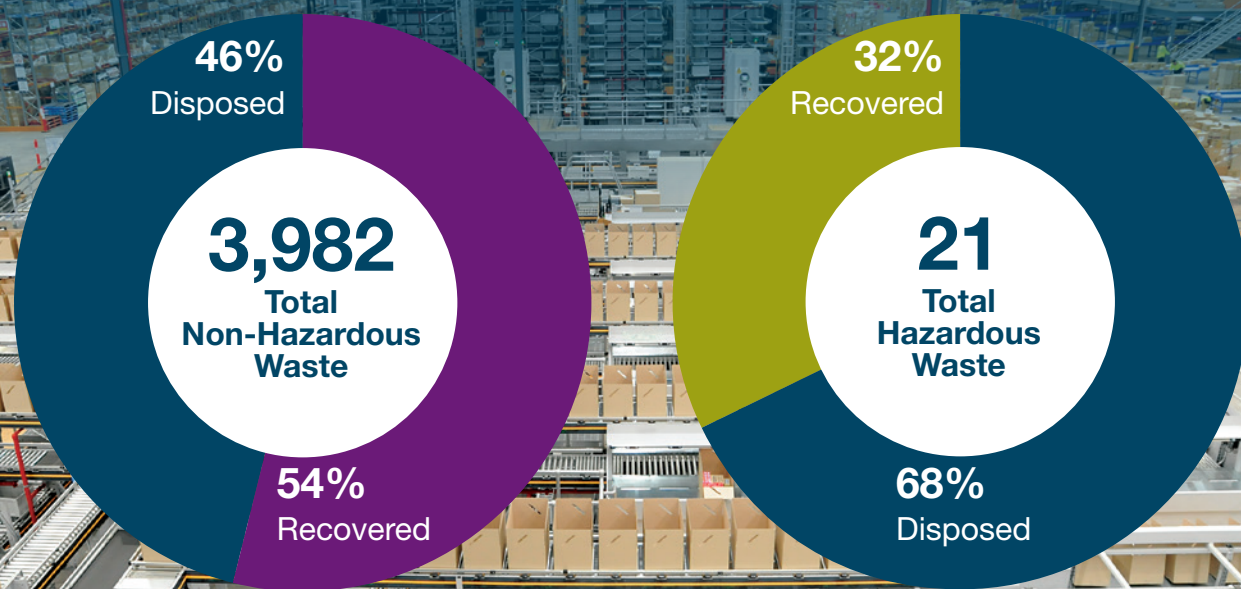
## WASTE

### Responsibility Drives Global Impact

Our efforts to reduce waste begin with our manufacturing sites because they present the biggest opportunity. Many of Dematic's facilities are evaluating opportunities to reduce both hazardous and non-hazardous waste and instituting changes in our processes. Most of them already recycle cardboard, metal, and electronic waste. Our manufacturing site in Cernusco, Italy is already recycling 100% of its recyclable waste, with several additional sites making significant progress.

We are also working together with our customers and supply chain partners to conserve the natural resources we all depend upon. For example, our facility in Stribro, Czech Republic transitioned from wood packaging to cardboard — resulting in an 80% cost savings, decreased storage requirements, and a reduction in wood waste. Our facility in Monterrey, Mexico instituted packaging initiatives that saved more than 4,000 trees in the last five years by redesigning processes to use less wood for both spacing and shipping pallets.

2021 WASTE IN TONS:  
**4,003**



## WATER

### Conserving for Life

Dematic recognizes that water is a critical resource that sustains life. We support and encourage efforts to conserve this valuable resource. We designed our manufacturing processes to use minimal amounts of water. The primary source of water use is from our employees and visitors at our manufacturing sites and office locations. We will continue to identify opportunities to conserve water wherever possible.

Transitioning to a powder painting process is an example of how we are conserving water across our global operations. Our Belrose, Australia site instituted this new process, saving 37% on water consumption and 24% in cost for 2021 compared to the 2017 baseline.



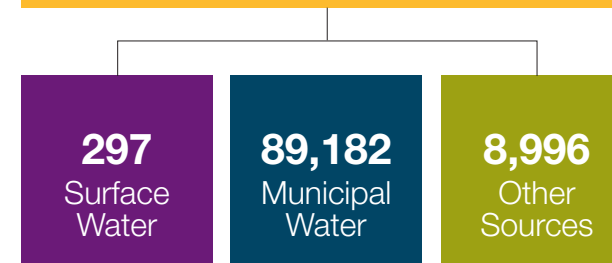
### Focused on Progress

We began instituting ISO 14001 certified Environmental Management Systems (EMSs) throughout our global sites in 2019. This third-party certified EMS is a rigorous approach to ensuring continued systematic improvements in environmental performance.

**As of December 2021, nearly 80% of Dematic sites were ISO 14001 certified. Our goal is 100% certification by 2024.**

We collect company-wide sustainability data using a sustainability management system, which also feeds into KION Group data for reporting and tracking progress against our Key Performance Indicators (KPIs).

**98,475** 2021 TOTAL WATER WITHDRAWAL IN m<sup>3</sup>



**“Nothing about our approach to sustainability is accidental. We have set out with intention and purpose to establish processes that will lead to continuous improvement throughout our operations.”**



— Ned Walsh, Senior Vice President, Global Supply Chain



## SUPPLY CHAIN

### Understanding Our Global Impact

As a global manufacturer, Dematic has an important opportunity and responsibility to drive improvements not only in our operations and in partnership with our customers but also in our supply chain. That connection will always be important to us. We continue to focus on our partnership with the sustainability evaluation platform, EcoVadis, to better understand our own impacts as well as those of our suppliers, while also taking steps to further embed sustainability priorities within our procurement process.

Beginning in 2021, we established more formal collaboration between our sustainability and procurement teams to focus on shared goals and strategy across our supply chain. We also updated the “Principles of Supplier Conduct” in preparation for a 2022 rollout and brought responsibility for supply chain sustainability across KION Group under one of Dematic’s executive leaders, the Senior Director, Global Procurement Process Excellence.

We use EcoVadis to drive progress through our business partners. Our goal, aligned with KION Group, is for 100% of our higher-risk suppliers to share their sustainability data with EcoVadis (or equivalent rating) by 2023 and 100% of direct suppliers by 2025. By the end of 2021, 25% of our suppliers joined the platform.

We are using the EcoVadis ratings as a basis for identifying opportunities for supporting our supply chain partners. We conducted a review with three key suppliers in 2021 and will continue to expand that program to additional suppliers. Based on this review process, we are developing action plans with our suppliers focused on continuous improvement.



**“We look to our supplier partners to align with our values and move forward with us on our journey to create better products and a better world.”**



— Stephanie Williams,  
Senior Director, Global  
Procurement Process Excellence

## IMPROVING SUSTAINABILITY PERFORMANCE

### Connecting Commitment from Top-to-Bottom

From executive leadership to factory floors, Dematic’s dedication to our own sustainability performance as well as our customers’ continues to grow. Our executive level Sustainability Steering Committee, established in 2017, will increase the frequency of meetings from annual to quarterly beginning in 2022, reflecting the increased focus on our sustainability strategy — our people, planet and products — to have the most positive impact on our planet. The committee reviews 14 action fields that were identified from Dematic’s sustainability strategy and materiality analysis.

In a 2020 pilot program, three facilities established local Sustainability Steering Committees. Seeing the success in those areas, we expanded to nine facilities in 2021. These committees consist of a mix of frontline employees and managers working together to identify opportunities for improvement across sustainability factors. Our plan is to deepen the scope of the work these committees do in 2022.





## PRODUCTS

Increasing  
sustainability  
through  
innovation

Dematic's products and solutions are renowned worldwide for their safety, reliability, and efficiency. Our teams continue to innovate. Collaborating with our customers on everything from training to energy efficiency, we are developing and improving products with sustainability in mind — making our products good for our customers and good for the planet.

## OPTIMIZING SOLUTIONS

### Meeting Customer Needs

Understanding the evolving market requirements, Dematic has increased its efforts to help our customers improve their sustainability performance by covering all areas of intralogistics. From solution development — by providing tailored high-performance solutions — to aftermarket services, we enable companies to adapt their operations to shifting market and regulatory requirements related to sustainability.

Within the scope of our sustainability strategy, three of our action fields are dedicated to address product-related aspects. They range from product development, manufacturing, sales, and services to system and software solutions that can detect and provide improvements for overall sustainability performance from a component to an enterprise level.



“We anticipate and respond to our customer’s sustainability challenges when creating business opportunities and developing new products, software, and solutions. **Through sustainability, we motivate our teams to transition from conventional thinking to an enhanced mindset in which we leverage this topic as a catalyst for innovation.**”



— Dee Cusack, Executive Vice President, Global Products and Solutions



### Custom Packaging Saves Retailer Millions

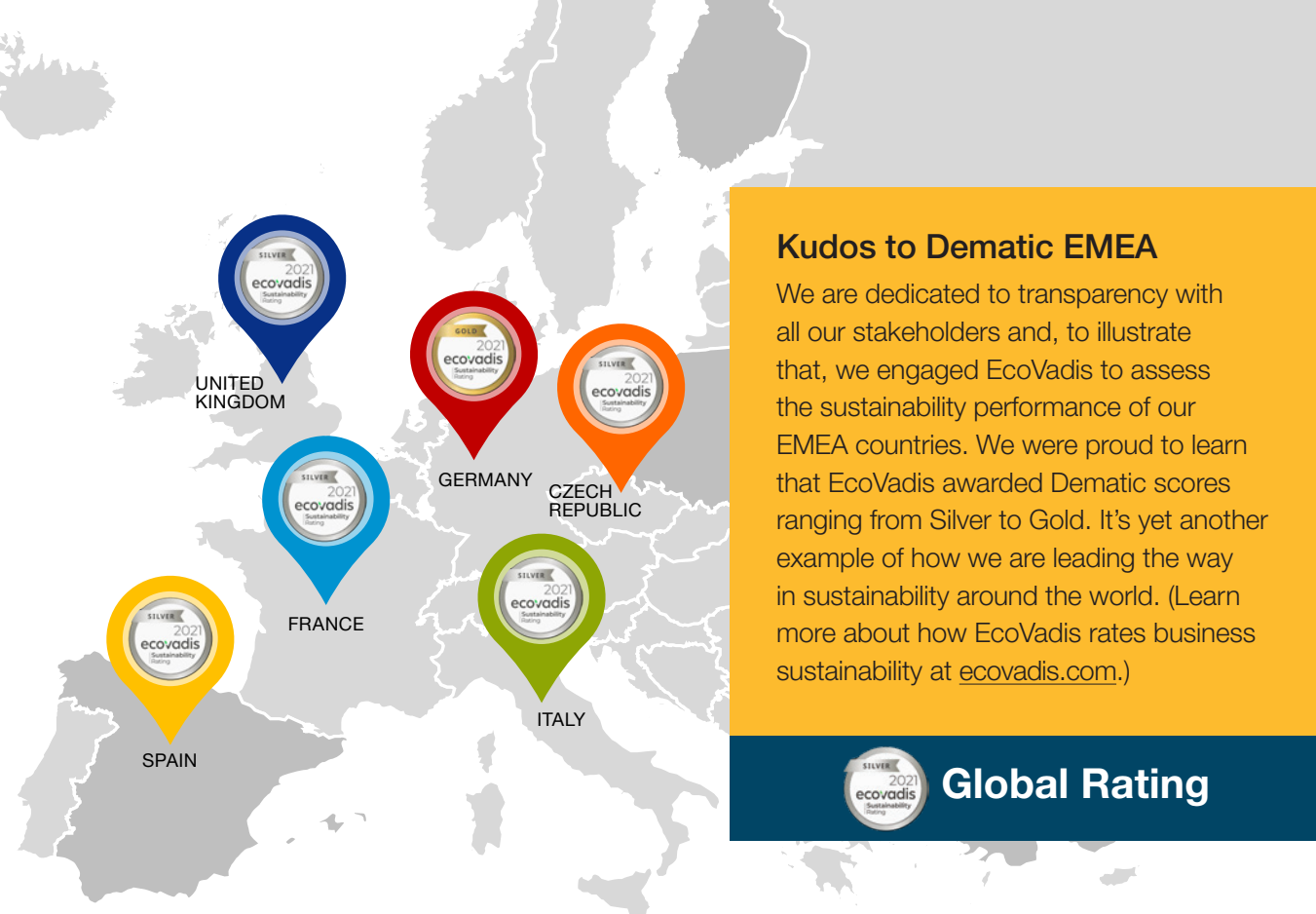
Dematic has worked with a luxury department store chain for many years. Its business model changed during the pandemic. Originally, 70% of their inventory was shipped to stores with 30% going online or direct-to-consumer. As consumers shifted their buying habits during the pandemic — either because of closed retail sites or a desire to social distance and work from home — that business model flipped. Now, 70% of their inventory goes direct-to-consumer, which means a lot more packaging.

Using advanced software and technology, we delivered a solution that creates packages that fit consumer orders exactly. As a result, this retailer saved \$2.95M in cardboard costs and \$1.1M in shipping. On top of that, they eliminated 100% of poly tape, using glue dots instead.

“I don’t know of any competitor that has their radar on this type of innovation. **Dematic is leading the way in helping our customers become more sustainable.**”



— Mike Khodl,  
Vice President, Differentiated Technologies



### Kudos to Dematic EMEA

We are dedicated to transparency with all our stakeholders and, to illustrate that, we engaged EcoVadis to assess the sustainability performance of our EMEA countries. We were proud to learn that EcoVadis awarded Dematic scores ranging from Silver to Gold. It's yet another example of how we are leading the way in sustainability around the world. (Learn more about how EcoVadis rates business sustainability at [ecovadis.com](https://www.ecovadis.com).)



### PRODUCT LIFECYCLE

#### Delivering on Sustainability Goals

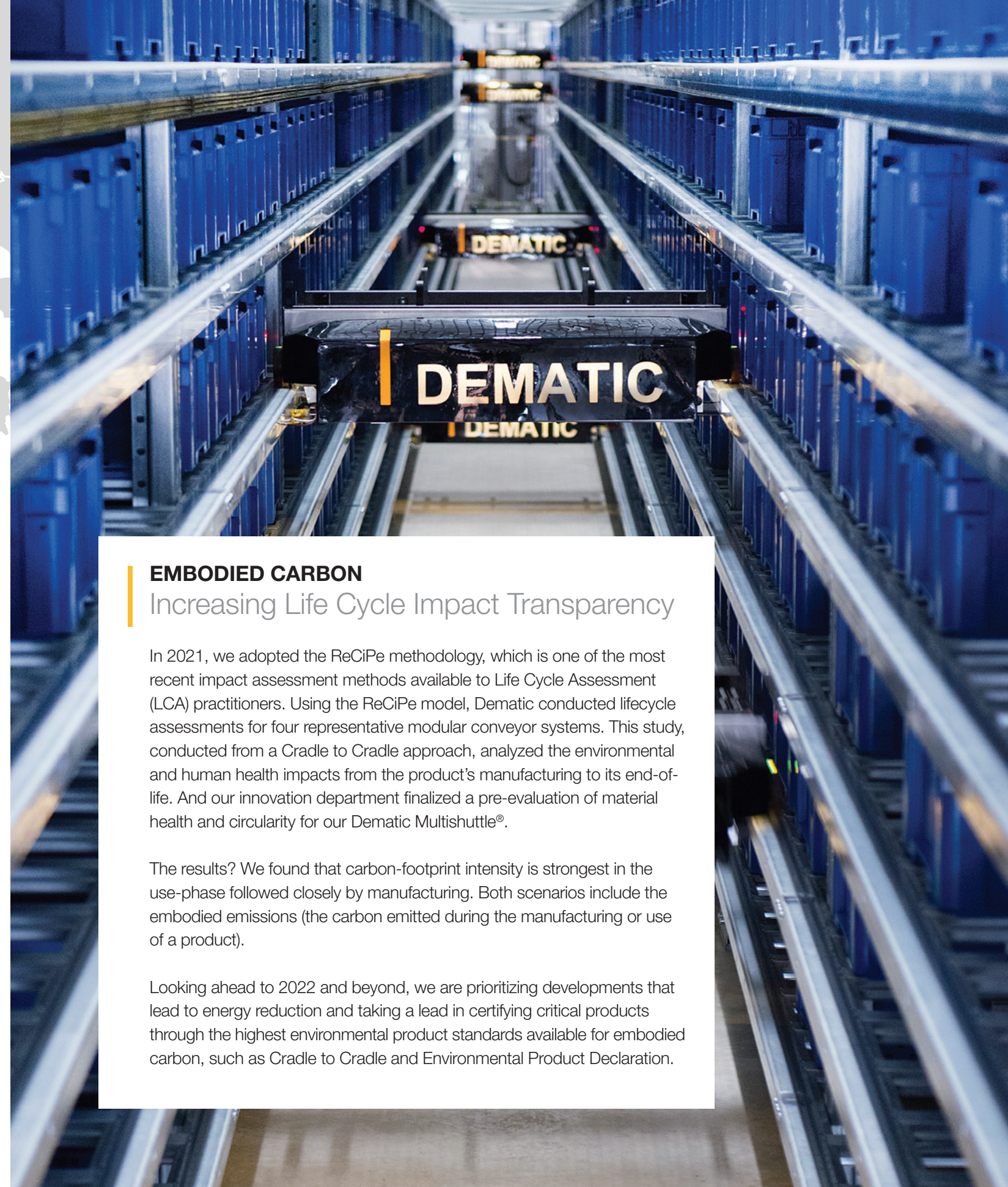
The close relationship we have with our customers helps us to understand and adapt quickly to decisive sustainability targets, such as energy consumption and CO<sub>2</sub> emissions, through the whole lifecycle of our products.

We understand the increasing importance of sustainability as a measure for success worldwide. For this reason, Dematic is aiming to develop a sustainability-focused portfolio by 2027, in which 100% of our new developments are assessed by uniform and global standards that quantify and measure their sustainability performance.

In 2021, Dematic started building knowledge by analyzing the environmental impacts generated during the full lifecycle of a selection of our most popular modular conveyor systems (MCS) – using a Cradle to Cradle approach. This led to data-based improvements among our existing products and systems.

#### Next Step: Circularity at Our Core

Taking a decisive step towards a more sustainable future, one of our main focus areas in 2022 will be identifying potential innovative and environmentally smart product designs that bring us closer to providing solutions aligned to circular economy models.



### EMBODIED CARBON

#### Increasing Life Cycle Impact Transparency

In 2021, we adopted the ReCiPe methodology, which is one of the most recent impact assessment methods available to Life Cycle Assessment (LCA) practitioners. Using the ReCiPe model, Dematic conducted lifecycle assessments for four representative modular conveyor systems. This study, conducted from a Cradle to Cradle approach, analyzed the environmental and human health impacts from the product's manufacturing to its end-of-life. And our innovation department finalized a pre-evaluation of material health and circularity for our Dematic Multishuttle®.

The results? We found that carbon-footprint intensity is strongest in the use-phase followed closely by manufacturing. Both scenarios include the embodied emissions (the carbon emitted during the manufacturing or use of a product).

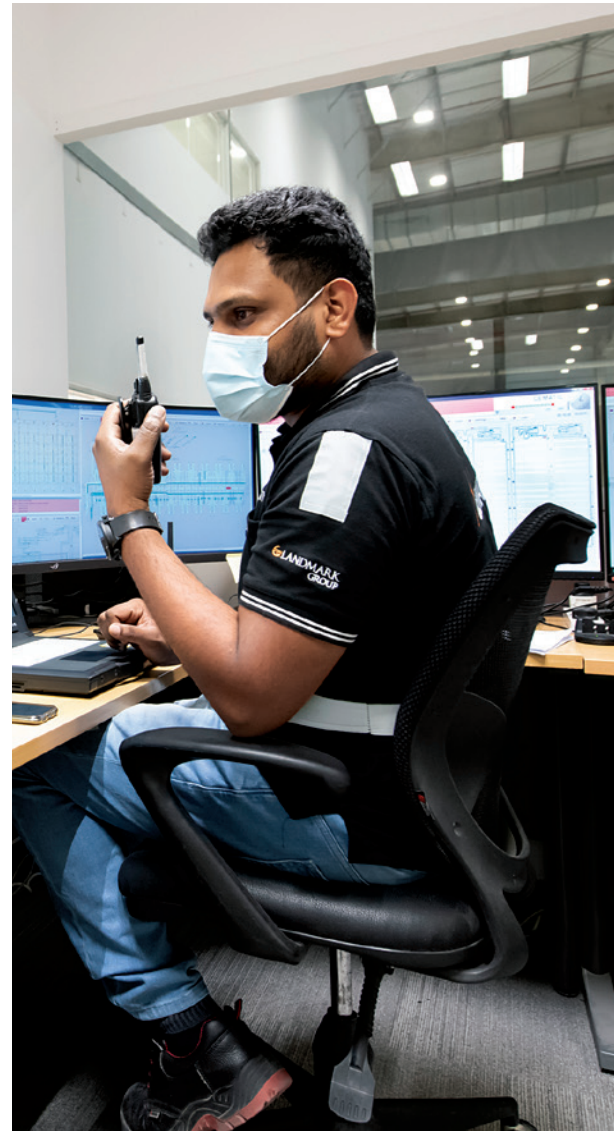
Looking ahead to 2022 and beyond, we are prioritizing developments that lead to energy reduction and taking a lead in certifying critical products through the highest environmental product standards available for embodied carbon, such as Cradle to Cradle and Environmental Product Declaration.

## REDUCING TRANSPORTATION

### Good for the Planet and the Bottom Line

The pandemic affected Dematic operations in Australia in an unexpected way. When Australia shut its borders due to the spread of COVID-19, we had to pivot from our usual commissioning operations, which require dozens of our personnel onsite. Instead, we reduced the amount of employees sent to Australia and relied on remote options, like consultations using video headsets, and local options, like partnerships with Australian companies. By doing so, we were able to reduce our transportation emissions. With this pivot, we were able to eliminate 72 flights and 480 days of car rentals, which is the equivalent of 419,815 kg of CO<sub>2</sub>e. To put that into perspective, that is equal to providing electricity to 82 homes for a year or using propane for 17 thousand home barbecues.

This lesson has prompted us to review how best to support future commissioning projects around the world, with a focus on reducing transportation costs. By focusing on doing what we can remotely with fewer people onsite, we can provide the same quality service our customers expect while also using less energy.



“Through a strategic and operational approach, we are scaling up sustainable business practices to benefit the environment, society, our customers, and our company. **Our teams are empowered to drive sustainability proactively** and to advocate for opportunities that minimize environmental impacts.”



— Meraj Anas, Senior Vice President, Global Execution and Sustainability



### Automatic Palletizer™ Delivers Big Savings

Automatic Palletizer was launched in 2021, a new module that automates palletizing on a pallet or roll containers. Cases are delivered to the Automatic Palletizer robotic palletizing cell in precise sequence: by weight, by fragility, by family group, or in whatever sequence the business rules dictate. The pallets themselves will be more densely packed and shelf-ready for the quickest possible stocking at the stores — all this resulting in a safer, more efficient work environment.

But there is a health and safety component to Automatic Palletizer as well. It achieves substantial reduction of ergonomically challenging jobs, reducing harm and risk to workers. The simple mechanical design supports the highest throughput while increasing operational efficiency and cost effectiveness.

For several customers, using Automatic Palletizer resulted in significant improvements — most notably, improved placing of objects in difficult areas. Fill rates improved up to 7%.

## ENERGY EFFICIENCY A Critical Component

Understanding the shifting demands from regulatory frameworks and a highly competitive market, we recognize the critical importance of enabling not only faster deliveries through increased throughput, but also the ability to provide products and solutions that minimize energy consumption and reduce the total cost of ownership. In this way, we empower our customers to adapt quicker to these and more emerging challenges related to sustainability.

As part of our commitment to continuous improvement, Dematic teams work closely with our customers and business partners to identify energy reduction opportunities from a product to an enterprise level.

Here are four examples of where we have already made terrific progress:

### 1. Dematic Multishuttle®

We are always in search of ways to reduce energy. With our most recent design of Dematic Multishuttle, we were able to reduce energy consumption through the introduction of a standby circuit that kicks in during downtime. This new offering is also more lightweight and highly reliable, which leads to less maintenance requirements.

### 2. Power Distribution Panel

Energy-on-demand not only saves energy, it also increases sustainability and operational efficiency. Our Power Distribution Panel monitors the modular breaker and shows whether power is available to idled equipment. This enables us to divert energy or temporarily shut it off.



### Did You Know?

Dematic can retrofit old equipment with new technology to extend life and make operations more efficient. New automation, controls, and software configurations optimize system performance while helping meet new requirements.

**“Creating sustainable logistics solutions opens a new realm of possibilities to enhance both products and processes. This translates to developing sustainability improvements from the component level to the enterprise level resulting in great creativity and an expanded impact.”**

— Schaefer Arnould, Senior Director, Systems R&D





### 3. High-Efficiency Motors

Our engineers are continuously confronted with the question: How can we increase product performance while simultaneously lowering costs?

We took decisive action to accelerate the adoption of leading technologies that are innovative, efficient, and highly cost-effective in reducing carbon — supporting the reduction of greenhouse gas emissions and helping our customers reach their climate goals.

In 2021, our engineers and technology partners achieved an outstanding reduction of more than 25% of the energy consumption from some of our current offerings by replacing motors and transitioning to high-efficiency drive technologies.

In 2022, Dematic will continue to innovate with our stakeholders to reach the full potential of the adoption of these technologies. By taking this approach, we aim to achieve higher savings and reduce even more of the lifecycle costs while maintaining high performance and reliability — even in the most demanding environments.

### 4. Dematic Pallet Storage 1200

Using energy where it is needed most can also improve operational sustainability. We incorporated energy recovery systems in our Dematic Pallet Storage 1200 series storage and retrieval system. When a crane decelerates, we can use the motor to act as an electrical generator, transferring that energy to adjacent aisles where another crane consumes the energy as it accelerates. This allowed our engineers and technology partners to achieve a remarkable performance gain of 40%.



## PRODUCT SAFETY

### Because People Matter

Product safety is a key component of our continuous efforts to provide a safer work environment that protects Dematic's and our customer's most valuable asset: people. We actively search, identify, and mitigate any potential risks in multiple stages of our product development process by incorporating CE marking, Australian C-Tick/RCM, and UL certification requirements. Through this approach, we make sure that our products and solutions meet the highest safety, health, and environmental standards.

As part of our strong commitment to safety, we developed best practice methods around documentation for mandatory marks, labels, and certifications required worldwide. Our product safety team conducted trainings in each country so that all Dematic locations around the globe are following the best — and most stringent — regulatory and compliance product safety design protocols. It's our way of taking safety to the next level.

### Safety Training

During 2021, Dematic offered 155 customer trainings and informative sessions about key safety principles, product-use guidelines, and other safety-related topics to empower their teams to take personal ownership of safety, protecting themselves and their coworkers. This is a 142% increase over the number of trainings held in 2019. (Trainings were largely suspended in 2020 due to the pandemic.)

### A Deep-Rooted Safety Approach

A constant dialogue about safety awareness and leadership support instills a deep-rooted safety culture at our facilities and our customer facilities. We offer extensive training on safety to mitigate any risks and prepare employees to perform their activities safely anytime, at any location. This safety culture focuses on individual behaviors, watching out for others, and removing risks in the workplace. Our goal, every day, is to ensure employees return home safely, the same way they arrived at work.



## ERGONOMICS

### Increased Performance, Less Stress

Years ago, the question many asked was, “Has your company automated any processes?” Now that question is, “How is your company automating?” In an increasingly competitive world with e-commerce continuing to grow, technology is no longer an option, it’s the answer. The world in which we do business makes it imperative to leverage technology to remain competitive in the e-commerce arena.

Dematic automation solutions optimize operations to reduce manual tasks, which decreases opportunities for injury such as repetitive stress.

For the manual tasks that remain, we understand the importance of ergonomics, and so we are constantly developing new products and refining existing ones that are designed for worker comfort and safety. During 2021, we developed and completed a new ergonomically optimized and highly dynamic picking station that increases accuracy and throughput while, at the same time, minimizing the strain on the operators.



## A QUIETER WORKPLACE

### Safe, Compliant, and More Efficient

Requirements specifying safe noise levels in the work environment are increasingly part of regulations and operational health and safety guidelines. Reducing noise to safe levels requires a thoughtful approach using noise abatement technologies in strategic areas.

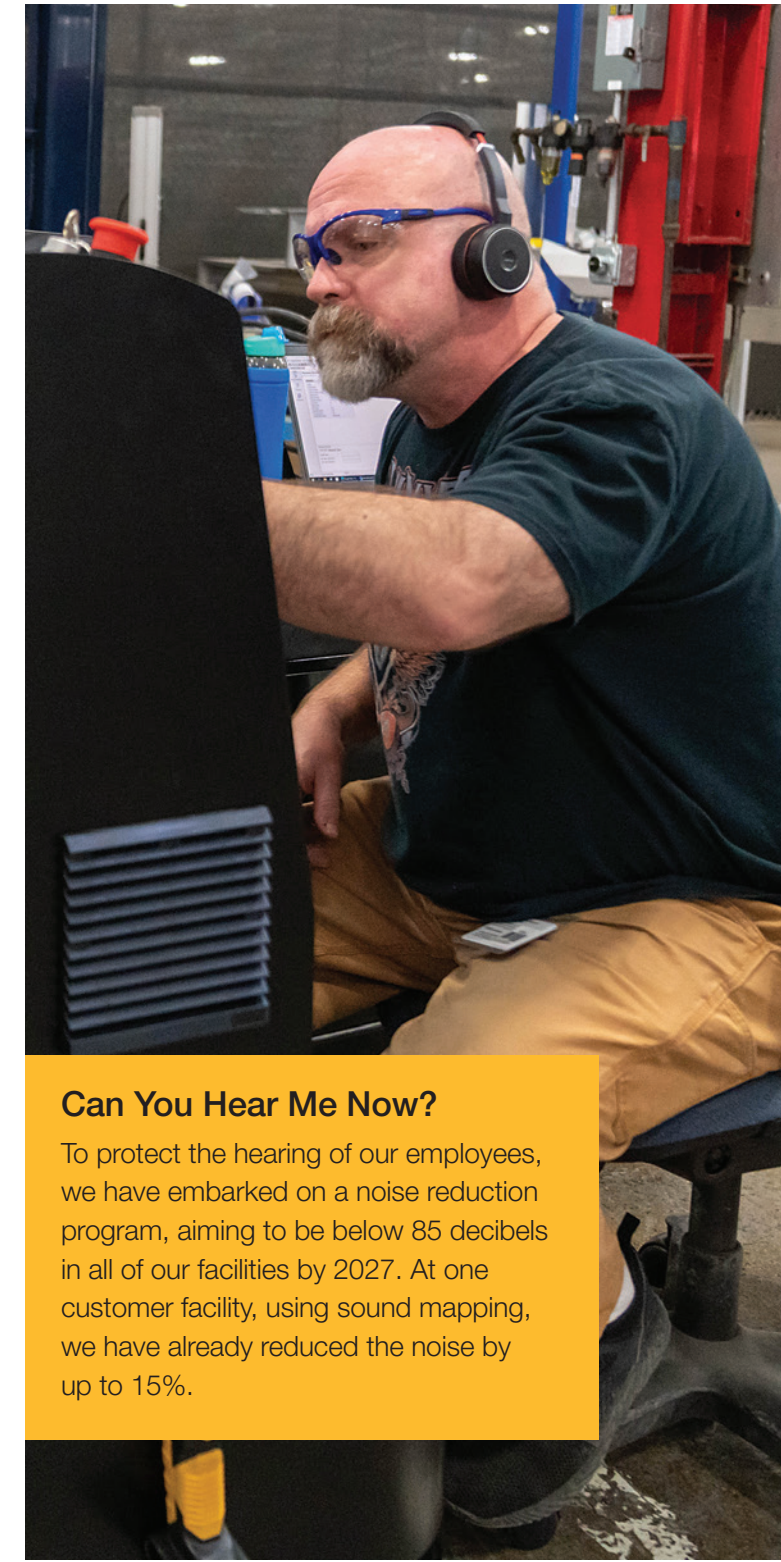
We collaborate with our customers and key strategic partners to perform 3D noise mapping studies to provide a clear visualization and the most accurate noise assessment for facilities. We consult with our customers to identify noise sources and provide a transparent and data-driven roadmap for an engineered solution.

Noise reduction efforts in 2021 included:

- Contact Conveyor (9365)
- Wide Belt Conveyor retrofits (9405, 407/417)
- Quiet-coated and non-coated rollers
- Quiet sorter SL2 package (slats & panels)
- Quiet totes
- Building reverberation control

In 2022, we’ll continue to develop and refine technologies that not only meet OSHA noise level standards but also exceed our goals of noise reduction. Some of these developments will include:

- A redesign of our 9570 high-speed takeaway
- A belted-wedge retrofit for the 9570 merge conveyor
- A new quiet roller (2.0) with improved designed features
- SL2 additional improvements (quiet shoes as an addition to the existing quiet package)



### Can You Hear Me Now?

To protect the hearing of our employees, we have embarked on a noise reduction program, aiming to be below 85 decibels in all of our facilities by 2027. At one customer facility, using sound mapping, we have already reduced the noise by up to 15%.





Dematic designs, builds and supports intelligent automated solutions empowering and sustaining the future of commerce for its customers in manufacturing, warehousing and distribution. With research and development engineering centers, manufacturing facilities, and service centers located in more than 35 countries, the Dematic global network of over 11,000 employees has helped achieve approximately 8,000 worldwide customer installations for some of the world's leading brands. Headquartered in Atlanta, Dematic is a member of KION Group, one of the world's leading suppliers of industrial trucks and supply chain solutions.

**Power the Future of Commerce**

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