KHS SUSTAINABILITY REPORT FOR 2023

Your Reliable Partner

For the balance of sustainable values

Table of Contents

This Sustainability Report has been optimized for digital presentation. You have several options to navigate through the report. Of course, you can read the docu- ment chronologically. However, you can also focus on the topics that interest you most. Just click the respective chapters in the table of contents, or use the naviga- tion elements to go to another chapter or back to the overview of all content.

Strategy & governance

Ecologically and economically fit for the future

Effecting the balance of economic, ecological and social values together

Dear Readers:

You know KHS to be a reliable partner; we act according to this maxim – and our motto – every single day. This also means ensuring that KHS lines and machines can be operated so that they save on resources in all respects. We see ourselves as a partner to our customers who provides sustainable and profitable added value. Our business model has thus proved itself to be extraordinarily resilient even in times of crisis.

Since the 1950s, the economic development of the human race has gone from strength to strength. However, there is an increasing realization worldwide that this is to the detriment of our natural resources – our very foundation of life. Climate change resulting from human activities is already very much in evidence, with 2023 the warmest year on record to date. According to the EU's Copernicus climate change service, the global temperature was already 1.48°C higher than the average pre-industrial level. → GRI 2-22

From left to right: Tobias Wetzel, Managerial head of Sales and Service; Kai Acker, CEO; Martin Resch, CFO Finance, Procurement and IT

NEXT ARTICLE

We in the KHS Group must therefore also assume responsibility for effecting a balance between economic, ecological and social values – and maintain this. We are working extremely seriously and with all of the means at our disposal to bring our own value chain into line with the model of a resource-saving, circular economy. We help our customers to achieve their own sustainability targets by ensuring ever lower consumption in line operation and providing minimalist packaging systems and solutions that have a comparably very low carbon footprint.

Last but not least, as part of the Salzgitter Group we have made it our aim to cut greenhouse gas emissions to net zero by 2050 at the latest. This is why, together with Salzgitter AG, we have joined the Science-Based Targets initiative (SBTi).

Change processes are currently being implemented in all areas of our company, from a central system of sustainability management at KHS established in 2023 through the systematic incorporation of sustainability criteria into our development processes, plus a number of other measures, initiatives and obligations, to the future annual issue of our sustainability report documenting the progress we have made in our move towards a sustainable economy.

KHS' vision of corporate responsibility is openly practiced with shared values and great expertise by its employees from more than 80 nations worldwide in all their natural diversity and cultural variety. This forms the basis for trusting and long-term cooperation with all of our business partners. We thus pay very special attention to the safety and protection of all of the people who work for us and operate our machinery.

We are all embedded in an economic and social context. We are therefore always open to the needs of our customers regarding the conservation of resources and energy efficiency. Within the Salzgitter Group we work closely together to purposefully reduce greenhouse gas emissions and achieve a fair balance of interests in the relationship between employer and employee.

Furthermore, together we permanently focus on health and safety in the workplace, plus many of our colleagues are also actively involved in various social and charitable projects – because together we can do things faster and better.

For we are well aware of the fact that only a reliable partner that also acts sustainably can prove resilient in the future. → GRI 2-22; GRI 2-28

We would be delighted should you wish to continue to accompany us on our journey and share your thoughts and ideas with us on this.

With our very best regards,

Kai Acker
CEO
KHS Group

Martin Resch
CFO Finance,
Procurement and IT
KHS Group

Tobias Wetzel
Managerial head of
Sales and Service
KHS Group

About KHS

The KHS Group is one of the world's leading manufacturers of filling and packaging systems for the beverage, liquid food and non-food industries. The German company was established in 1993 through a merger of Holstein & Kappert AG, founded in Dortmund in 1868, and Seitz-Werke GmbH, founded in Bad Kreuznach in 1887 (later SEN AG). It is therefore one of the most experienced suppliers on the market. In 2023 the company and its over 5,200 employees achieved a turnover of €1.516 billion. It is headquartered in Dortmund.

The KHS Group is part of the Technology Business Unit of the German SDAX-listed Salzgitter Group. With a sales share of around 90% in this Group business unit, KHS forms the core of this segment.

The KHS Group operates ten production sites situated across the globe. At its five plants within Germany KHS develops and manufactures the entire portfolio of filling and packaging machines that are chiefly used to process [r]PET and glass containers, beverage cans and kegging equipment. In addition to its German production sites, KHS also has factories in the USA, Mexico, Brazil, India and China. Its production sites outside Germany primarily produce for the local markets and are responsible for independently implementing line projects in their respective regions. They thus forge a link to KHS' German plants, facilitating direct customer support in their local area.

As a leading supplier, the KHS Group has provided its customers with turnkey systems, single machines and a full range of services for over 150 years. These are accessible through a worldwide network of over 40 sales and service offices in 35 countries. This network is complemented by a range of digital services that include a 24/7 Service HelpDesk available worldwide, effective remote diagnostics tools and the digital KHS Connect customer portal.

→ GRI 2-1; 2-6; GRI 2-7; GRI 201-1

KHS' expert teams are networked across all production sites, ensuring uniform standards the world over. With this, KHS meets the demand for services provided locally.

Wherever feasible, the KHS Group organizes its supply chain on a local-to-local basis in order to keep transportation routes as short as possible and thus save on resources. Over 75% of the company's purchasing volume is thus sourced on the European continent, with over 60% thereof originating from Germany. Suppliers and subcontractors are obliged to comply with sustainability standards and are audited. → GRI 2-1; GRI 2-7; GRI 204-1; GRI 308-1; GRI 414-1

1.516

billion turnover

>5,200

employees

ALL KEY FIGURES

Strategic positioning

As part of the Salzgitter Group, KHS supports the Salzgitter AG 2030 Group strategy. This centers on low-carbon steel manufacture and the Group's transition to a sustainable industrial company.

The Salzgitter Group and KHS Group have made it their aim to cut greenhouse gas emissions to net zero by 2050 at the latest. This is why, together with Salzgitter AG, we have joined the Science-Based Targets initiative (SBTi). At the end of 2023 our mutually agreed reduction targets were submitted to the SBTi for verification. KHS expects the SBTi to confirm these planned targets in the course of the second half of 2024.

This report contains a summary of the greenhouse gas emissions caused by the KHS Group from base year 2021, split into Scope 1, 2, and 3 categories. KHS works on the basis of the Greenhouse Gas Protocol (GHG Protocol) when calculating its emissions. For 2023 you will find Scope 3 emissions solely comprise those from category Scope 3.1 (purchased goods and services).

→ GRI 305-5

We at KHS are faced with the challenge of applying our powers of innovation to bring our existing business models into line with the vision of a regenerative, resource-conserving circular economy in order to systematically, continuously and comprehensively reduce our impact on the climate and environment throughout the entire value chain.

KHS' promise of performance is substantiated in our motto of "your reliable partner". The company underlines this in particular by successfully developing especially energy-efficient, resource-saving machinery and upgrades. KHS supports its customers throughout the entire life cycle of their lines and machines with periodic new solutions and upgrades that generate added value and in doing so helps them to reach their own sustainability targets such as climate-friendly production. This is also achieved in part by used machines being given a general overhaul and repaired for reuse in production. As regards sustainable packaging, KHS offers its customers a variety of innovative, circular systems and solutions, such as ultralight plastic containers made of up to 100% [r]PET, the recyclable Plasmax PET barrier coating on the market and minimalist secondary packaging systems that have an exceedingly small carbon footprint. With each filling and packaging system KHS aims to supply people with safely packaged beverages and thus also provide them with access to clean drinking water in a groundbreaking contribution.

KHS' vision of corporate responsibility is openly practiced in its full social diversity and with shared values by its employees from around 80 nations worldwide. Their commitment forms the basis for trusting and long-term cooperation with all of our business partners.

Net zero - an overview:

Net zero means that all anthropogenic greenhouse gases – those caused by people – must be removed from the atmosphere through reduction measures so that the Earth's net climate footprint, i.e. following deductions from natural and artificial sinks, amounts to zero emissions.* In order for net emissions to reach zero and to limit global warming to 1.5°C, CO_2 must be removed from the atmosphere and permanently stored. This is described as carbon dioxide removal (CDR). As removal is the opposite of emission, these processes or technologies are often referred to as the generation of negative emissions or sinks.

In its latest report the Intergovernmental Panel on Climate Change (IPCC) demonstrates that every scenario that does not reduce (net) emissions to zero would not stop climate change. A target of net zero was ratified by the European Union (EU) and more than 190 other states in the Paris Climate Agreement of 2015.

The use of the term "climate neutrality", on the other hand, is by no means uniform and can have different meanings depending on whether this is scientifically, politically or entrepreneurially motivated. As artificial carbon sinks are currently not yet available on a wide scale, the term "climate neutrality" is often also used where emissions are only compensated for (usually in a different sector) by emissions trading or reforestation projects, for instance. This situation can continue to have a climate-changing impact.

* Sources: IPCC 2023 AR6 Synthesis Report: Climate Change 2023;
https://www.myclimate.org/de-de/informieren/faq/faq-detail/was-sind-negativemissionen/
https://www.europarl.europa.eu/topics/de/article/20190926STO62270/was-versteht-man-unter-klimaneutralitat

Sustainability management at KHS

Current developments in sustainability management at KHS
KHS publishes all progress made regarding sustainability and any current information on the subject on its company website.

Organization

Responsibility for sustainability in our organizational structure lies with the KHS Executive Management Board. To better bundle and organize our long-term activities in this field, in 2023 we pooled our respective expertise and resources in a central department. Sustainability Management at KHS now controls the implementation and successive further development of our company-wide sustainability program. One focus of this program is to continuously reduce greenhouse gas emissions throughout the entire value chain. Suitable areas of potential have been identified. Together with the Salzgitter Group, KHS has agreed to various greenhouse gas emission reduction targets. These were submitted to the SBTi at the end of the reporting year for validation. Further concrete steps are to be introduced in 2024 (compare "Strategic positioning").

The KHS Group's highest controlling body, its Supervisory Board, also includes the board members of Group parent Salzgitter AG. This promotes strategic and operative dovetailing of sustainability management within the Group.

→ GRI 2-12, GRI 2-13; GRI 305-5; GRI 301-1; GRI 301-2

Sustainability in the business model

The KHS Group has formulated its mission in its vision. It sees itself as a reliable partner that gives the global market long-term, profitable added value with the focus on beverages and liquid food. Its machines are primarily manufactured from durable materials such as steel, stainless steel and plastic. We consider the numerous further developments and upgrades of our machines and service products to be a major contribution to the retention of this value in the life cycle of lines and systems, the majority of which aim to save energy and process media – both important factors when it comes to cutting down on greenhouse gas emissions. Economic use of space, ergonomics and operator protection are further issues we consistently continue to observe. Regarding packaging, for many years we have offered a wide range of circular systems that save on materials. Lots of our [r]PET containers are already extremely light and thus gentle on resources, for example, with select styles of secondary packaging consuming very little material indeed. We can provide our customers with validated information on questions about CO_2 equivalents for all KHS packaging systems and solutions.

Guidelines

For the KHS Group, value creation and sustainability are inextricably linked. It assumes responsibility throughout the value chain and helps to encourage resource-conserving business practices and protect vital natural resources with particularly efficient products and systems. For KHS, sustainability means managing its business operations and the economic, ecological and social impact thereof responsibly and reporting on this with transparency. A number of guidelines exist for this purpose that apply to the entire KHS Group without exception. The most important are described in the following text.

Our **anti-corruption guidelines** define uniform worldwide standards for the prevention of corruption and conflicts of interest. They contain precise rules and procedures governing the handling of gratuities and conflicts of interest. To enable these guidelines to be applied worldwide, the value limits for business entertainment are based on what is known as the Big Mac Index (published by the international weekly magazine The Economist) as an indication of purchasing power and updated every 24 months by the KHS Group's compliance officer. These guidelines are embedded in KHS' comprehensive system of compliance management.

Our **labor law and human rights policy** defines the provision of fair working conditions and compliance with international human rights, both integral parts of our corporate strategy, as central management tasks. The policy lists detailed obligations and targets relevant to occupational health and safety, working conditions and the employer/employee relationship, career management, antidiscrimination and diversity and child and forced labor.

To summarize, KHS pledges:

- To create safe and healthy working conditions to protect the physical and mental health of all employees;
- To offer all employees adequate scope for their personal and professional development;
- To maintain the legally protected freedom of association;
- To provide all employees with a place of work in accordance with internationally recognized human rights;
- To not tolerate any form of child or forced labor;
- To comply with national and international guidelines governing working conditions and human rights and to make all effort to ensure that suppliers and service providers also observe the same;
- To question and improve these guidelines on a regular basis.

Our **environmental and energy guidelines** contain concrete obligations and targets with respect to energy and greenhouse gases, water consumption, noise and dust emissions, hazardous substances and waste and product use and end of product life. Reporting channels and sanctions management are also regulated herein.

Our **sustainable procurement guidelines** outline the obligation to take social and environment-related aspects into consideration when purchasing goods and services. → GRI 2-22; GRI 2-23; GRI 308-1; GRI 414-1

Further information can be found in section:
Responsible corporate management.

ESG-Targets

By way of summary, the following key ESG targets are thus derived; "ESG" refers to various criteria pertinent to environmental, social and responsible corporate governance:

- Net zero by 2050 at the latest according to Group goals;
- Short-term targets, such as for environment and energy, by 2025 (base year: 2018): 8.9% less electricity, 4.9% less heating, 5% less diesel; → GRI 305-5
- Social aspects: steady reduction in the lost time injury frequency rate, zero cases of human rights violations, increase in the percentage of newly appointed female employees under contracts of employment with individually negotiated tariffs and in managerial positions to 30% by 2030. → GRI 302-4

ESG remuneration elements

Variable remuneration for executive managers contains compensation elements that are regularly also based on ESG targets. Group-wide, these constitute the key performance indicators for accidents at work and the further training of personnel. → GRI 2-19

Reporting

KHS aspires to gradually bring its sustainability reporting into line with the requirements for companies obliged to submit a report according to the new EU reporting directive (CSRD). This KHS sustainability report is the sixth consecutive voluntary report to have been issued. With the publication of the report for 2023, KHS is aligning its previous two-year reporting period with the yearly issue of Salzgitter AG's non-financial report. This voluntary report is produced with reference to the standards of the Global Reporting Initiative (GRI). → GRI 2-29; GRI 3-1

Of the issues rated by the Salzgitter Group, the following topics were also considered to be especially relevant: → GRI 2-29; GRI 3-1; GRI 3-2

- Energy efficiency (see the chapter on product responsibility, in particular the respective sections on climate impact/resource efficiency and operational ecology)
- Climate protection (see the chapter on product responsibility, in particular the respective sections on climate impact/resource efficiency and operational ecology)
- Recruitment and commitment of specialist workers (see the chapter on social governance)
- Innovation capabilities (see the chapter on product responsibility)
- Compliance (see the chapter on responsible corporate management)
- Human rights and the supply chain (see the chapter on compliance and human rights in the supply chain)
- Regional issues/aspects of material topics (see the chapter on our production sites).

Fields of action at KHS for sustainable and profitable added value

KHS' strategic fields of action form the foundation for the company's system of sustainability management. The strongest motivators for sustainable KHS business operations are the decarbonization of the entire value chain, the efficient use of energy and resources, circularity, strengthening of the local network and local supply chains, human rights, occupational and customer health and safety and KHS' appeal as an employer.

KHS is responsible for aligning its activities with demands for sustainable development with a view to its customers and the future. This gives rise to the following central strategic fields of action that demonstrate how we aim to meet this demand.

1. Top standards of quality and long-term partnerships for sustainable value creation

Our global demand for quality forms the basis of our corporate activities: KHS stands for the highest standards that are always geared towards customer requirements. All of our locations worldwide have uniform systems of quality management in place. We define and monitor appropriate requirements for our suppliers. The high quality of our filling and packaging systems is the prerequisite for a long service life, smooth and efficient production processes, product protection and safety in the operation of our plant technology. Our portfolio is intended to help our customers leave as small an ecological footprint as possible. For example, returnable [r]PET bottles score on resource efficiency with their lower weight and the much lower temperatures needed to manufacture and recycle them. So that vitamins and carbon dioxide are not lost so quickly, an additional barrier can protect the product. In the Plasmax coating process the insides of the [r]PET containers are covered with a wafer-thin protective layer of glass. The amount of media consumed during manufacture is exceptionally low; furthermore, the bottle retains its crystal-clear appearance. What is so special about Plasmax is that the glass coating is simply washed off by the caustic in a standard procedure. This produces pure, separated PET which can be fully recycled. This packaging system is another example of our high demand for quality – also with respect to our customers' products.

Quality is always the focal point of our strong strategic partnerships, such as the one we enjoy with Swiss can seamer packaging specialist Ferrum Packaging AG. This cooperation has seen the development of the SmartCan filler/seamer block by KHS/Ferrum that not only satisfies all necessary, particularly high hygiene requirements but is also extremely flexible, efficient and simple in its operation. Beverage bottlers thus profit from optimum hygiene and greater flexibility in their production planning.

2. Global footprint: customer proximity and great service expertise through worldwide presence

Throughout the world, KHS currently has ten production sites in six countries and over 43 service centers located in 35 different nations. The Salzgitter AG 2030 strategy of our parent company is mirrored in the KHS 2025 strategy program and thus incorporated into the KHS strategic field of action initiated to expand its global footprint.

The most important prerequisite for further growth and even greater proximity to the customer is that we are permanently perceived as a reliable supplier and partner the world over. We will thus strengthen our local presence worldwide by increasing production capacities and gradually further qualifying the KHS network – for example by setting up training centers that help to intensify customer relations in our after-sales business. Parallel to this, the company's global organization is also being adjusted, with structures being consistently standardized, responsibility for results decentralized and more personnel hired. Bearing in mind that the baby boomer generation is due to retire in the coming years, it is essential to secure existing expertise and to attract new people to the company. In order to master this problem, KHS has established a process to ensure the transfer of knowledge. It also attaches the greatest importance to providing fair, attractive working conditions and an open environment defined by mutual respect and appreciation.

In an effort to increase our global footprint, capacities are being significantly extended well in advance in Service, Line Engineering, Project Management, Production, Commissioning and Sales in particular. The need is particularly great in North, Central and South America, where KHS operates no fewer than three production sites. At the same time, the number of personnel is being increased, infrastructure invested in and standard digital solutions introduced in all other regions, too, in an attempt to exploit global growth potential.

Moreover, proximity to the customer also takes on a key role when it comes to sustainability: thanks to our worldwide network of production sites and service centers, we are available locally for our customers and able to cater for their needs without having to travel long distances. This saves time and money – and, last but not least, cuts carbon emissions.

In this context, KHS' digital systems and solutions also play a major part: one example here is the KHS Connect customer portal. Beverage producers do not only find all they need in this online shop, such as spare or wear parts; future conversions can also be proactively offered that can reduce energy, media and material consumption or enable a machine to be maintained for a longer service life. For even easier access we are currently developing KHS ConnectApp that shows customers which parameters their systems are running on, when they next need a service engineer or which spare parts are required. With this, we are creating a globally holistic, digital KHS experience.

3. Responsibility for the people and environment at our factories

At all of its locations worldwide KHS is constantly improving the resource and energy efficiency of its operations. In 2023, for instance, a total of 4,234 metric tons of CO_2 emissions were avoided at KHS' production sites in Germany thanks to the continuous use of certified green electricity. KHS has installed systems of environmental and energy management at all of its production sites. → GRI 305-5

In August 2023 the first photovoltaic system was installed by a cooperative of 180 employees at the KHS factory in Dortmund. The workforce collected the sum of €496,000 for the realization of the PV setup – and with the sustainable generation of electricity it is not just helping its own employer to protect the climate but also the entire Group to achieve its target of greenhouse gas neutrality by 2045. Salzgitter AG has honored the commitment shown by KHS personnel by awarding them first prize in its in-house competition to find ways of cutting carbon emissions. The solar panels can produce approximately 520,000 kWh of CO_2-free energy per annum. They are owned by the cooperative of KHS employees to whom an annual yield is paid out. The system is leased out to KHS for use. In part, the energy generated by the sun can replace up to 40% of the electricity previously drawn from the national grid during the day.
→ GRI 302-1

4. KHS as a future-oriented and attractive employer

KHS is only as innovative, successful and fit for the future as its own employees are. Encouraging them and their development is thus our key concern. We at KHS attach the greatest importance to providing fair, attractive working conditions. Besides assuring skilled labor and personnel development, plus continuously expanding our system of occupational health and safety management, the most important fields of action for our HR Management Department are digitalization and process efficiency plus transformation of the modern working environment. There are many good reasons for working for KHS in our extremely international, diverse, dynamic yet safe environment. Find out more in the careers section on the KHS website.

Sustainability ratings, memberships and initiatives

Since 2012 KHS has taken part in the annual audits run by EcoVadis, the internationally recognized certification platform for sustainability achievements. In 2023 KHS earned the coveted gold status in the EcoVadis rating for the very first time. Despite the assessment criteria being broadened and the scoring system becoming more stringent at the start of 2023, KHS was able to improve by 12 points to 71 out of a possible 100. According to the EcoVadis rating, KHS is among the top 2% of manufacturers of general machinery. In the environment and sustainable procurement categories in particular KHS is way above average for the industry.

KHS is also involved in Salzgitter AG Group reporting under the CDP (Carbon Disclosure Project) sustainability ranking, with the company's greenhouse gas emissions being included in the consolidated figures for the Group.

KHS is a member of Germany's VDMA, a trade association of German and European mechanical and plant engineering companies founded in 1892. KHS is also a member of the German employers' association Gesamtmetall, with its workforce in Germany remunerated according to the collective wage agreement for the metalworking industry. → GRI 2-28; GRI 2-30

Responsible corporate management

One of the most important guiding principles of our company is that we live by our values and set an example in doing so.

We are responsible for adhering to ethical and moral standards within our company and understand this to be much more than just a legal obligation. We are convinced that success can only be generated on the basis of cordial, respectful and considerate cooperation with one another.

With approximately 5,200 employees and numerous subsidiaries worldwide, a sales share outside Germany of over 90% and a competitive environment which is oligopolistic to a certain extent, KHS is responsible for globally and effectively protecting its good reputation as a trusted business partner.

>90%

sales share outside Germany

>5,200

employees

ALL KEY FIGURES

Compliance management system

Compliance with the law, legal regulations, in-house guidelines and correct conduct in general are principles that are observed throughout the Group. KHS addresses compliance risks with a compliance management system (CMS) applied to facilitate analysis, information and education, control, process definition and monitoring. It consists of seven modules:

1. **Compliance culture:**
   The parent company, management and Supervisory Board of KHS GmbH explicitly pledge to act in accordance with the law and to uphold ethical rules in the course of business. With its code of conduct and in defining a suitable CMS the Executive Management Board has formally structured this pledge and introduced concrete measures for the implementation thereof. Its objectives are regularly communicated as required to KHS' employees and business partners in order to create a positive compliance culture, actively promote adherence to regulations and prevent any violations. In doing so, the executive managers set an example to others. The necessity and implicitness of the set compliance objectives are explicitly communicated through obligatory training units in the long term. Violations are not tolerated and are systematically penalized.

2. **Compliance objectives, demand and risk analysis, focus fields:**
   In order to meet its compliance objectives, KHS focuses on the avoidance of corruption, violations of antitrust and competition law, conflicts of interest, money laundering and fraud and considers these issues to be especially relevant. This produces a compliance risk map which is constantly reviewed as part of the CMS and forms the basis for further measures.

3. **Compliance organization:**
   The responsibility for compliance lies with the Finance Division of the KHS GmbH Executive Management Board. Implementation of the CMS is overseen by the Compliance and Legal Affairs Division. Concrete implementation thereof is managed by the compliance office. The compliance office has the right to report directly to the Executive Management Board. On a working level, the compliance office coordinates with Salzgitter AG's compliance organization and reports any relevant violations to the same. The compliance office also controls the coordinators for data privacy, compliance and information security in the subsidiaries and at the production sites.

4. **Compliance program, rules and measures:**
   KHS has introduced an extensive set of rules and measures founded on its compliance risk map. This in turn is based on KHS' code of conduct that was introduced in 2012 and is compatible with the code of conduct issued by the Salzgitter Group. In essence, both make reference to the United Nations Global Compact. The code centers on a shared system of values and principles designed to act as a guide to the manner in which all personnel must conduct themselves. It includes in particular regulations on fair competition, the avoidance of corruption and conflicts of interest, transparent reporting and the duty to observe secrecy. All employees are instructed on the use of the guidelines by their executive managers or our Compliance Department and are encouraged to make queries at any time.

5. **Communication, training and support:**
   Employees and third parties, such as suppliers and customers, are provided with information and training on the compliance program and fixed responsibilities in relation to their tasks and goals.

→ GRI 2-23; GRI 2-24; GRI 2-26; GRI 2-27; GRI 205-2

6. **Compliance monitoring, reporting, review of and penalties for violations and improvement of the system:**
   KHS promotes a company culture where issues of integrity can be openly addressed. Employees are supported in this and urged to report any possible violations of the compliance guidelines. They may submit information through their superiors or a trusted manager, the local compliance officer (coordinator) or the Central Compliance Office. Furthermore, they may make use of the confidential whistleblower system which is also available to third parties. Notifications can be submitted to this external ombudsperson's office that are then forwarded to the KHS compliance desk for checking and processing. Continuous application of the CMS is monitored by the compliance office. Here, in addition to providing general advice on request, random or event-related checks are performed to monitor adherence to regulations. From time to time, Salzgitter AG's Group Auditing Department subjects the KHS CMS to a check. Any compliance violations established are carefully examined, assessed and appropriately penalized. Preventive measures may be taken to prevent the incident being repeated. All incidents are documented electronically in revision-proof form.

7. **Emergency management system:**
   In the event of any action taken by the authorities, KHS has drawn up a set of guidelines to ensure that regular operations are maintained.

→ GRI 2-23; GRI 2-24; GRI 2-26; GRI 2-27

Human rights

In its labor law and human rights policy from 2023 the KHS Group pledges to provide fair working conditions and comply with international human rights as an integral part of its corporate strategy and has declared these to be central management tasks. This includes ensuring the right to property, privacy, civil and political rights, freedom of association and collective bargaining, safety, social and cultural rights and the avoidance and combating of harassment, violence and inhuman and degrading treatment. Discrimination in whatever form is not tolerated. KHS pledges to comply with the human rights standards of the United Nations and the international principles of the International Labor Organization (ILO). All employees have the opportunity to report any violations without having to fear disciplinary consequences. All reporting channels are available to them for this purpose, including the anonymous whistleblower system.

Compliance and human rights in the supply chain

KHS has made it its designated aim to continuously reduce the environmental impact of the products procured by the Group. In order that all suppliers also adhere to national and international guidelines on human rights and fair working conditions, KHS has implemented the following measures:

In its sustainable procurement guidelines KHS pledges to take social and environment-related aspects into consideration when purchasing goods and services and to strictly comply with all valid laws governing the environment and human rights and to demand the same of its suppliers. To this end, KHS has its partners confirm in writing through a supplier code of conduct that adherence to said code of conduct is obligatory for both the partners themselves and their own subsuppliers and subcontractors. KHS endeavors to only work with partners who treat this code of conduct as obligatory. KHS audits its suppliers with the help of questionnaires and documents of proof with respect to certain management systems governing quality, occupational health and safety, environmental protection and energy, for example. These system audits determine whether the supplier is fundamentally suitable or not. We verify this information by means of supporting documents and tours of the supplier's site. We have introduced process and product audits to ensure product quality. In order to fully meet our duties of care to respect human and environmental rights throughout the supply chains, we are continuously refining suitable risk analyses and test procedures. Our benchmarks here are the UN's guiding principles for business and human rights and the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) valid in Germany. For risk analysis KHS uses proven standard software for transparency in the supply chain.

The LkSG process is as follows:

1. the first step is to perform a risk analysis based on the sector and country risk.
2. If the risk is considered to be high, a specific risk analysis is initiated. A questionnaire is sent out to this end and the results carefully checked.
3. Should the risk continue to be high after the questionnaire has been answered or in relation to a specific event, a case is opened.
4. Subsequent handling of the case entails defining joint measures to reduce the risk, including documentation.
5. During reporting, assessments and summary data are generated.

Since 2012 KHS has regularly taken part in Sedex audits to ensure compliance in its supply chain. The internationally recognized Sedex Members' Ethical Trade Audit (SMETA) is an auditing process developed by the Sedex organization (Supplier Ethical Data Exchange) to monitor compliance with labor law, occupational health and safety standards, environmental standards and business ethics in the supply chain. → GRI 2-23; GRI 2-24; GRI 2-26; GRI 2-27; GRI 308-1; GRI 414-1

Decarbonization in the supply chain

KHS has also made ready for the European Carbon Border Adjustment Mechanism (CBAM). The CBAM is part of the climate policy of the European Union that wants to be climate-neutral by 2050. The regulation aims to prevent the transfer of greenhouse gas emissions to non-EU countries in certain economic sectors covered by EU emissions trading.

Certification of management systems

Quality management, environmental management, occupational health and safety and energy management at KHS are aligned with international standards and supplemented by in-house regulations.

The following table shows which percentage of the workforce is covered by KHS' respective management systems. → GRI 2-23; GRI 2-24

Management system	Number of employees (in %) covered by the management system in 2023
DIN EN ISO 9001:2015	96.4 % (always referenced to the total workforce at all production sites)
DIN EN ISO 14001:2015	74.3 %
DIN EN ISO 45001:2018	74.3 %
DIN EN ISO 50001:2018	74.3 %

ISO 9001 stipulates the minimum criteria for a quality management system that an organization must meet in order to provide products and services that satisfy customer expectations and official requirements. At the same time, the management system must be subjected to a continuous improvement process.

International environmental management standard **ISO 14001** defines the requirements made of a system of environmental management and is part of the family of standards governing this issue.

ISO 45001 is a norm issued by the International Organization for Standardization (ISO) in March 2018 that describes the requirements for an occupational health and safety management system (OHS) and gives instructions on implementation of the same.

ISO 50001 regulates the establishment of a corporate energy management system with the aim of increasing energy efficiency in the long term.

Process management

Process management at KHS ensures that major processes within the company are documented, that responsibilities are assigned and process optimization is possible. They are divided into core processes (from product development to service procedures), management processes (control) and support processes (that promote value creation). Prior to their publication, the method and content of these processes are checked by those responsible for process organization. Process management ensures that any action taken is revision-proof by means of a clear approval workflow, system of authorization management and versioning. Processes are audited in house by Quality Assurance/Quality Management and externally during management system certification.

Information security and protection of intellectual property

The aim of information security is to protect company-relevant information – KHS' own and that of customers and partners – by ensuring the confidentiality, integrity and availability of this information. Ensuring confidentiality means preventing or minimizing unauthorized access to information. Integrity ensures the reliability and correctness of information. Availability means that authorized persons have timely and undisturbed access to data, objects and resources. A number of internal guidelines are in force that have been drawn up together with the Group or specific to the respective company. These regulate how information is handled within the company according to the required level of protection from the perspective of the information owner. In essence, these guidelines focus on the protection categories of confidentiality, integrity and availability. One key aspect here is to correctly assess the corporate value of information and to protect this with the help of regulations. These guidelines include, for example, general regulations on information security or basic regulations that govern special topics for safe IT operations and associated processes. Special regulations exist on the security-compliant individual handling of data plus a number of specific procedural instructions and user guidelines. Regular training courses for personnel ensure that they are suitably sensitized to these issues and that they observe guidelines and instructions. These comprehensive regulations are key elements in the ISO 27001 certification process that was initiated in 2023.

"Intellectual property" chiefly refers to know-how, ideas, inventions, developments, drawings, plans, results and data. This confidential information, know-how, patents and other intellectual property rights are a key pillar in the market position and technological standing of KHS. At the moment KHS holds over 7,000 patents worldwide.

Product responsibility

Focus on customer requirements

Strategic positioning and sustainability management of machines and packaging systems

KHS is a reliable partner to the beverage industry, supplying it with future-proof filling and packaging systems. Besides being safe to operate with effective process monitoring, our plant engineering must function reliably for many years while saving on energy and resources. This is why we are constantly developing our product portfolio further. The focus here is on modularization and the digitalization of lines and machines. Many of these optimizations are also available for existing systems in the form of modernization measures or expansion options. This allows our customers to stay flexible by quickly and easily adapting and scaling their production lines to new packaging formats and thus using fewer and fewer materials – without having to invest in new machinery.

In total, all of these measures successfully help to make continuous savings in energy and resources. However, we are well aware of the fact that most of the greenhouse gases emitted by our customers on site stem from the operation of such systems. Saving energy in the filling and packaging process throughout the life cycle of a machine is therefore a top priority with new and further developments.

Here, we universally examine our own upstream and downstream processes in the value chain plus those of our customers, with the aim of systematically, continuously and comprehensively further reducing the impact our lines and machines have on our climate and environment.

KHS also offers its clients a variety of innovative, circular systems and solutions when it comes to sustainable packaging. Our approach always centers on producing a beverage that is perfectly packaged with regard to product protection, marketing and the environment. To this end, we constantly check and appraise where and how we can make further savings in packaging materials or use alternatives such as recyclate, paper and cardboard or biologically degradable plastics. → GRI 301-1; GRI 301-2; GRI 302-5; GRI 305-5

Quality and processes

KHS manufactures reliable and durable lines and machines according to extensive quality requirements. In doing so, we make our customers' on-site production processes energy- and resource-efficient and safe to operate with a high degree of availability. With modernizations, expansions and a wide range of spare parts, we help to ensure that this also remains so throughout the entire life cycle of our clients' machinery. This calls for a systematic quality management process that not only consistently defines and monitors suitable quality requirements within a company but also those made of its suppliers. All of KHS' German production sites and our international plants in the USA, Mexico, Brazil and India have quality management systems in place that are certified according to ISO 9001:2015. At our newest factory in Kunshan, China, the ISO 9001 certification process will be successfully concluded in the spring of 2024. (For information on further ISO certification of our management systems, please see the chapter on responsible corporate management). Certification in accordance with ISO 27001 is currently in preparation. This primarily concerns the protection of core and downstream processes and the continuous improvement of information security within the KHS Group.

Above and beyond this, regional or industry-specific guidelines and standards, approvals and quality seals are also taken into account in our own processes and with respect to our products and services.

Within quality management a standardized quality notification system provides support with acute problems. Recurrent notifications on any one subject result in a measure designed to improve quality being specified; this includes defining fixed responsibilities in an established process. Suggestions for improvement made by our personnel and customers are also considered here. For example, specific quality improvement measures have been introduced with regard to labeling that are already having a noticeable impact on a number of current projects. Distell, one of the leading producers of cider on the African continent, is convinced by the quality hallmarks of the KHS Innoket Neo Flex labeling machine, for instance. In addition to the labeler's speed and reliability, the customer also explicitly praises its simple and safe operation.

Another example of quality assurance in operation is the RFID-based machine access system. This only allows the machine to be operated by properly authorized, suitably qualified personnel. Machine operators identify themselves by holding up a contact-free ID card that unlocks the operator panel on the selected machine. The system can be individualized in a variety of different ways and can also be perfectly integrated into existing lines and machines. As operating errors are thus avoided, the plant operator also incurs far fewer quality costs.

In order to recognize where actual values deviate from targets in its processes, KHS carries out process analyses and derives suitable measures from the same. Its business processes also undergo process risk analyses that are processed independently by what are known as global process leads (GPL) working together with global process owners (GPO). GPLs are part of the process organization and to be seen as experts who are extremely familiar with the methodology and content of their process area and the respective responsibilities, documents and systems.

In the course of KHS process management, it is ensured that each business process is documented on the KHS process portal, that responsibilities are assigned and that process optimization and harmonization are initiated where necessary. All KHS processes – core processes, management processes and support processes – are checked by those responsible for process organization prior to publication: the methodology by global process managers (GPM) and the content by GPOs.

A clear approval workflow, system of authorization management and versioning ensure that any action taken is revision-proof. The period of validity is thus always explicit. Communication and training are also the responsibility of the GPOs and GPLs in the event of any changes to a process. Processes are audited in house by Quality Management and externally during ISO management system certification.

Innoket Neo Flex labeling machine

R&D and the product development process

KHS has begun systematically recording various sustainability criteria for the product development process.

Resource efficiency and the continuous improvement thereof are constant drivers in the new and further development of our lines and machines, in Service and for our packaging systems and solutions, for the efficient use of resources always also improves a system's operational economy. Resource efficiency is therefore a key focus of our ideas and innovation management, in research and development and in the further product development process. KHS ensures that its lines and machines can be operated throughout their entire life cycle so that they are gentle on resources in the long term. One key prerequisite here is that we continuously monitor sustainability-relevant parameters, such as energy and process media savings. In doing so, we identify where potential cuts in emissions can be made during the machinery's entire service life and fully exploit these for our customers.

The aim of the product development process is to create a market-oriented system that rises to the real, existing challenges our customers face in their production environment. Together with them, KHS initiates customer workshops to this end, for example, at which it addresses critical topics such as sustainability criteria, technology, market conditions and market trends. From these, the key demands made of new and further developments are derived which KHS then actively incorporates into its product development process as decision criteria. In the reporting year we began systematically recording various sustainability criteria and adapting these accordingly for the KHS process. They are to be firmly anchored and made binding in the product development process in 2024. → GRI 302-5; GRI 305-5

Lines and machines

Lines and machines from KHS can now be operated so that they save on resources in all areas. Our customers already use far less plastic, energy, water and cleaning media in their production processes.

We are continuously striving to exploit the boundaries of possibility with both passion and innovation. KHS is also constantly addressing the question of how beverage packaging can leave the smallest possible carbon footprint while providing optimum consumer safety and convenience. Our filling and packaging systems score on circularity and make use of alternative materials such as recyclate or paper and cardboard.

The CO_2 equivalents produced by a Nature MultiPack from KHS thus amount to just 4.4 grams. This packaging system combines six cans or PET bottles to form a stable yet easy-to-separate pack using just a few dots of adhesive and no plastic film whatsoever. When can packs are wrapped in paper instead of film on the Innopack Kisters WSPP A, up to 46.23 MWh of energy per year can be saved on a canning line with an output of 90,000 cans per hour running in three-shift operation five days a week.

The following examples illustrate how KHS' new and further product developmentsare consistently designed so that they save on energy and resources in order to enable economical and sustainable line operation over many years.

Climate impact/resource efficiency

On our stretch blow molders, for instance, installing a Double Gate that heats [r]PET preforms prior to the stretch blow molding process saves up to 30% in energy. Further development will also make our Double Gate available to other product areas in the future to meet the growing customer demand for sustainable systems and solutions.

Carbonated beverages have to be filled under pressure in order that the carbon dioxide bonded in the beverage is not lost and there is no excessive foaming. Carbon dioxide is normally used as the pressurization gas here. Our new PET filler platform permits sustainable beverage filling with extensive energy savings and the lowest possible carbon emissions; on the DRV filling system, for instance, CO_2 consumption has been cut from 150 grams per hectoliter to practically zero. No more CO_2 is therefore needed, not even as a pressurization gas; this is replaced by sterile air.

One new member in the DRV filling system series is the Innofill PET DRV-HC that has an up to 10% higher output for [r]PET containers holding 1.5 liters or more.

A further element that helps to cut carbon emissions in the production of sustainable beverage packaging is the Plasmax barrier. This protects the beverage against carbon dioxide loss and thus permits significant savings to be made in the amount of bottle material used – while simultaneously extending the product's shelf life.

Already at the planning stage, KHS clearly pursues its aim of designing beverage filling and packaging systems that save on energy, resources and space.

With the help of intelligent 3D software and virtual solutions, we give customers a realistic view of their filling and packaging line at a very early stage in the design process. This allows us to optimally plan the system together with the customer, taking conditions into account that are comparable to the realistic demands of the production environment. Savings in energy and resources can be factored into the offer through the virtual 3D image. This procedure saves time yet nevertheless creates a scenario that is extremely precise and corresponds to the actual situation.

We concentrate on the overall equipment effectiveness. Besides avoiding unplanned downtime and increasing the level of quality, we also aim to shorten changeover times for formats, for example. Lots of beverage producers process an ever greater range of beverages and packaging on their production lines.

→ GRI 301-1; GRI 302-5; GRI 305-5

This means that a vast number of product and thus format changeovers need to be managed during line operation. One way of considerably improving availability on a PET filling and packaging line, for instance, is to use the KHS InnoPET iflex automatic changeover system. Here, beverage producers benefit from reliable and precise processes that can be exactly reproduced and are much faster, thus saving time, effort and resources and cutting costs.

A further means of ensuring a high measure of reliability and economy in production operation is the continued modularization of our lines and machines. Using identical components on different machines reduces the number of possible spare parts needed and thus results in a much lower degree of complexity – and time and effort required – for maintenance, servicing and spare parts logistics. → GRI 301-1; GRI 302-5

Up to

30%

Energy savings in the stretch blow moulding process by realising the double

<1 g/hl

CO_2 consumption of the DRV filling system

Circularity

KHS develops and manufactures machines and system solutions that are chiefly made of steel, stainless steel and plastics. They are designed so that they operate reliably for many decades. When a line or machine has to be removed, replaced or renewed after many years of service, with the help of the machine documentation, for example, customers can take the first steps towards proper, environmentally-friendly disposal of their equipment on their own. Here, the machinery is appropriately dismantled at its end of life and in most cases its parts processed for recycling so that they can be returned to the cycle of materials. In certain conditions KHS customers can also give their machine a general overhaul. KHS Mexico has provided this service for filling machines, for example, at its factory in Zinacantepec for several years now (see the chapter on our international production sites). It is our declared objective to further extend the life cycle of our lines and machines and thus retain their value for as long as possible.

Further information can be found in section: Service

Occupational and customer safety

Improved line effectiveness through increasing automation also greatly helps to make machine operation safer and more ergonomic. Manual human intervention on lines and machines is thus becoming ever rarer. IT-assisted, intelligent operator prompting for system control is supplemented by constructional measures that improve ergonomics and operator safety.

In the Innoket Neo Flex, for instance, KHS has a labeling machine that can be configured at will thanks to its modular design. Depending on the machine size and respective requirements, the Flex series can be equipped with two to four labeling stations. These are exchanged with just a few manual adjustments performed without tools. Another advantage of the new modular machine is its extreme ease of operation. The components are easy to access. In addition, operating personnel profit from bearings lubricated for life that make the labeler extremely low maintenance. The ergonomic ClearLine HMI (Human Machine Interface) operator panel provides great ease of operation. This can be moved to the required position by the operator very simply. This is a sophisticated machine system that shows how KHS is actively supporting the zero accident strategy adopted by many of its customers, as potential product contamination or machine downtime is also avoided by the elimination of manual machine intervention. → GRI 416-1

Packaging

KHS develops packaging systems that are not only as environmentally-friendly as possible but also primarily enable consumers to enjoy beverages and liquid food products safely at all times. We meet the growing demand from the public – from politicians and consumers, for instance – for packaging that is recyclable, safe and uses fewer resources. With our expertise we help our customers to leave the smallest possible carbon footprint with their packaging system while providing optimum consumer safety and convenience.

Climate impact/resource efficiency

KHS provides one area of this expertise through its holistic Bottles & Shapes container consultancy and service program. This strikes a balance between consumer- and environmentally-friendly design, reliable line behavior and the efficient use of energy and materials – for containers made of [r]PET as well as glass bottles and beverage cans.

In view of the increasing relevance of climate-related aspects, a few years ago KHS began developing a carbon calculator together with the Hamburg Institute for Environmental IT (ifu) that computes the carbon footprint of primary and secondary packaging. With this, we help our customers to gain an extensive impression of the possible climate impact the range of packaging styles KHS offers under its consultancy program can have. This tool allows them to assess the direct impact of a glass bottle or a beverage can or to study the difference between various types of secondary packaging, for instance, with values broken down to a single packaging item in the form of CO_2 equivalents. This quickly illustrates what effect the packaging design in particular, plus the type and quantities of materials used, can have on the overall carbon footprint of a packaging style.

In the reporting year KHS extended this consultancy service in relation to the ecobalance of its packaging systems and solutions to include the first conversion options. These now take all climate-relevant parameters into account, such as the materials used, the type of packaging, transportation and the distance engineers have to travel for installation of a conversion. The aim is to place the emphasis not only on economy and efficiency but also – and above all – on a machine's ecological footprint.

The first conversion options to which our carbon calculator is now being applied are those for our stretch blow molders. The manufacture of [r]PET containers requires prior heat treatment of the preforms and the use of compressed air in the downstream stretch blow molding process, for example. Here, an intelligent container design, coupled with modernization of the heater, can now save over 60% in energy.[1] Our extended carbon calculator thus closes an important gap, for it now quantifies the actual amount of CO_2 saved by one or several conversion measures. This approach is being examined as to its application for further KHS conversions.

With regard to our [r]PET container concepts, at the moment KHS Loop LITE intelligently combines all of the aforementioned parameters – consultancy, material selection and savings and product protection – to produce a 60% smaller carbon footprint compared to standard market packaging systems made of new, uncoated PET. This enables customers to reliably incorporate the CO_2 factor into their future decisions to invest.

[1] Comparison of the energy consumption of the latest-generation KHS InnoPET Blomax Series V stretch blow molder with a Double Gate heating concept as a customer machine replacement order and that of the Series II is taken as the basis for calculation here.

→ GRI 302-5

Packaging that is consistently minimalist in its design has a particularly positive ecobalance. For many years now, KHS has provided a system such as this in the form of its Nature MultiPack or NMP. This joins classic six-packs of cans or [r]PET bottles together using just a few dots of adhesive to form a stable pack, from which the individual containers can be easily separated. The carbon footprint left by an NMP amounts to just 4.4 grams compared to 23.6 grams for a film pack.[2] KHS also provides a practical alternative to the plastic carrying handle here, namely one made of 100% cardboard. This module can be retrofitted onto existing machines.

In the reporting period KHS not only further developed the handling of but also the adhesive for Nature MultiPack. Customers can now choose from two types of universal adhesive: one for all standard aluminum cans, regardless of their coating or surface treatment, and the other for [r]PET bottles. For the latter, an adhesive is now available that can be used on practically any shape, size or material thickness of [r]PET bottle. This is lightly foamed on the [r]PET container with the help of a special application method, providing many benefits. One of these becomes evident in bottle-to-bottle recycling: the dots of adhesive that remain on the bottle after it has been separated from the pack do not leave any notable sticky residue behind and thus do not cause any disruptions when fed into bottle deposit machines. Moreover, the density of the adhesive is greatly reduced by foaming, enabling it to easily rise to the surface when washed off during the actual recycling process. This makes the material very simple to remove from the recycling loop. → GRI 301-1; GRI 302-5

Another packaging system with a small carbon footprint that is adhesive-free is our Carton Nature Pack or CNP. This features a cardboard topper clipped onto the upper rim of beverage cans to form packs of four to eight units. The punched and folded topper alone ensures that the resulting pack is stable.

[2] Calculation based on DIN EN 14067 for a Nature MultiPack of six 330-milliliter beverage cans compared to a classic film pack with 50 µm shrink film.

Up to
60%

Energy saving through intelligent PET container design and modernisation of individual components

4,4g

CO_2 footprint with Nature MultiPack (instead of e. g. film packaging)

100%

Plastic-free carrying handle solution for the Nature MultiPack

Circularity

The circularity of a type of packaging can be especially well demonstrated when the recycling thereof is both economically calculable and ecologically convincing, such as with bottle-to-bottle recycling using food-grade recyclate, possible for [r]PET containers, for instance. This becomes a challenge when containers are made of what are known as composite or multilayer materials mixed with additives. In such cases, the PET container can no longer be fed into the bottle-to-bottle recycling process. In the face of growing demand for recyclate in food and beverage processing, this type of barrier prevents an important material being retained in the packaging loop.

Why are barriers needed at all for certain beverages packaged in [r]PET containers? As [r]PET containers are gas-permeable as opposed to glass bottles (which are not), carbon dioxide or sensitive ingredients such as vitamins can be lost. [r]PET containers need an additional barrier to give the product suitable protection. The same applies if the beverage requires a longer shelf life, a necessity on many global markets where there are large distances between the production site and the place of sale, for instance.

With its Plasmax coating process, KHS provides a barrier system for [r]PET containers that meets the demand for product protection and long shelf lives in equal measure. Plasmax combines the protective properties of a glass bottle with the weight benefits of an [r]PET container. Furthermore, the treated containers can be fully bottle-to-bottle recycled in the standard recycling process like pure [r]PET. The recyclability of the coating enables KHS to facilitate the availability of food-grade recyclate. → GRI 301-1; GRI 301-2

When it comes to circularity, KHS aligns its [r]PET systems and solutions with leading industrial standards such as the European PET Bottle Platform (EPBP). This is a voluntary industry initiative that provides guidelines for the design of PET bottles for recycling, assesses packaging systems and technologies and promotes understanding of the effects of new PET bottle innovations on recycling processes. The initiative supports a circular economy for the European PET

value chain. The Association of Plastic Recyclers (ARP) is the North American trade association which strongly advocates the recycling of all post-consumer plastic packaging. To this end, the association draws up design guidelines, for example, and recognizes packaging design innovations that meet its stringent guiding principles governing recyclability, among other criteria.

KHS has further developed its [r]PET container systems for home care and liquid food products with the aim of making them fully circular. One example of this is KHS' large 2.3-liter [r]PET bottle with a glued-in [r]PET handle that is a CO_2-saving, single-material alternative to standard market systems made of polyolefins such as HDPE or PP.

As regards secondary packaging, the topic of circularity is addressed with greater differentiation. In addition to the aforementioned minimalist systems like Nature MultiPack or Carton Nature Pack, lots of customers continue to rely on classic secondary packaging materials such as film. KHS focuses on two key factors here: firstly, how can we reduce the amount of material used? At the moment, we are readying an extremely thin type of film for market in ongoing operation. Secondly, how can we make materials more recyclable? Film is much easier to recycle if it is free of printing ink, for example. This calls for a new approach to marketing and acceptance by consumers in retail. Moreover, KHS is working on developments with respect to packaging film, where alternative biobased materials are being considered as replacements for classic oil-based film. Trials center on the use of plastics enriched with organic material that is biodegradable within five to ten years. No microplastics are generated as this material breaks down. Thanks to its strong network with manufacturers, KHS is able to quickly test new and further developments such as these on actual machines and therefore provide fast market access.

HDPE stands for high-density polyethylene.Polyethylene is a semi-crystalline thermoplastic produced by the polymerisation of ethylene,thermoplastic material.

PP (polypropylene) is a semi-crystalline, non-polar, thermoplastic plastic produced by polymerising plastic produced by the polymerisation of propene.

As a matter of principle, KHS adopts the strategic approach of further optimizing a machine's energy consumption by using improved packaging comprising a reduced amount of material. This gives our customers twice the benefit and thus added value: less material for the packaging and improved overall equipment effectiveness. → GRI 301-2; GRI 302-5

Consumer protection, health and environmental friendliness

Health and safety are top priority for KHS, both regarding our customers who fill their products on KHS lines and machines and consumers. KHS filling and packaging systems satisfy all requirements relevant to operator and food safety. Consumers can trust in KHS packaging systems and solutions that enable them to enjoy beverages and liquid food products safely at all times and at the same time aim to be as environmentally-friendly as possible. We believe that active consumer protection means making all of our primary and secondary packaging fully recyclable wherever feasible.

In essence, here we address the question of how we can help our customers to leave the smallest possible carbon footprint with their packaging system while providing optimum consumer safety and convenience. KHS develops its products further on the basis of these parameters. → GRI 416-1

Life-long service

KHS develops and manufactures machines and system solutions that are in reliable use for decades. This is facilitated by a broad range of expansion and modernization measures that keep machinery flexible and future-proof. They enable production lines to be individually customized and retrofitted to meet changes in market demand. Active discontinuation management also helps to lengthen a machine's service life. Switching over to new, further developed components in good time gives operators security in production. The growing sensitivity to issues of sustainability on the market is also reflected in the specific customer interest being shown in conversion options that focus on alternative energy concepts and saving energy. Here, too, KHS provides a number of systems and solutions, particularly for older machines. In the detailed view in KHS Connect, our customers are shown the conversions available for their machinery, especially those that save on resources and are necessitated by the discontinuation of components.

Upgrades and conversions

Ensuring the overall equipment effectiveness across a system's entire life cycle is the specific goal of Service. The prime objective of discontinuation management, for instance, is the timely provision of electronic components for unlimited machine availability, for their service life is much shorter than that of the machine itself. KHS provides systems and solutions for its customers that maintain equipment availability or even enhance it. For example, modern electronic control units often help to also improve the efficiency of existing plant engineering. This is also the aim of modernization measures initiated during conversions. Of our over 140 standard conversion options, around 30% are aimed at boosting energy efficiency. → GRI 302-5

One specific example of an early campaign informing operators of an important conversion in conjunction with the Single-Use Plastics Directive issued by the EU centers on tethered caps. This states that from July 2024 closures on non-returnable PET containers holding up to three liters must be firmly attached to the container. The aim is to recycle the caps together with the containers and thus avoid environmental pollution caused by loose closures. KHS actively advised its customers on this back in 2020, thus giving them the opportunity to continue producing on a system that meets the respective requirements well in advance. Depending on the variant of closure and the further development thereof by cap manufacturers, clients now have enough time to test the caps on their existing line before the directive comes into effect. The process of selecting a suitable closure is complex and can take months depending on the specific use case. By changing the geometry, for instance, the weight of both the cap and the thread can be reduced. The weight saved lowers material costs and results in significant savings in costs and resources in the long term.

Maintenance and servicing

By implementing the new Dynamic Biofilm Protection method, deposits on bottle washing machines, for instance, can be clearly reduced, cleaning intervals lengthened and downtimes shortened by ultrasound. This in turn saves on energy and resources. German mineral water bottling plant Staatlich Bad Meinberger is already using this system. Here, Dynamic Biofilm Protection reduces deposits of biofilm, limestone and fibrous material from paper labels in the spray pipes on the KHS Innoclean EE bottle washer, for example. In the past, without this system machinery often became clogged with deposits that required a considerable amount of effort to remove. The use of two control units and twelve ultrasound actuators considerably lengthens the time between cleaning operations and shortens downtimes, thus enabling a significant increase in production. The consumption of water, heat, electricity and chemicals such as citric acid used to descale components is also lower. Besides the cuts in operating costs this results in, first and foremost this helps to lessen energy and resource consumption.

Fast support

With the KHS Connect customer portal, KHS not only provides its clients with a modern online shop function for efficient ordering, service and procurement processes but also individual information and advice specifically tailored to our customers' machines. This encompasses service products, conversions, optimization options and component discontinuation, for example.

As each country makes its own demands of an online service portal, KHS Connect will be launched across the globe in stages. Customers can find out which countries KHS Connect is already available in from a list posted on the company website.

The KHS Connect function of cloud-based live system monitoring has been available for use worldwide since the end of 2022 for machines that have the corresponding hardware and software. Monitoring performance indicators across all connected lines enables potential for improvement to be identified.

One new feature is the convenient digital link between a KHS machine and the customer portal, giving machine-specific information that provides the operator on site with fast assistance and support. This information can be easily retrieved with the help of a machine-specific QR code; the machine operator can view the order history, for instance, follow instructions or find customized recommendations for any necessary line conversions. Another new field is 3D part production currently aimed at alleviating possible scenarios such as shortages in supply or enabling small batches of parts for the assembly of new machines or spare parts to be produced in order to ensure on-time delivery of customer orders and make important process steps in production more independent in the future. The first results from trials with various materials have proved promising. This project is to be successively expanded.

Delivery service

KHS' operative logistics setup that, with the founding of its subsidiary LFP Logistics for Filling and Packaging GmbH at the central warehouse in Dortmund, Germany, it has managed independently since February 2023, ensures high delivery reliability for both internal and external customers. This has integrated the processing of production supply and KHS' worldwide after-sales business in particular into processes at the KHS headquarters, also in Dortmund. LFP GmbH's operating radius was extended in December 2023 to also cover the KHS production sites in Bad Kreuznach, Kleve and Worms (all in Germany).

Operational ecology

Corporate environmental protection in focus

Consistent resource conservation in the value chain

As a world-leading provider of beverage filling and packaging systems, we are well aware of our responsibility to act in an environmentally-friendly manner. KHS questions the consequences of the impact its production operations have on the climate and our natural surroundings and aligns its business and manufacturing activities with decarbonization and resource-conserving targets.

KHS manufactures machines that require the use of energy and resources, especially in later operation at our customers' production sites. Further reducing consumption levels and in particular continuously increasing the overall equipment effectiveness (OEE) for the above will be central tasks for us in the coming years. This tarries with our own understanding of responsible and sustainable business practice. Here, we examine those areas in the value chain both upstream and downstream of the actual production process. Our clear focus in this respect is also on energy and resource efficiency and thus active protection of our climate. In this way, we reduce our impact on the environment while improving our economic basis and efficiency. Finally, our corporate energy and environmental management systems enable us to reduce our dependency on fossil fuels and a volatile price market and thus help to boost the security of supply. → GRI 302-5

Environmental and energy management in the KHS value chain

Six of our ten KHS production sites have energy and environmental management systems in place that are certified according to the internationally recognized ISO standards 50001 and 14001. For information on important regional certification for our factory in China, for example, please see the chapter on our international locations. Regular internal audits and monitoring and recertification audits carried out by external independent bodies confirm the overall effectiveness of our systems of energy and environmental management.

KHS GmbH's environmental and energy guidelines from 2023 are reviewed on an annual basis and specify the minimization of emissions and consumption of raw materials, water and energy, for instance, as strategic goals. The KHS GmbH Facility Management Department is responsible for the company's environmental and energy management. It also maintains close contact with our international production sites in order to exchange ideas, guidelines, expertise, best practices and further empirical values. In this function it performs the following tasks: provision of information and support to the responsible members of the management boards, bundling, coordination and implementation of the tasks and interests of the KHS sites, representation of Group environmental and energy policy interests, also through association activities, and internal and external communication of environmental and energy issues. Environmental and energy-related measures are defined, discussed and followed up in regular meetings of workgroups that comprise KHS GmbH's environmental and energy management officers and the energy and environmental officers at the respective German sites. The workgroups are supplemented by members of the energy and environment teams at the various sites and, where required, by representatives of the Executive Management Board or other divisions.

These energy and environment teams perform an important task: they see themselves as an intersite network within Germany that informs the other teams of and swaps ideas on best practices and proven actions that have already been successfully implemented at a specific site. They ascertain where there is need for improvement and independently devise measures on the basis of this. These teams are themselves operatively responsible for monitoring and realizing the given measures and for carrying out internal audits. Ideas submitted by the workforce through the company suggestion scheme are also assessed by the energy and environment team, with the respective entrants – if successful – awarded a prize. At KHS GmbH level an annual management review is held to set central energy-saving targets. This review also includes superordinate risk and opportunity analyses of our energy and environmental management program. → GRI 305-5; GRI 302-4; GRI 302-5

Upstream areas: employee business trips and commuter traffic

Employee business trips are increasingly being avoided or undertaken using ecofriendly forms of transport. At the moment, KHS personnel travel for business purposes in their own cars, leased vehicles or those in our fleet or by rail or plane. All vehicles in our fleet have the best emission classes and are state of the art. By collecting extended data on our business traffic, we are gathering information for future savings potential. The continued use of video conference systems has since established itself as a further means of generally reducing the amount of business travel at KHS. KHS expressly supports the use of modern communication media to avoid business travel. For employees' journeys to work – as for necessary business trips – we advocate and support the use of the railroad and public transport, among other means of travel.

Moreover, through local production at five international factories and the decentral structure of our worldwide KHS sales and service network, we ensure that in many cases our customers can rely on receiving local support. This not only means huge cuts in travel emissions but also saves time and money.

→ GRI 305-5

Sustainable operations

Greenhouse gas emissions

As part of our commitment to climate protection, KHS in Germany has been using certified electricity from renewable sources since 2016. Thanks to our continuous sourcing of certified green electricity, in 2023 we were able to cut carbon emissions at our German production sites by a further 4,234 metric tons.

To ensure the future-proof supply of energy generated independently, in August 2023 the first photovoltaic system for a KHS facility was erected in Dortmund by the MaGeno-Solar eG cooperative that was founded specifically for this purpose by 180 employees. This production of green electricity at the site saves a good 190 tons of CO_2 per annum. Following successful installation of the setup in Dortmund, initially all other German production sites will be equipped with photovoltaic systems over the next few years. The next is planned for Bad Kreuznach at the end of 2024. → GRI 305-5; GRI 302-1

>4,200 t

Total CO_2 avoidance through green electricity

ALL KEY FIGURES

Energy

KHS has specified concrete reduction targets for our electricity, natural gas, heating oil and water resources by 2025. These targets are regularly monitored by our energy and environmental management system. In addition, the following table shows the status quo in the 2023 reporting year:

Our targets 2025

Energy consumption within the KHS Group	Status quo[1]	Target for 2025[2]
Electricity consumption	-19.5%	-8.9 %
Heating consumption [natural gas, heating oil]	-28.5%	-4.9 %
Water consumption	-14.6%	+1.1 %[3]

[1] As of 2023; percentages refer to base year 2018.

[2] Percentages refer to base year 2018.

[3] Slight increase in absolute values as a result of the rising number of commissioned lines/machines. Our aim continues to be to keep water consumption down to a minimum in individual cases.

As a manufacturing company, the amount of energy the KHS Group requires for machines, lighting and air conditioning, IT infrastructure and operating materials is considerable. The efficient use of energy and resources in the production process is thus a key factor in KHS' system of energy and environmental management and plays an important role in the company's ecological balance. In 2023, numerous operative projects, such as continued conversion of lights to LED lighting, heat recovery using waste heat from production to heat other rooms in the winter, among other things, optimized warm water generation or improved control units, were thus introduced to help us use an estimated 220,000 kWh less of electricity per annum as of the reporting year 2023.

KHS GmbH's own vehicle fleet is managed by our headquarters in Dortmund and consists of a total of 258 vehicles. Footnote: These include pool, service and field installation vehicles and person-related company cars. In the future, the now already modern fleet is to be converted further to alternative drive concepts such as electric or hydrogen-powered cars, plus all of the necessary infrastructure. Back in 2022, six charging stations were installed at KHS GmbH headquarters in Dortmund. In the reporting year two charging points apiece were fitted at the German sites in Kleve and Hamburg. In 2024 a further two respective charging stations will be installed in both Worms and Bad Kreuznach. Moreover, a global concept for the charging infrastructure at KHS is also being planned. → GRI 303-1; GRI 303-5; GRI 302-1; GRI 302-4

ALL KEY FIGURES

Waste management

We are making key contributions to the conservation of resources by changing over to ecofriendly materials and closed loop systems and by reducing or avoiding waste and the influx of contaminants. Where possible, hazardous materials are substituted by less dangerous alternatives. In spring 2023 a further improved waste separation concept was implemented for production that is in use in two pilot areas at our Dortmund factory. It will be successively rolled out to our other KHS production sites. Waste management is the responsibility of the Occupational Health and Safety and Environmental Management Department. One emphasis here is to optimize waste transportation, for example by compressing waste and thus making the storage and removal thereof more efficient and gentler on resources. To be more specific, skip containers are being replaced by waste compactors where this is both possible and practical; roll packers for waste wood are also in use. → GRI 306-3

Efficient processes and recycling flows in production

One key task for KHS is to reduce the amount of energy and resources used in production in order to minimize the impact of our business operations on the environment. KHS attaches special importance to the optimum flow of materials in production, with steel, stainless steel and plastics the three main groups of materials used in the KHS value chain. Where possible, several manufacturing steps are carried out on just one machine to save on resources, for example by using a combined punching/laser machine to process sheet metal. When investing in new machines, our production experts aim to eliminate entire process steps in the manufacture of a product by applying further developed technologies. Individual assembly stages in production are continuously questioned.
One such project, for instance, is the reconstruction of a bottle washing machine in close cooperation with Production and Assembly. A new modular design and assembly concept means that the machine is no longer built in its entirety but in modules. Test runs are then only carried out during commissioning, thus saving further on resources such as electricity and water to fill the machine.

3D visualization of our production layouts helps us to optimize processes further. For an optimum transfer of knowledge and fast learning and application of experiences to practical operations at the KHS sites, we are currently establishing what are known as global industrial engineers worldwide at all of our facilities. → GRI 301-1; GRI 302-1

Biodiversity at our plants

The United Nations' Convention on Biological Diversity describes biodiversity as being the wide variety of all living organisms, habitats and ecosystems on land, in freshwater, in our oceans and in the air. Furthermore, different species inhabit different niches in our ecosystem. If certain species are no longer present, previously stable ecological systems are disrupted. The decline in biological diversity – or the extinction of species – thus poses a genuine threat to humankind; together with continuing climate change, this is seen as the greatest global challenge. KHS' production sites and all of the people who work at them are embedded in their local communities. We therefore specifically commit ourselves to social and environmental issues within the community and assume responsibility for the good of the local populace.

Besides our factories outside Germany (see the chapter on our international production sites), our German factories are also taking concrete action to promote the diversity of species. The projects have three main areas of focus:

- Investigations are being carried out as to the possible unsealing of areas at the KHS sites in Dortmund and Worms;
- Options for insect-friendly outside lighting are currently being examined initially for the factory in Worms;
- Wild flower meadows are to be planted, initially 480 m² in Dortmund in March 2024. A second wild flower meadow covering over 1,000 m² is also to be sown in Bad Kreuznach in the spring of 2024.

Downstream areas in the value chain: packaging

In accordance with our globally binding packaging guidelines, we employ reusable packaging made of long-lasting materials to ship our products. Wherever possible, returnable wooden pallets and sustainable materials are therefore used for housing or secondary packaging when transporting our machines. Where film is unavoidable, KHS preferably works with partners who utilize film with a reduced thickness, for example. This is also recyclable and does not contaminate groundwater. We still see potential when it comes to the shipping of spare parts, however, where second-hand packaging could be reused more frequently. → GRI 301-1; GRI 301-2

Logistics

KHS continues to strive to reduce its movement of goods and thus cut down on greenhouse gas and toxic emissions in the current circumstances in order to avoid pollution harmful to both humans and the environment as far as possible. KHS lines and machines are heavy; the traffic of goods within the sections of the supply chain we hold sway over thus requires meticulous planning and coordination. One key lever here is the combination or consolidation of shipments, with particular attention paid to the factor of economy. In addition, this procedure always has a positive effect on emissions that can be avoided by intelligent planning.

A further focus is to change the mode of transport. In intensive dialog and coordination with the production sites outside Germany, where possible we want to avoid air freight and instead rely on maritime cargo. One shipment by sea can replace around ten consignments by air. This procedure will be validated and implemented with our international factories in the course of this year (2024). The aim is to decentralize warehousing and ensure the availability of goods at the respective KHS plant in the long term. USA and Brazil will be the first to initiate this policy, with further international sites to follow.

We have identified further potential for reducing transport-related emissions in the existing railroad siding located at our warehousing facility in Dortmund. In the current business year, KHS will verify whether some of our goods, such as our production and spare parts, can be shipped by rail instead of by road. KHS already transports goods by railroad as a fixed component in its container consignment process, such as when moving deliveries from the factory to the sea port.

The digitalization of all of our internal and external processes is steadily much improving efficiency. Furthermore, the use of current IT tools and systems prevents unnecessary documentation on paper. In addition, our Shipping/ Logistics Department calculates individual projects, especially those with a larger volume, with the help of an approved carbon calculator and in doing so optimizes selection of the best coordinated means and routes of transportation right from the outset. In the reporting year KHS also extended its IT systems to further optimize its shipping emissions, centering here on the perfect utilization of load carriers, such as containers or trucks. By automatically calculating the ideal load for the shipment space, superfluous load carriers and thus emissions can be avoided. The IT system will become a fixed feature in the planning of outgoing freight in 2024. → GRI 305-5

Social governance

Future-oriented employment as a guarantee of success

Understanding and managing social responsibility

The people directly and indirectly connected with KHS form the core of our responsibility to society. First and foremost, we focus on our employees and their families, our customers and suppliers and the local communities where our production sites are located. We are convinced that the key to the success of our company lies in mutual esteem and fair cooperation.

Here, our personnel are our most precious commodity. They shape the future of our company; our success and progress depend on them. KHS thrives on the expertise, commitment and innovative spirit of its entire workforce. For us, good working conditions and an open environment defined by respect and appreciation are therefore basic pillars of the modern world of work. Flexible working hours, remote work options, an attractive and appreciative remuneration structure and a healthy and safe working environment are just a few concrete examples of this. Another major focus lies in specifically involving our personnel in the further development of our company. Our employees' many years of experience and vast expertise help to shape our change and improvement processes to the benefit of all concerned.

Strategic management approaches

With its new policy guidelines on labor law and human rights issued in April 2023 the KHS Group pledges, among other things, to provide safe and healthy working conditions, to offer all employees adequate scope for development, to maintain freedom of association and compliance with national and international guidelines governing working conditions and human rights and to make all effort to ensure that suppliers and service providers also observe the same (see Sustainability management at KHS). The guidelines contain detailed regulations, obligations and goals for the aforementioned points. They apply to the entire KHS Group and all employees worldwide; exceptions are expressly forbidden. Topic-specific, internal and uniform KHS standards in the sense and with the aim of further defining these guidelines are currently being drawn up.

Providing a fair, market-oriented salary is an integral component of our corporate policy at all sites worldwide. Together with key benchmark service providers, we carry out regular salary checks for defined target groups on a global scale in order to ensure this.

Our basic principles governing the lawful manner in which all employees should conduct themselves are outlined in our KHS code of conduct that in essence makes reference to the United Nations Global Compact. The code centers on a shared system of values and principles. It includes, in particular, regulations on fair competition, the avoidance of corruption and conflicts of interest, transparent reporting and the duty to observe secrecy (see Compliance management system).

KHS' occupational health and safety management system is certified according to ISO 45001:2018 and currently covers 74.3% of all KHS personnel worldwide (see Certification of management systems). → GRI 401-1; GRI 401-2; GRI 403-1

Increasing internationalization of HR work

The central challenges to society we face today encompass not just climate change but also the development in our demographic, meaning that fewer much-needed qualified experts are available, plus digitalization and the resulting changes this brings to the world of work.

KHS GmbH rises to these challenges in the context of its social responsibility. Embedded in its corporate personnel policy, the company has thus formulated a human resources strategy that defines four fields of action:

1. Digitalization and process efficiency
2. Modern working environment
3. Assurance of skilled labor
4. Personnel development.

For each of these fields of action we have devised numerous measures that are being implemented step by step. These center on optimizing the recruitment of young professionals through qualification initiatives, fostering potential, strengthening employee loyalty and making HR processes as efficient as possible. In all of our activities we take the demands made of our employees specific to their stage of life into account and in doing so bring about a change in social priorities within the company.

Of increasing relevance to our HR departments is support for our strategic OneKHS worldwide program that aims to boost global cooperation within the KHS Group. In the course of reorientation of our international HR activities, the alignment and effectivity of personnel development is to be intensified at international level, among other issues. This includes providing study concepts that give executive managers and employees the chance to learn skills and amass expertise that are critical to success. With this, we want to enable them to help influence and further develop our global cooperation and management culture in order to contribute to the future, long-term success of our company.

Our mission for future-oriented employment

For KHS, providing someone with a future-oriented, fair and secure job is of high relevance and prerequisite for the success of our company. Some of our customers require that we hold certificates on sustainability and social responsibility, for instance. Here, we are able to provide proof of consistent Sedex SMETA and EcoVadis certification since 2012 (see Sustainability ratings, memberships and initiatives).

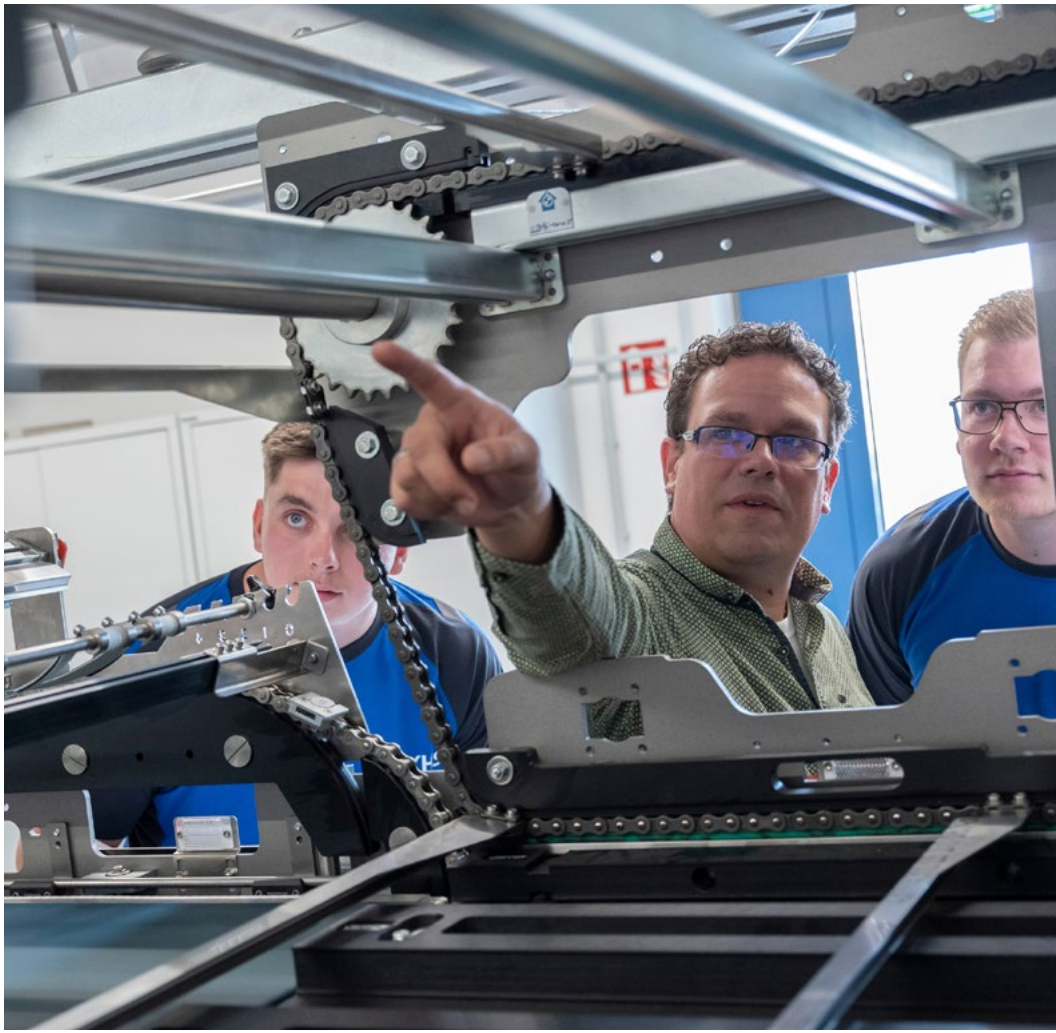
The working conditions at our company are a key deciding factor when attracting new employees. At a time of fierce competition in the drive to recruit and commit specialist workers, we find it both essential and elemental that we offer our employees an excellent working environment, ensure fair working conditions and hold them in high regard.

Our personnel can depend on us as their reliable and strategic partner at all times. Our work together is built on a performance culture based on trust, respect and esteem, with fair and cooperative partnership of particular relevance. For all of our futures we wish to continue to motivate our workforce with this perspective and attract good, new team members to KHS.

It is important to our employees that their interests are represented across a broad spectrum. This is a basic prerequisite if we are to work constructively together on an equal footing. This is ensured by trade unions, work councils and other employee representative committees according to the legal basis. The Executive Management Board regularly confers with these associations on

the company's development and analyzes the working conditions that derive from this. This trusting and constructive cooperation has a positive impact on our social standards.

KHS wishes to ensure that all regulations that must be observed during company activities are adhered to – such as the relevant laws and our in-house rules. To this end, our personnel take part in obligatory training courses on topics such as compliance and data privacy on a regular basis. → GRI 2-23; GRI 2-24



ECOVADIS

EcoVadis is the leading international platform for the assessment of corporate social social responsibility and sustainable procurement in companies against the background of the environment, labour and human rights, ethics and sustainable procurement.

SEDEX | SMETA

SEDEX (Supplier Ethical Data Exchange) is an online platform that supports the SMETA (Sedex Members' Ethical Trade Audit), which is recognised worldwide. Topics such as working conditions, occupational safety and hygiene as well as environmental management are audited.

HR management and co-determination

With targeted HR management, KHS lays the foundations for the success of our company in the long term.
Our system of HR management provides holistic support for personnel-related issues by defining HR teams assigned to each user department as a first point of contact. They are familiar with local statutory, pay scale and company regulations and ensure that these are complied with. They also act as strategic partners to the management and forge a link between the interests of employees and those of the employer.
The managing directors of our subsidiaries outside Germany are assisted by a central, international HR management unit based in Germany, whereas the international production companies have local HR teams on site.

We are convinced that not only financial goals contribute to the success of the company in the long term. When drawing up agreements with our executive managers, non-financial key figures also play a role. For several years now we have thus fixed annual targets group-wide in order to intensify the further training of our employees and further reduce the number of accidents, for example. → GRI 2-19

Co-determination on an equal footing

We find it particularly important to inform and involve our employees at an early stage so that we can jointly identify potential for the further development of working conditions and the working environment. The way in which personnel are involved varies from plant to plant in order to respect the different legal requirements. In Germany, each production site has works council committees, young person's and trainee representatives (JAV) and severely disabled person's representatives (SBV). These belong to the joint works council, joint JAV and joint SBV respectively. Special topics such as occupational health and safety and basic and further training are dealt with in dedicated committees.
→ GRI 2-29

At our German production sites, a number of company agreements have been negotiated with the works council to strengthen the interests of our workforce. They govern the rights, obligations and obligatory standards for employees. These include company agreements on the following topics, among others:

- Workplace health promotion
- Training
- Inclusion
- Addiction prevention
- Company suggestion scheme
- Continuous improvement process (CIP)
- Flexible working hours
- Remote work.

Adherence to agreed regulations is just as important to us as our company agreements, which is why KHS substantiates this with various audits and tests as a matter of course. These include:

- Assessments for exceeding work time limits
- Internal company revisions
- Cooperation with the employers' liability insurance association
- Internal occupational health and safety audits
- External audits and certificates such as EcoVadis.

Fairness and esteem

At KHS GmbH, our day-to-day dealings with one another, the working conditions on site and the salaries and additional benefits we provide are seen by our employees as a mark of our esteem and a sign of fairness. If we are to commit our employees to the company in the long term, it is very important that they have a sense of purpose in their own work and receive recognition for it. The current implementation of agreements governing remote work since July 2022, for instance, regulations on leave of absence and working hours are further aspects. Long years of service to the company and a low fluctuation rate are both indicators of the level of satisfaction among our employees.

KHS personnel are employed based on collective wage agreements or individually negotiated tariffs. Salaries consist of a fixed sum and a fair performance-oriented allowance. The respective collective wage agreements of the metal and electrical industry apply, to which KHS is committed through its membership of various trade associations. In addition, KHS pays portions of earnings above the pay scale, such as a higher premium for overtime. Moreover, our company car guidelines clearly regulate when employees can make use of one of the vehicles in our fleet.

Further extra benefits include our company pension schemes, such as the MetallRente and SZAG Model programs, and an occupational disability and accident insurance plan. Our employees can make their own contribution to their later financial situation through our company pension program: here, they save a percentage of their salary for their retirement that is then topped up by the company. External specialists advise here on investment options or compensation for inflation, for example. → GRI 2-30; GRI 401-2

Personnel development and knowledge transfer

New focus on exploitation of existing global potential

In the assignment of material topics, the recruitment and commitment of specialist workers is a top priority for both KHS and the Salzgitter Group. This logically means that globally determinative HR topics such as talent management, successor planning, the advancement of women and digitalization of the world of work are of extremely high relevance to us, too.

KHS' international presence and alignment give the company extra opportunities to address these issues on a global and thus broader scale. At present, personnel development and qualification are thus gaining an increasingly international orientation that transcends national boundaries. In this context, we want to establish a setup that accounts for the prevailing trends, with which we can support our company development in the long term and ensure the necessary build-up of expertise.

HR development adopts a holistic approach that includes the following elements:

- Creation of a culture of learning, including suitable learning journeys for the respective roles
- Supervision and expansion of leadership development programs
- Development of talent and trainee programs.

We want to fully exploit and harness the chances provided by an international workforce with its natural diversity, range of expertise and cultural variety for the benefit of our company. Existing global skills are to be made transparent and put to specific use – with suitable opportunities for the development for our employees, also on an international level. Generally speaking, it will be of elemental importance to identify, develop or alter available knowledge and existing skills to reveal different perspectives and paths of development.

For our HR departments, and Personnel Development in particular, this international alignment also triggers a need for change. Our HR departments must increasingly focus on the international context and work towards establishing a cross-functional, flexible and demand-based organization. In keeping with this international transformation, our HR departments will continue to develop their expertise in order to meet the current challenges. → GRI 404-2

Ramona Brenner, Head of Sales BC Europe West, has been with KHS for 16 years

Advancement of women

It is important that we offer women at KHS the same opportunities for development as their male colleagues. For this reason, we have signed up to Salzgitter AG's Career paths for women orientation program that addresses female employees who wish to specifically plan their career and aspire to a managerial role within the Group. This program primarily concentrates on issues such as professional goals, skills, experience and whether a managerial or expert post is preferable.

Another measure in place is our mentoring program for women derived from the **FORWARD** personnel development scheme offered by Salzgitter AG. Here, participants have the opportunity to talk to mentors from the executive management about how best to plan and develop their career. Introductory and concluding sessions with the Salzgitter Executive Management Board and individual workshops staged by external providers complement this program.

→ GRI 405-1

Apprenticeship, personnel development, preservation and transfer of knowledge

In answer to these challenges, we have devised numerous measures as regards personnel development as part of our HR strategy that are embedded in the policies stipulated by our parent company Salzgitter AG.

TransferWerk: transferring and safeguarding precious knowledge

In conjunction with the change in our demographic and our transformation from an industrial society to one based on knowledge, KHS is systematically implementing its TransferWerk process. This structured and moderated method of knowledge transfer passes on expertise critical to success and relevant to the company harbored by someone due to leave the company to their successor and is thus permanently retained for KHS.

Our knowledge transfer process starts with preliminary talks in which the executive manager, knowledge provider and knowledge recipient take part. General conditions, requirements and expectations are discussed and a good personal basis for the transfer of knowledge is established. With the help of special software, the knowledge and experience of the knowledge provider are actively requested, systematically recorded and structured. The various fields in this person's knowledge are then prioritized and broken down into details for handover to their successor. → GRI 404-2

About 50

apprentices and trainees throughout Germany each year

>80%

of trainees taken on for an unlimited duration

ALL KEY FIGURES

Group-wide transfer of knowledge

We exploit the potential of knowledge transfer above and beyond the boundaries of our individual Group companies. Group-wide exchange was initiated several years ago with our **KONZA** program (short for "KONZernweiter Austausch") to intensify cooperation throughout the Group. This initiative is derived from the Group-wide **YOUNITED** mission statement and encourages employees of Salzgitter AG and all its companies to see work processes, methods and expertise in the same light. Various workshops, idea labs and internships give employees an insight into how people in other departments work and thus identifies new areas of potential for process improvement.

Training, fostering and retaining skilled workers

We have entered the competition for skilled workers at our company with a wide range of forward-looking training options. Each year we hire around 50 apprentices and trainees throughout Germany and attach great importance to imparting knowledge using a number of different formats right from the very start. Over 80% of our trainees are taken on for an unlimited duration. The spectrum of courses we run is large. Besides apprenticeships for commercial and industrial/technical vocations, we also offer internships for high-school and university/college students, plus various work/study programs.

With our special **Fit4KHS** onboarding program we help to ensure that new employees have the best possible start at our company and are given the chance to familiarize themselves with our structures, procedures and team members early on. This also includes an extensive introduction to the topic of occupational health and safety. This program is to be successively expanded to include our international locations.

KHS Campus

Since 2011 our in-house KHS Campus academy has provided our workforce with a diverse range of further training options. It is available to all personnel and provides courses in soft skills (such as IT, languages, communication and methodological skills) as well as in a wide variety of technical subjects. In order to prepare our employees as best we can for changes in working conditions, we regularly assess further training requirements and adjust our KHS Campus program accordingly. Our further training and personnel development measures are also provided digitally in the form of webinars, for example. On request, Personnel Development also devises courses of further training for entire departments.

Step4Future

Another module in our personnel development program is our Step4Future talent management plan. It specifically promotes those with high potential and supports them through a mentoring program. Besides developing their expertise in five workshops and training sessions, as there is a fixed study group those taking part have the chance to build up an interdisciplinary network within the company. At KHS talented individuals can also participate in our own special management development program entitled Fit4Leadership and in personnel development programs run by Salzgitter AG. Management lectures and experience discussion groups round off our range of educational services.

→ GRI 404-1; GRI 404-2

Health and safety in the workplace

Occupational health and safety management at KHS

As a production company, occupational health and safety or OHS is especially important to KHS. This applies in particular to our manufacturing and assembly departments and during our commissioning or service assignments. We constantly monitor and invest in occupational health and safety measures in order to give our workforce the best possible protection against health hazards with the help of training courses and modern technical systems. Our long-term goal is Vision Zero or no accidents in the workplace.

We systematically analyze every single industrial accident that results in lost time. Additional protective measures are then derived from this and we check that our occupational health and safety processes are adhered to. Although we have continued to further improve our technical occupational health and safety measures, accident analysis reveals that an increasing number of accidents are caused by incorrect behavior. This is why we focus on continuously reinforcing people's attitudes towards occupational health and safety. The aim here is to change habitual patterns of behavior that can lead to mistakes and accidents.

Our OHS measures are based on Salzgitter AG's group guidelines on occupational health and safety. KHS GmbH's occupational health and safety management program has been ISO 45001-certified at all German production sites since 2019. On a global scale, 74.3% of all KHS personnel are covered by a certified OHS management system such as the above. Internal audits and various other measures ensure that our Group-wide OHS regulations are complied with. Occupational health and safety is managed on a local level at our plants in Germany, meaning that each production site has its own occupational health and safety officer. The head of the KHS Occupational Health and Safety Department coordinates our local OHS officers and makes sure that all guidelines and requirements are uniform. This ensures that all of our factories have the same high standard of occupational health and safety. The head of Occupational Health and Safety is in regular contact with the Salzgitter AG Occupational Health and Safety Work Group, enabling experience in this field to be shared across all Group companies.

There is an Occupational Health and Safety Committee (OHSC) at every German site that convenes regularly. Meetings are held quarterly with employer representatives, the works council, safety officers, severely disabled person's representatives, the company medical officer and occupational health and safety officers. The safety officers also meet at regular intervals. The Occupational Health and Safety/Occupational Medical Care Department regularly prepares a topic of the month which is circulated to our executive managers who then use this to sensitize their personnel to certain issues. The respective topic is presented by the executive manager within the department and is intended to spark off a discussion with all employees.

Regular training is provided by executive managers who also draw up hazard assessments and are thus familiar with the subject. All personnel in Germany – also agency workers, trainees and interns – are instructed in occupational health and safety: new employees always on their first day of work, everyone at least once a year, plus in relation to specific incidents such as after an accident or with changes to operations in particular. Instruction is usually issued by the

respective executive manager in person during working hours; questions can then be asked at any time and the participants' learning progress can be easily checked. Further training options are available through KHS Campus (see the section on personnel development and knowledge transfer).

See the section on personnel development and knowledge transfer.

Employees are cared for by our dedicated Occupational Medical Care Department headed by a specialist doctor of occupational medicine and specialist assistants also trained in occupational medicine. The department provides both occupational medical care and consultancy on health issues. Among the services it offers are prophylactic immunization (against influenza and COVID) and advice on vaccinations and travel. Seminars designed to help people quit smoking are also currently being planned. Data protection with regard to occupational medical care is ensured by the company medical officer's duty of confidentiality; furthermore, only Occupational Medical Care has access to medical data.

One way of encouraging health care is our active lunch break: twice a week employees can make use of a free physiotherapy session lasting 20 minutes. A number of cooperations between KHS and various fitness studios enable personnel to benefit from reduced membership fees. Health action campaigns run by company health insurance schemes are free of charge and available during working hours.

See the chapter on our international production sites for OHS at our other facilities. Demanding local regulations governing various issues of occupational health and safety are often in place there.

→ GRI 403-1; GRI 403-2; GRI 403-3; GRI 403-4; GRI 403-5; GRI 403-6; GRI 403-7; GRI 403-8

Quentic OHS software: always up to date

As our executive managers act as role models, how they behave is extremely relevant to occupational health and safety at KHS. They therefore sign what is known as a transfer of duties when they join KHS; this regulates all standard responsibilities with respect to occupational health and safety, environmental protection and energy management. These responsibilities also include instructing employees and ensuring that first aiders are appointed. Moreover, executive managers draw up hazard assessments using Quentic occupational health and safety software. This was introduced in Germany back in 2019 and helps us to identify and assess hazards so that we can take suitable measures to minimize these.

Accidents, near-accidents and entries in the accident log are recorded digitally so that executive managers and OHS officers receive direct notification and can follow up any incidents accordingly. Lost-time accidents and accident log entries with a high risk potential are systematically analyzed with the help of the software. This means that a digital file is created for each incident. The aim of accident analysis is to derive protective measures to prevent accidents of a similar nature occurring.

Quentic OHS software is also used to prepare and administrate hazard assessments. To this end, all hazard assessments are split into five categories:

- Hazards posed by the main activity
- All hazards on the plant premises or in the vicinity of the workplace
- Organizational hazards and appropriate countermeasures, such as regular instruction and first aid
- Hazards for pregnant women and those breastfeeding
- Psychological stress.

With Quentic, executive managers and OHS officers have clear and targeted access to information contained in the hazard assessments and to all accidents.

Travel risk management

We run a travel risk management program specifically for installation sites outside Germany and travel to and from the same that enables risks to the employees concerned to be assessed in advance. Any measures deemed necessary can then be derived based on this information. Further travel risk management measures include our HSE (health, safety and environment) manual for installation sites, HSE audits on installation sites and the provision of support for employees regarding medical issues and travel safety by our external services provider International SOS. International SOS provides daily updates on travel destinations and can be reached 24/7 through an app and hotline. It provides immediate assistance with medical and other emergencies, up to and including repatriation if necessary.

Communication, training and employee involvement

We implement an extensive range of measures to help sensitize our personnel to issues of occupational health and safety on a continuous basis. These include in particular:

- Topic of the month: this is a one-pager that centers on various issues of occupational health and safety and environmental and energy management (see Occupational health and safety management at KHS).
- What we call sustainability days are regularly held at our German production sites, during which occupational health and safety issues are also addressed.
- Training programs are run for various employee groups in the company (see Occupational health and safety management at KHS), including on travel safety, for instance, and extensive further training options are available for executive managers, such as on OHS-compliant styles of management

Employees can communicate their questions, ideas or remarks on health and safety risks through a central email address; all notifications are immediately entered in Quentic, where they are then processed.

Responsibility also for mental health

With regard to a person's general state of health, we motivate our employees to make use of KHS' in-house fitness and prevention program. In addition to offering seminars on stress management, resilience and mindfulness, personnel suffering from psychological stress can also contact our occupational medical care service. This is responsible for workplace integration management following psychological treatment.

The company health management program steering committee also meets at least once a year to debate new measures and ideas that further improve the occupational health and safety of KHS employees.

→ GRI 403-1; GRI 403-2; GRI 403-3; GRI 403-4; GRI 403-5; GRI 403-6; GRI 403-7; GRI 403-8

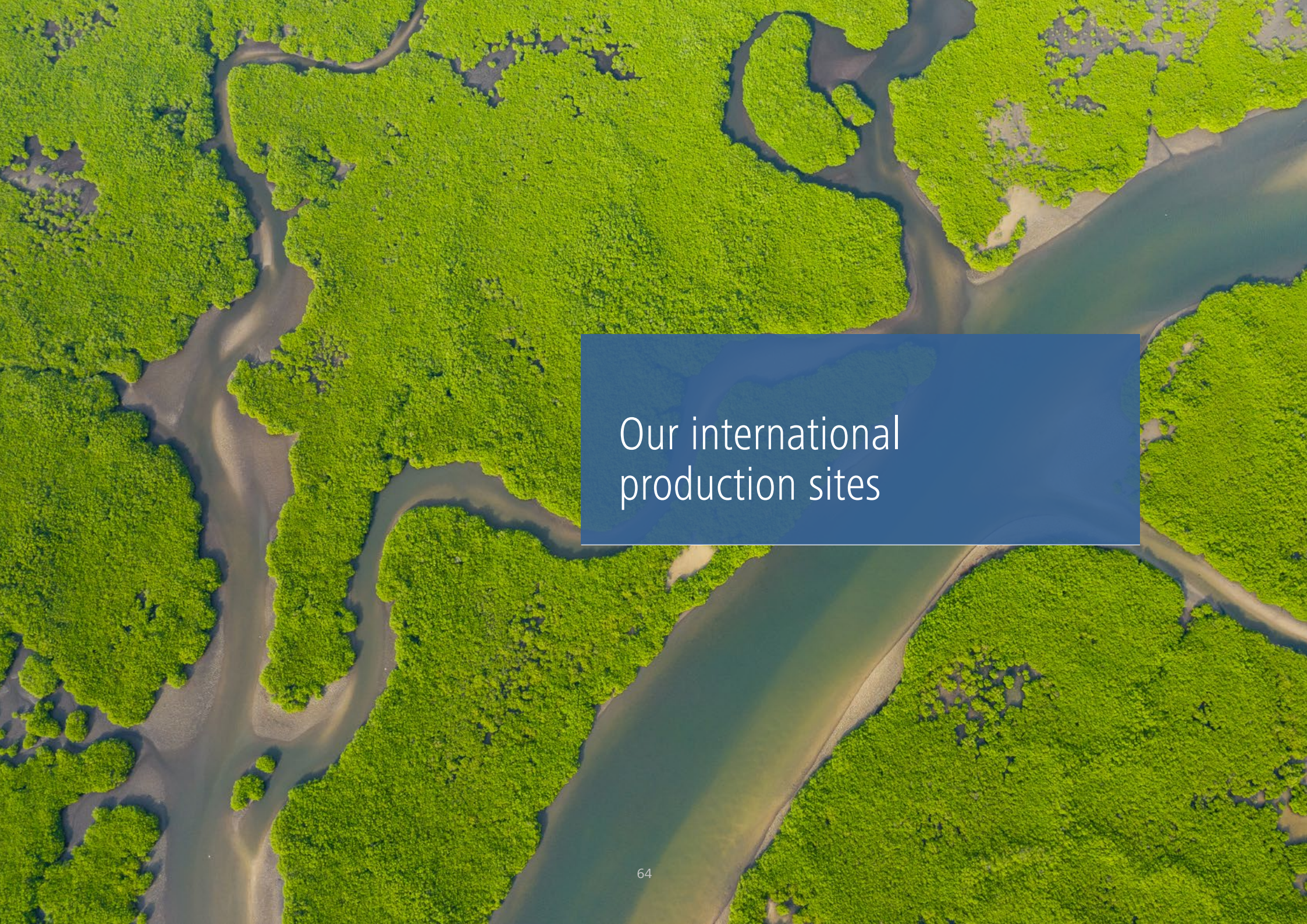
Commitment to local communities

Focus on local cooperation

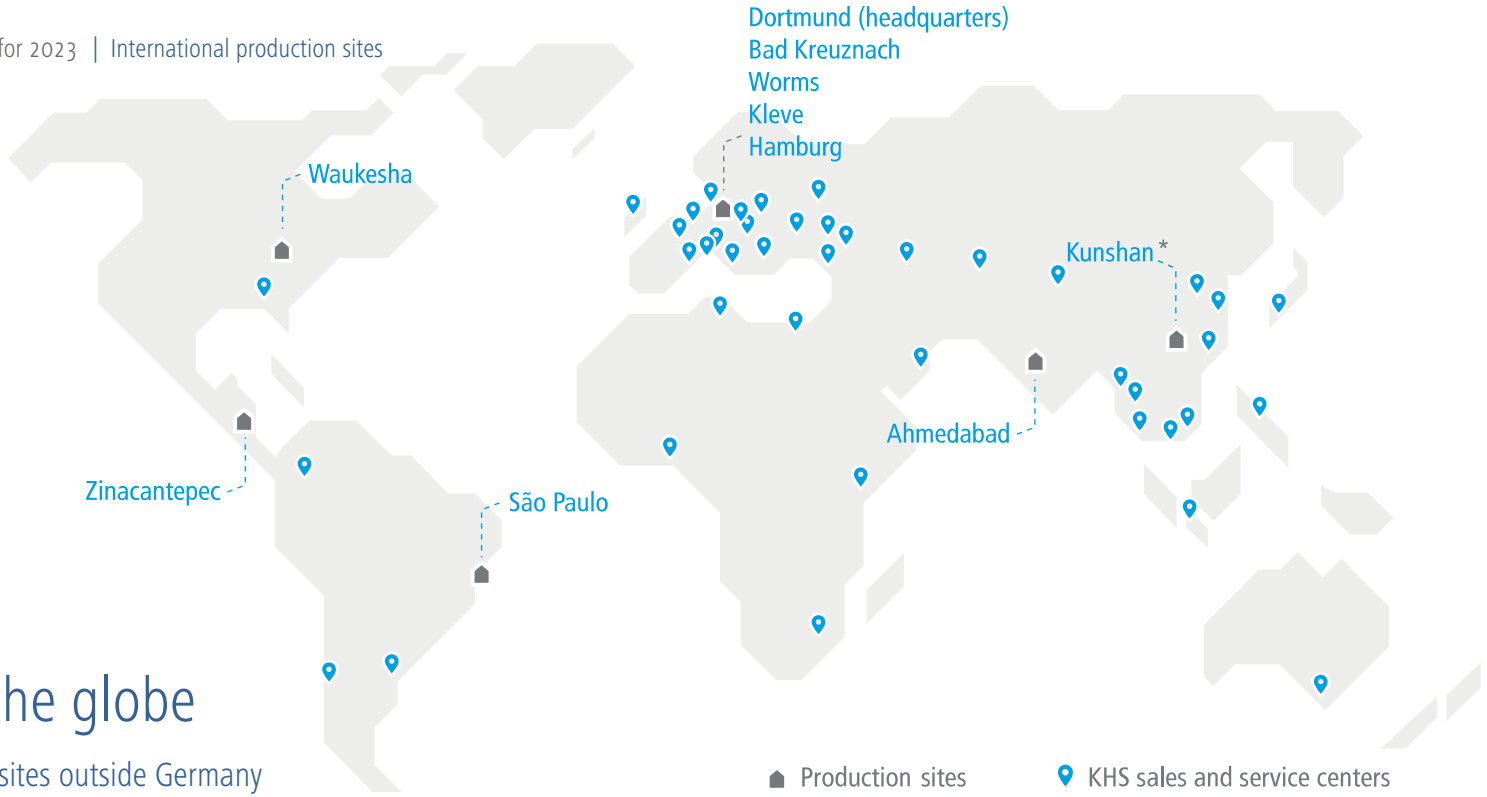
Our policy of social commitment is derived from Salzgitter AG's group-wide site concept that defines criteria for the systematic and transparent promotion of cultural, social and sports projects and initiatives. The key aim of this concept is to improve the quality of life in the communities where our employees live. This in turn endeavors to strengthen and make visible the regional commitment shown by our respective company production sites. KHS' commitment to society thus primarily takes place at a local level.

Many of the funding requests for social projects are directly addressed to us by our committed employees. It is worth mentioning that in lots of cases our personnel have waived their own premiums to the benefit of these charitable institutions; the successful charity 'wish tree' project in Dortmund that grants children at a local hospice a Christmas wish was continued by KHS employees, for instance. Fund-raising campaigns following the devastating earthquakes in Turkey and Syria were also organized. Throughout the entire Salzgitter Group, i.e. including KHS, the workforce donated a total of €92,994.21 for the people affected in the earthquake region; this sum was doubled by Salzgitter AG and rounded up to €200,000.

See the chapter on our international production sites for the respective commitment shown at our facilities outside Germany.



Our international production sites



Around the globe

Our production sites outside Germany

For decades KHS has maintained facilities throughout the world, with its global alignment shaping the way the company does business. We opened our first production site outside Europe in São Paulo in Brazil in 1962. Since then, we have established a number of further KHS factories in the USA, Mexico, India and China. Our international plants largely manufacture for the regional market according to international standards of quality and ethics. Our global production network enables us to best support regional customer projects and offer customers numerous direct services at a local level. → GRI 2-1; GRI 2-2; GRI 2-6

KHS' long-term presence has resulted in close ties being formed with the employees who work for us there and their families. These are the people we are committed to, especially when addressing occupational health and safety issues, improving production processes and further developing personal skills and qualifications. In our responsibility for our international production sites we see ourselves as part of the local communities which we contribute to in the form of various campaigns and aid projects.

The global local presence will be further strengthened by expanding production capacities. This is the key aim of the KHS 2025 strategy program. With a view to boosting customer proximity, further site investments have been made or are currently being planned throughout the world.

In this report, a number of exemplary projects in place at our factories outside Germany illustrate the responsibility we assume towards our customers, employees and local communities.

→ GRI 301-1; GRI 301-2; GRI 302-1; GRI 302-2; GRI 302-3; GRI 302-4; GRI 302-5; GRI 303-1; GRI 303-3; GRI 305-5; GRI 306-2; GRI 306-3

Brazil

KHS has operated its own factory in São Paulo, Brazil, since 1962. At the oldest production site outside Germany within the KHS Group we manufacture machines and components for our process engineering, filling technology and conveyor systems. KHS service teams based at our plant in São Paulo provide customers in Brazil and the neighboring regions with direct local support. We attach great value to making our production processes as gentle on resources as possible and thus reducing the impact our company has on the environment in the long term.

Sustainability management at the plant

KHS' high quality requirements apply to the manufacturing process and products constructed on site. The quality management system in place at our Brazilian plant is certified according to ISO 9001 and complies with the KHS Group's quality and process specifications.

For many years the production site has placed special emphasis on the issue of resource-saving production. A dedicated team responsible for occupational health, safety and environmental protection promotes these topics through specific projects, draws up detailed reports and organizes regular internal meetings.

Thanks to the many measures in place here, we continuously also help to have a lasting positive influence on the social environment and well-being of employees and their families in the neighboring communities.

Climate protection, resource efficiency and circularity in production

Energy

Since January 1, 2023, KHS uses 100% certified electricity from renewable sources at its Brazilian site. This has been documented by various International Renewable Energy Certificates (I-REC). The site not only secures steady energy prices but also the use of green electricity by concluding long-term contracts. Procurement of the appropriate certification (I-REC) is also managed over a lengthy period.

KHS Brazil is constantly working to gradually further decrease its energy consumption in all processes and activities, one example being that the entire factory is lit by LED lighting. → GRI 302-1; GRI 302-4

Greenhouse gas emissions

KHS Brazil is continuously initiating new measures designed to cut greenhouse gas and toxic emissions. For instance, the company implements its own exhaust and filter systems where production processes require it. The factory reduces shipping through its consistent practice of local procurement. Transportation for the delivery of nitrogen is no longer needed as the plant now has its own nitrogen production facility. Its old air conditioning units have been successively replaced by more modern devices. This already saves over 50% in energy. → GRI 305-5

Water

KHS Brazil's own well, which in the past made the facility more independent from the state water supply and prevented shortfalls, was destroyed in a severe storm in 2023. Plans are currently underway to build a new well so that all of the infrastructure previously erected can again be used. This will treat the water in house to such a high final quality that it can be used by the entire plant, including for employees' personal consumption. The production site also has a system for the capture and treatment of rainwater. KHS Brazil fully complies with all guidelines issued by the state water authority ANA. Furthermore, all wastewater produced in house is physically and chemically treated at a special treatment station and then drained off. This system operates in full compliance with the regulations and requirements of the local authorities. → GRI 303-1; GRI 303-3

Waste management

Packaging is reused and/or recycled wherever possible. All cardboard boxes from suppliers are reused and marked with a label specifically stating this fact. This considerably helps to lower the number of new boxes purchased, plus the amount of waste is reduced and with it energy consumption and carbon emissions. In 2023 KHS Brazil procured a machine that shreds boxes that cannot be reused in their entirety. This material is then used as filling and padding. Since 2021 the amount of paper and cardboard disposed of on site has thus steadily receded – by over a third in the two years up to 2023.

By selling used wooden pallets and replacing those in circulation in house with more durable plastic pallets, in 2023 the amount of waste wood was also significantly reduced.

Where possible, pieces of metal salvaged during production are put to other uses in the manufacturing process. The amount of metal waste in 2023 was thus much lower than for the previous year. This successful conservation of resources in production is facilitated by the commitment of our personnel. The short daily meetings on these topics held by the site's dedicated team for occupational health, safety and environmental protection in small groups from constantly changing departments have thus proved effective. They aim to raise awareness for the issues of resource consumption and the prevention of waste in day-to-day operations.

The site has established a Manufacturing Excellence System for the production areas that not only speeds up processes but also makes them paperless. All machine operators have touchscreen monitors where they can access drawings and manufacturing details. Paper is no longer used in production, with all work now done on tablets. Each order is triggered by scanning a QR code, enabling the material required to be pre-assembled in a plastic box. All plastic crates and pallets are consistently reused so that no paper or other waste is generated in this automated system. → GRI 301-1; GRI301-2; GRI 306-2; GRI 306-3

Energy efficient upgrades

The modernization of existing plant engineering plays a key role for the KHS site in Brazil, as it is part of KHS global strategy to develop further the concept of extend Product Center, by the usage of worldwide engineers and an expansion of a certain number of engineers more is expected for 2024 in Brazil, in order to support the local and global needs. Besides modifications to bottle and can formats and new recipes, a major priority for customers is to make their lines and machines more efficient and more sustainable. Less

50%

saves in energy

100%

certified electricity from renewable sources

energy consumption and lower emissions, savings in consumables, product flow harmonization or simply innovative machine components are the prime incentives for our clients to commission updates for their machinery. To ensure optimum support of the highest quality, KHS Brazil has set up its own extensively documented procedure for its retrofit sales process.

KHS Brazil is currently developing its own packaging machine – a film wrapper that uses very little electricity and functions without hydraulic oil by using a pneumatic pallet lifting table. At the moment, the use of recycled netting instead of plastic film is being tested on this machine in an effort to make it even more sustainable.

Social activities

Occupational health and safety are traditionally a key pillar of all activities in Brazil. Risks at work are regularly identified and minimized and the workforce is trained accordingly. The Brazilian authorities continually audit conditions in the workplace, especially with regard to the safety of machine operators, in a process regulated by local standards. Provided that no accidents occur at work within a company, this pays 1.5% of its total wage bill to accident insurance. The Brazilian government can progressively raise this sum if industrial accidents occur in a company that result in more than 15 lost working days. As no accident was registered in 2023, KHS Brazil was not affected by this prospective increase.

Every two years KHS Brazil continues to employ around ten trainees from state technical colleges as part of their apprenticeship. These trainees are usually aged between 15 and 19 and receive a fixed salary during their two-year term at the company. They are all encouraged to learn as much as they can in a special training program that includes practical modules on subjects such as maintenance through to assembly. At the end of this period, they have the chance to be taken on by the company as regular employees. About half of the workforce in Brazil has gone through this program or school cooperation.

Location: São Paulo, Brazil
Employees: 422
Total area: 43,617 m²
Production: 21,234 m²
Administration and development: 22,383 m²
Certification: ISO 9001; SEDEX, EcoVadis

China

KHS has been represented in China since 2005. In 2021 KHS moved the production site to Kunshan. At the new factory we concentrate on the manufacture of PET filling and packaging systems. We also offer a wide range of consultancy services for sustainable plastic container systems and solutions. Moreover, KHS is present on the local market and able to directly supply all of the relevant sales services to the same.

The new production site attaches great importance to efficient, safe and resource-conserving production processes that comply with the KHS Group's quality and process specifications.

Sustainability management at the plant

A number of state requirements and regulations are accounted for in the site's processes. The Chinese factory works with a security consulting company in order to always satisfy the latest state provisions.

The site will be successfully certified according to ISO 9001 in the first quarter of 2024. It also operates a system of environmental management according to Chinese norm GB/T 24001 that corresponds to the international ISO 14001 standard in content. Furthermore, the production site complies with national norms governing the storage of hazardous waste, the emission of air pollutants and the discharge of wastewater. Its energy management system is accredited according to Chinese norm GB/T 23331 that corresponds to ISO 50001. The plant's management systems regulating health and safety in the workplace adhere to national norms GB/T 45001 and GB/T 33000 which is tantamount in content to international ISO 45001 certification. Pursuant to local regulations, our Chinese factory has also adopted a number of monitoring and management measures to prevent the development of occupational illnesses.

In order to incorporate ever-increasing demands into our business processes in good time, we train our management and employees regularly based on state requirements and our KHS guidelines. The facility in Kunshan has set up a dedicated office run by an expert who is solely responsible for issues of sustainability and safety and is familiar with all aspects of the local rules and regulations. In 2023, for example, training courses were held on health and safety in the workplace, safety provided by special equipment, safety management in workshops for high-risk activities, fire safety and contractor safety, for example.

176

employees

since 2017

own security program

Climate protection, resource efficiency and circularity in production

Energy

The use of electricity from renewable sources is in preparation during the current business year and is to be implemented by 2025.
At present the production site has five charging stations for electric vehicles. This number is to be increased to 15 in the coming years in order to cut carbon emissions for journeys to work. A further measure in place is the provision of shuttle buses for our employees. → GRI 302-1; GRI 305-5

Waste management

On site, suppliers are actively involved in our in-house waste management program in an attempt to cut down on packaging waste and reuse packaging materials for shipping. In Production we are currently experimenting with new ways of reducing or avoiding waste, like [r]PET-containers in the quality control of our stretch blow molding machines, such as that generated during test runs. At the moment, all waste is fed into the recycling process through the state infrastructure. → GRI 306-2; GRI 306-3

Social activities

The **Safety First** program established at the former factory is being continued in Kunshan. It has undergone constant further development since 2017 and instructs existing and new employees in all aspects relevant to safety at work. We hold monthly training courses where employees can gain knowledge of risk analysis, safety-relevant work instructions and emergency measures and we pass on reports on any pertinent incidents. Implementation of this program has resulted in a gradual improvement in both the safety expertise and safety awareness of our personnel.

Location: Kunshan, China
Employees: 176
Total area: 12,611 m²
Production: 9,946 m²
Administration and development: 1,566 m²
Certification and awards: Environmental management, energy management and management systems for health and safety in the workplace pursuant to national norms (GB/T), SEDEX, EcoVadis

India

In 1997 KHS set up an Indian joint venture with a local mechanical engineering company. Since then, we have been manufacturing single machines and turn-key systems in Ahmedabad specifically for the regional markets. We coordinate numerous service activities for Central Asia and implement entire projects for new filling and packaging lines for our customers.

Sustainability management at the plant

The management systems at KHS in India are certified according to the relevant international standards. The factory has had certified systems of quality management (ISO 9001), environmental management (ISO 14001) and energy management (ISO 50001) in place since 2015. Its occupational health and safety management system has been certified according to ISO 45001 since 2018.

Climate protection, resource efficiency and circularity in production

Energy

In line with the requirements of the Bureau of Energy Efficiency, an Indian government agency, the plant only uses electrical appliances with a five-star energy efficiency rating. LED lighting has already been installed in all office areas, in yards and peripheral areas and in streetlamps; this is equivalent to around 90% of the total energy requirement for lighting. The remaining metal-halide lamps in our assembly areas are being gradually replaced. To date, 28 older office air conditioning units have been substituted by five-star appliances. The production site plans to install a photovoltaic system in 2024 to cut the emissions generated by purchased electricity and become more independent from the local power grid (local electricity is mainly produced by coal power stations). The factory mostly uses natural lighting in production. Intelligent energy, groundwater extraction and water level meters have been installed to facilitate the optimum use of energy (and water) at the factory.

→ GRI 302-1; GRI 302-4

Greenhouse gas emissions

KHS India has already introduced countless measures to save energy, promote biological diversity and make use alternative sources of energy. 70% of the entire premises are planted up and the air quality index is checked on a daily basis. Moreover, the site plans to obtain green building certification that is to apply to all current and future projects. The standards are to be assessed by the Indian Green Building Council (IGBC) that belongs to the Confederation of Indian Industry. → GRI 305-5

Water

According to the WRI Aqueduct Water Risk Atlas, the KHS factory in Ahmedabad is located in an area of extremely high water stress. The plant's system of water management is therefore highly advanced. Wastewater from its production processes is treated and used so that around 20,000 liters of fresh water are saved per day. Rainwater is collected in drainage wells. The production site strictly adheres to the limits specified by the authorities for the extraction of groundwater and monitors water consumption and sewage treatment plant outlet data daily. The water extraction threshold of 44,000 liters per day approved by the state has never been exceeded. The positive effects of our water management system are already clearly visible: the water table has significantly recovered, rising from 32 meters on installation of the water level meter in 2021 by eight meters to 24 meters. → GRI 303-1; GRI 303-3

Waste management

The long-term aim of KHS India is a zero-waste strategy. The site has a well-established waste disposal system that was introduced over ten years ago. The overriding aim here is to further increase the current 20% rate of reuse for packaging materials from Incoming Goods. → GRI301-2; GRI 306-2

Sustainable products

One key criterion if we are to meet customer expectations is regular inspection of our own products with regard to energy savings, also during their life cycle. Our close partnership with local customers pays dividends here. They give KHS India a direct insight into the operation of our plant engineering and confirm that the machines we supply them with usually have very low consumption.

Despite this, we are continuously developing systems and solutions together with our customers with a view to making further savings in energy and thus emissions. One prime determining factor in this context continues to be the plastic ban initiated by the Indian government that provides for state regulation of single-use PET containers. KHS India therefore places the emphasis of its product portfolio on alternative packaging systems and reuse and recycling.

Social governance and the environment

Widespread poor air quality continues to be a major health concern in India. We have thus planted up 70% of our factory premises in order to create a green space and clean up the air. When we erected our production shop, we also made sure to save the trees already growing on site. Over the past few years, the air quality at our facility has been noticeably better than that in the nearby city of Ahmedabad. We repeatedly engage in tree-planting activities with our employees in the 75,000 m^2 of green space at our site to further increase biological diversity, lower the ambient temperature and attract local species of flora and fauna. There is also a fishpond in the grounds. In addition, we are helping our local communities to green up further areas in the vicinity. In the neighboring village, for instance, we have created and developed a nature park that we now also maintain. The park not only enhances the plant life in the village but also has a play area for children and a public fitness track complete with apparatus for training outside in the open air. This all increases the quality of life for the village inhabitants and their families. Furthermore, at another spot in the village our personnel have planted over 200 new trees, bringing the current total up to 1,560. An area of 2,600 m^2 is also landscaped with bushes, plus 16,000 m^2 of grass.

We offer our female employees a bus shuttle service for travel between home and work. This is used daily by over 80% of our female workforce. We plan to convert our shuttle buses over to electrical drive when electricity from renewable sources is available.

Location: Ahmedabad, India
Employees: 549
Total area: 110,000 m^2
Production: 17,650 m^2
Administration and development: 2,622 m^2
Certification: ISO 9001, ISO 14001, ISO 50001, ISO 45001, Sedex, EcoVadis

Mexico

KHS has been represented in Mexico since the 1970s. In 1992 KHS Mexicana was founded and production of our conveyor systems started at a factory in Zinacantepec in the state of Mexico. Since then, the site has undergone steady further development, with the production shop expanded in 2005 and a new warehouse built in 2008.

At the plant we provide all local and regional services for our national and international customers in Mexico and process turnkey projects for new filling and packaging systems.

Sustainability management at the plant

The site's quality management system is certified according to ISO 9001. Our products manufactured locally, those imported or preliminary products driven by a motor all comply with the Norma Oficial Mexicana (NOM). In addition, KHS has implemented the two national norms governing psychosocial risks (NOM 35) and ergonomic risks (NOM 36) at the factory in Mexico. The plant has implemented prevention programs in order to maintain good working conditions for personnel. KHS Mexico continues to comply with norms that have been in place for many years and are designed to reduce risk and ensure occupational health and safety.

The production plant meticulously adheres to the regulations issued by the Mexican Secretariat of Environment and Natural Resources (SEMARNAT), particularly with respect to water and waste, and submits all obligatory reports, such as quarterly declarations on its water consumption.

The factory plans to certify its system of environmental management according to ISO 14001; its energy management system is also to be certified in accordance with ISO 50001. Project work is currently underway to this end, with the aim of improving the quality of data on emissions, energy, water and waste.

→ GRI 306-2; GRI 303-1; GRI 303-3

Social governance and the environment

Our factory in Zinacantepec has close ties to the local communities. We frequently organize events for the families and children of our local employees to mark special public holidays or the start of school. In coordination with the local union, we regularly invite young people from the community to come and visit the factory and offer internships to give them an impression of what it is like to work at KHS.

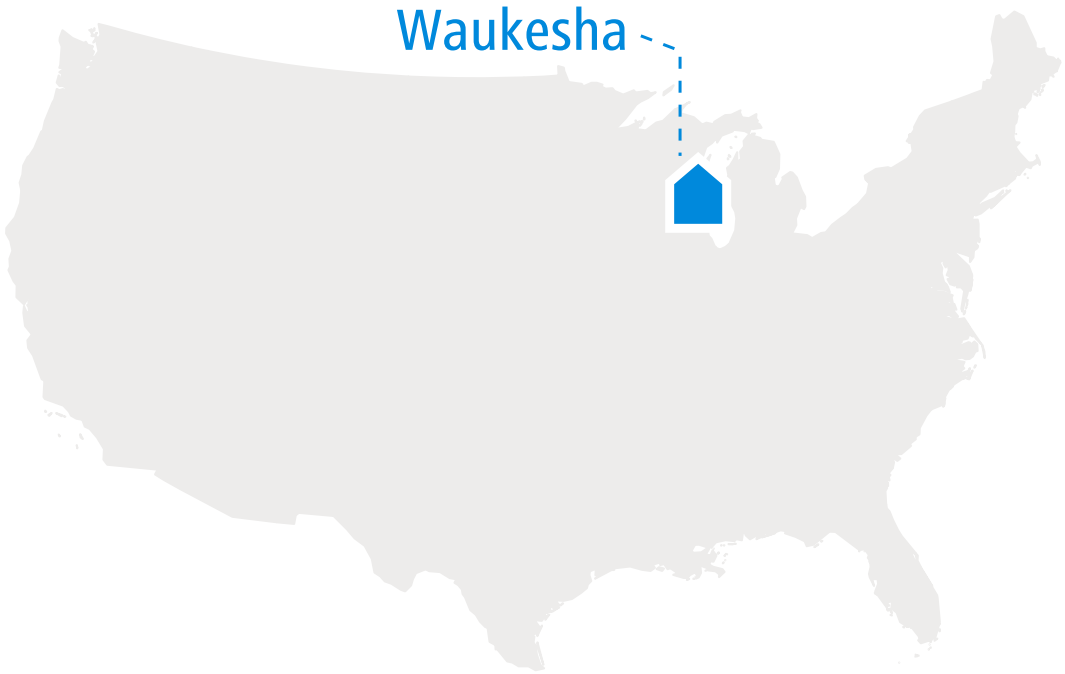
In 2023 a further 100 trees were planted on the factory premises to raise awareness for environmental protection issues. This brings the total number of trees planted on site since 2017 to around 900.

Location: Zinacantepec, Mexico
Employees: 275
Total area: 75,000 m²
Production: 6,820 m²
Administration and development: 2,600 m²
Certification: ISO 9001, NOM 35, NOM 36, SEDEX, EcoVadis

USA

Health and safety at the workplace in focus

KHS has been represented in the USA since 1972. In Waukesha in the state of Wisconsin we manufacture products and components for process engineering and filling technology, where in November 2022 the campus of KHS' US facility was considerably enlarged. Almost 2,200 m2 of extra space was added to the assembly hall to expand local production capacities. The new hall also accommodates a training center that is utilized for internal and external training. The courses are well received by customers: at KHS, their machine operators are trained to be experts and can thus take on more responsibility and equipment ownership back at their own plant.



Sustainability management at the plant

The site's quality management system is regularly certified according to ISO 9001:2015. Furthermore, as a manufacturer of pressure vessels KHS USA, Inc. is certified by the National Board of Boiler and Pressure Vessel Inspectors (NBBI, R and U) and according to the Ontario Technical Standards and Safety Act 2000 and the Boilers and Pressure Vessels Regulation issued by the Technical Standards and Safety Authority (TSSA in Ontario, Canada). The facility is also certified in accordance with the standards issued by the American Society of Mechanical Engineers (ASME).

Climate protection, resource efficiency and circularity in production

Energy

The new assembly hall was also designed to satisfy certain energy criteria. The building and access doors are well insulated. Attention was also paid to details such as the fitting of light barriers and timer switches for inside and outside lighting and automatic hand driers, soap dispensers, faucets and toilets in all washrooms. Installation of large floor-to-ceiling windows affords a maximum amount of natural lighting in the offices.

In addition, the lights in the main production hall were converted to energy-efficient LED lighting. A total of nine large windows, each 3 m2, were also fitted in the hall to give the production teams plenty of natural light.

→ GRI 302-1; GRI 302-4

Greenhouse gas emissions

In addition to numerous energy-saving measures, office staff have the possibility to also work from home on two to three days a week which helps to cut greenhouse gas emissions. Any rental cars needed are increasingly being hired as electric vehicles. More trees were also planted on the factory premises in 2023 to promote biological diversity and provide shade and cooling.

→ GRI 305-5

Water

According to the WRI Aqueduct Water Risk Atlas, Waukesha, WI, is located in an area of medium-high water stress. KHS has already installed a reverse osmosis water filter system at the site to test its process engineering. The use of automatic faucets and toilets are further measures that have been introduced to save on the use of fresh water. → GRI 303-1

Waste management

Our clearly defined single-stream recycling processes boost resource efficiency and make a key contribution to the circular economy. Valuable resources such as paper, cardboard, wood, batteries, aluminum, carbon and stainless steel and electrical and chemical components are collected separately and correctly recycled. We have entered into a partnership with a local company for this purpose. As a large number of wooden pallets, crates and boards regularly accumulate chiefly as a result of the transportation of materials to our plant, we have also developed a recycling system for these resources, with our waste wood recycled to produce mulch. → GRI301-2; GRI 306-2; GRI 306-3

Sustainable products

As part of its certified quality management system, KHS reviews the production processes at its US factory in a continuous improvement process to pinpoint where there is room for further optimization regarding the conservation of resources, protection of the environment and occupational health and safety. All identified areas of potential are systematically prioritized and implemented.

Social governance and the environment

At the US production site occupational health and safety (OHS) in the workplace is traditionally a key focus. Together with an external service provider, OHS courses are held for all employees every quarter that address the topics of hazard communication, personal protective equipment, the labeling and handling of hazardous materials, ergonomics and the avoidance of stress in the workplace, among others.

Our OHS committee, to which various workforce representatives, Human Resources and the local insurance company belong, meets once a month to discuss the safety of the working environment and the continuous improvement of our OHS manual.

Good working conditions, where people are treated with fairness and shown appreciation, effective, relevant tasks and duties and a safe and healthy working environment are paramount for our personnel and other stakeholders. The Human Resources Department is thus not only charged with recruiting qualified personnel but also with developing their skills further and ensuring their loyalty to the company in the long term. This includes offering employees an attractive place of work and taking the changing aspects of the working world into account in conjunction with a person's work/life balance and family commitments.

→ GRI 401-2

Location: Waukesha, USA
Employees: ca. 330
Total area: 54.252 m²
Production: 14.320 m²
Administration and development: 8.239 m²
Certification: ISO 9001:2015, ASME U, NBBI-R, NBBI-U, TSSA – Power and Process Piping, SEDEX, EcoVadis

Key figures

Our key figures in black and white

From turnover figures to figures on power consumption: the facts and figures speak for themselves.

Company

KPI	Unit	Reference framework	2023	2022	2021
Sales	€m	Salzgitter consolidation	1,516	1,291	1,245
EBIT	€m	Salzgitter Technology Business Unit	81.9	47	56.7
EBT	€m	Salzgitter Technology Business Unit	81.1	48	59
EBITDA	€m	Salzgitter Technology Business Unit	114.9	76.8	84.2
Business locations	Number	KHS Group	43	40	40
Production sites	Number	KHS Group	10	10	10
Issued patents and utility models	Number	KHS Group	7,528	7,293	7,107
Expenditure for R&D	€m	Salzgitter Technology Business Unit	26.9	21.8	20.5

Employees

KPI	Unit	Reference framework	2023	2022	2021
Management structure by role Level 1 = Executive Management Board Level 2 = divisional head/EM Level 3 = (senior) departmental head	Number	Germany	4 EMB 15 EM 160 (S)DH	4 EMB 15 EM 153 (S)DH	4 EMB 14 EM 201 (S)DH
Number of employees (total workforce)[1]	Number	KHS Group	5,226	5,046	5,029
Number of employees (total workforce in Germany)[1]	Number	Germany	3,118	3,065	3,096
Temporary employment relationships	Number	Germany	165	147	78
Fixed-term employment relationships[2]	Share in %	Germany	10	9	8
Employees on flextime work models	Share in %	Germany	84	n.s.	n.s.

Employee loyalty

KPI	Unit	Reference framework	2023	2022	2021
Average years of service for the company	Years	Germany	16	17	18
Fluctuation	Rate	Germany	2	2	2

[1] Including inactive employees.
[2] Average.

Personnel development

KPI	Unit	Reference framework	2023	2022	2021
Average age of the total workforce[3]	Years	Germany	44	45	46
Employees under 30 years old[4]	Number	KHS Group	834	772	786
30 to 50 years old[4]	Number	KHS Group	2,651	2,563	2,582
Over 50 years old[4]	Number	KHS Group	1,741	1,711	1,661

[3] All values including apprentices and trainees, employees in the passive phase of early retirement and inactive employees.
[4] The number of inactive employees was added to the values for the total workforce in 2021 and 2022.

Diversity and equality

KPI	Unit	Reference framework	2023	2022	2021
Number of women in the total workforce	Share in %	Germany	14	14	14
Number of women at management level[5]	Share in %	Germany	9	10	10
Employees with disabilities	Share in %	Germany	4	5	5
Nationalities	Number	KHS Group	83	79	77
Men's basic salary compared to women's	Ratio of 1:x	Germany	1:0.93	1:0.95	1:0.95
Employees paid according to/subject to a collective wage agreement	Share in %	Germany	83	n.s.	n.s.
Share of the workforce at all sites represented by officially elected employee representatives	Share in %	Germany	100	100	100
Share of all production sites for which human rights reviews or assessments of the outcome thereof were performed according to Sedex/SMETA	Share in %	All plants	90	90	90

Training

KPI	Unit	Reference framework	2023	2022	2021
Apprentices and trainees	Number	Germany	254	254	249
Average age of apprentices and trainees	Years	Germany	22	22	23

Further training

KPI	Unit	Reference framework	2023	2022	2021
Trained employees	Number	Germany	2,929	2,698	2,737
Average hours of training per employee	Hours	KHS Group	32	n.s.	n.s.
Personnel development measures[6]	Numbers	Germany	11,199	6,737	7,506

[5] Management level includes the Executive Management Board, divisional heads, senior departmental heads and departmental heads.
[6] The value for 2023 is plus compliance training courses.

Job application process

KPI	Unit	Reference framework	2023	2022	2021
Share of all applicants at all sites to whom the relevant transparent recruitment process is made accessible in writing	Share in %	KHS Group	100%	100%	100%

Compliance Management

KPI	Unit	Reference framework	2023	2022	2021
Number of employees who took part in at least one compliance training course in the reporting year	Share in %	KHS Group	91%	-	-
Compliance training courses by type of training[1]					
Antitrust law	Number	KHS Group	2,485	-	-
Prevention of money laundering	Number	KHS Group	2,485	-	-
Prevention of corruption	Number	KHS Group	2,485	-	-
Conflicts of interest	Number	KHS Group	2,485	-	-
Compliance investigations	Number	KHS Group	3	-	-

[1] The last training block was held in December 2020 and is thus outside this reporting period.

Supply Chain Management

KPI	Unit	Reference framework	2023	2022	2021
Procurements by region of origin and purchasing volume[2,3,4]					
Germany	Share in %	All Plants	60	63	55
Europe	Share in %	All Plants	16	16	16
USA	Share in %	All Plants	9	8	14
Brazil	Share in %	All Plants	5	5	6

[2] Correction: the values in the KHS sustainability report for 2021/2022 mistakenly gave "German plants" as the reference framework. This was incorrect. All of the reporting years listed include the values for KHS' production sites both within and outside Germany.
[3] All data without intercompany orders and CPD suppliers
[4] Listing by region of origin in the 2021/2022 sustainability report has been further refined. Regions are categorized by continent according to the definition given by the UN Statistics Division. Additional listing of the four largest countries of procurement.

Supply Chain Management

KPI		Reference framework	2023	2022	2021
Procurements by region of origin and purchasing volume[2,3,4]					
China	Share in %	All plants	4	5	4
America	Share in %	All plants	2	2	3
Asia	Share in %	All plants	4	1	2
Africa	Share in %	All plants	0	0	0
Oceania	Share in %	All plants	0	0	0
Supplier checks[5]	Number	All plants	122	40	28
Active suppliers who have signed the supplier code of conduct	Share in %	All plants	42	33	-

[5] The reference framework for the 2021 and 2022 values has been extended to cover all KHS production sites for the 2023 sustainability report.

Occupational health and safety

KPI	Unit	Reference Framework	2023	2022	2021
Production sites with a certified OHS management system (according to ISO 45001 or OHSAS 18001in previous years)[1]	Share in %	All plants	74.4	75.5	76.6
Accident frequency[2]		German plants	5.8	6.3	6.9
LTIF [Lost Time Injury Frequency][3]		KHS Group	5.36	n.s.	n.s.
Sickness rate[4]	Sharel in %	German plants	5.98	6.68	5.43

[1] Expressed as the percentage share of employees covered by this management system.
[2] Reportable accidents at work per one million working hours, referenced to the active workforce.
[3] Total number of industrial accidents with lost time x 1,000,000 / total hours worked, referenced to the active workforce.
[4] Paid and unpaid hours of sickness in % of target hours; Jan–Dec; core workforce plus apprentices.

Health care & protection in the workplace

KPI	Unit	Reference framework	2023	2022	2021
Employees who have had an obligatory medial checkup[5]	Share in %	Germany	100	100	100
Employees who have been provided with protective equipment[6]	Share in %	Germany	100	100	100
Devices at all sites that have undergone regular inspection or testing[7]	Share in %	Germany	100	100	100

[5] In the course of occupational medical advice (mandatory, optional and/or requested preventive occupational health care, suitability examinations); health care and examination results are usually valid for three years.
[6] Protective equipment according to the area hazard assessment.
[7] Work equipment to be tested according to the test registry; work equipment has varying test periods of between 3/6 months and ten years.

Occupational health and safety

KPI	Unit	Reference Framework	2023	2022	2021
Distinction between all accidents by type and severity					
of which resulting in death	Number	German plants	0	0	0
of which reportable accidents >= 1-3 calendar days of absence from work[8]	Number	German plants	4	10	7
of which reportable accidents > 3 calendar days of absence from work[8]	Number	German plants	26	26	30
Industrial accidents with 0 days of absence[9]	Number	German plants	175	136	145

[8] Referenced to industrial and work-related accidents (without accidents on the way to/from the place of work or commuting accidents).
[9] Data from the digital accident log.

Energy and climate protection in production

KPI	Unit	Reference Framework	2023	2022	2021
Production sites with a certified environmental management system (nach ISO 14001)	Share in %	Alle Werke	74.3	75.6	76.6
Production sites with a certified energy management system (according to ISO 50001)[1]	Share in %	Alle Werke	74.3	75.6	76.6
Absolute energy consumption[2]	MWh	Deutsche Werke	32,583	34,261	43,962

[1] Expressed as the percentage share of employees covered by this management system.
[2] Including gas consumption for non-heating purposes and excluding tenant electricity and gas consumption.

KPI	Unit	Reference Framework	2022	2021	2020
Distinction by type of energy					
of which heating oil	Share in %	German plants	4.1	5.1	7.0
of which natural gas	Share in %	German plants	42.5	46.0	51.4
of which electricity	Share in %	German plants	35.7	34.5	29.4
of which fuel (gasoline/diesel)	Share in %	German plants	17.7	15.0	12.2
of which from renewable sources (certified green electricity)	Share in %	German plants	35.7	34.5	29.4
Specific electricity consumption	MWh/€m turnover	German plants	13.4	16.1	20.4
Temperature-adjusted heating consumption	MWh/€m turnover	German plants	19.2	25.8	38.7

Inventory of greenhouse gas emissions (GHG emissions)

KPI	Unit	Reference Framework	2023	2022	2021
Scope 1: direct GHG emissions[3]	t CO_2 equivalents	KHS Group	6,904	6,922	8,668
Scope 2: indirect, energy-related GHG emissions[3]					
– market-based	t CO_2 equivalents	KHS Group	3,140	3,168	2,745
– location-based	t CO_2 equivalents	KHS Group	8,511	7,963	7,817
Scope 3: purchased goods and services[3]	t CO_2 equivalents	KHS Group	133,875	112,536	109,246

Resource conservation

KPI	Unit	Reference Framework	2023	2022	2021
Absolute water consumption[3]	m³	German plants	38,396	36,843	30,589
Specific water consumption[3]	m³/€m turnover	German plants	44.1	50.2	48.4
Total amount of waste[4]	t	German plants	3,937	2,689	3,457
Amount of hazardous waste[4]	Share in %	German plants	3.6	6.1	2.8
Specific amount of waste	t/€m turnover	German plants	4.5	3.7	5.5

[3] The values from the sustainability report for 2021/2022 have been corrected. The reference framework has been adapted.

[4] The values used to identify amounts of waste were adjusted from 2021; values may thus be higher.

About the KHS sustainability report

The following voluntary sustainability report focuses on the key impact the KHS Group's business activities have on the environment, economy and society and provides information for the reporting period January 1 through December 31, 2023. From now on, KHS will report on its sustainability achievements once a year.

The report is divided into four main chapters:

1. strategy and governance
2. product responsibility
3. operational ecology
4. social governance

These chapters describe the key challenges, targets, measures and approaches to management that are based on KHS' sustainability strategy.

Aim of the sustainability report

Quantifiable, transparent and thus verifiable sustainability achievements are the foundation of progress and further development. In our sustainability report, we outline our sustainability targets and their current state of implementation and highlight the significant commitment shown and specific measures in place at our various production sites.

One of the main purposes of this document is to report on the economic, ecological and social impact of KHS' business operations, using key figures to substantiate this. Our data base was again extended in the drawing up of the current report. Specially developed KPIs enable the level of goal achievement with respect to our sustainability efforts to be quantified.

As part of the Salzgitter Group's Technology Business Unit, KHS also provides data for the annual, separately compiled, non-financial report included in the annual business report issued by Salzgitter AG. Being integrated into the Group reporting process provides new impetus for discussions with our employees, customers and business partners, further stakeholders and the interested public.

Salzgitter AG's non-financial report was audited externally by the EY GmbH & Co. KG auditing company to obtain limited audit assurance. KHS set up internal procedures to ensure the quality of the report. KHS' independent report was not audited externally.

Our voluntary report is produced with reference to the standards of the Global Reporting Initiative (GRI). In close cooperation with Salzgitter AG, KHS has based its report on the reporting rules defined in particular by the upcoming EU Corporate Sustainability Reporting Directive (CSRD) and the EU's taxonomy directives. → GRI 2-1; GRI 2-2; GRI 2-3; GRI 2-4; GRI 2-5

KHS aims to further develop its sustainability report in keeping with these legal requirements and to thus make it easier to compare the report's content with that of any other market participant.

Defining the report content

When defining the topics to be included in the report, we focused on the central expectations of our stakeholders and the principle of materiality.

The materiality analysis conducted by the Salzgitter Group in 2022, whose material topics were validated without change for the 2023 non-financial report (see Salzgitter AG's annual report for 2023, p.105) specified the data and framework for the thematic priorities to be set in the current sustainability report. KHS contributed to the implementation of the Group materiality analysis and took the presented results of the Group analysis as a basis for discussion in order to reflect on the special aspects of KHS' field of business with select stakeholders (customers and service providers). As a result of these talks, the relevant sustainability issues were assessed with a view to their significance for KHS and assigned to the areas of activity where KHS has initiated or (further) developed appropriate management approaches. The conclusions from this process are a composite part of the current sustainability report.

Our sustainability report is constantly maintained and further expanded. After five consecutive voluntary documents of this nature, the current report was again analyzed with external support. This allowed us to gage our current status and showed us where we needed to go into greater detail in our presentation of certain subject matter in the report. We have now been able to include the identified potential improvements in this report. Here, particular attention was paid to the description of our strategic positioning, with the instigation of a new sustainability management organization at the beginning of 2023, and of our main fields of activity and key figures.

In our future reports we aim to reinforce these strategic positions by involving our stakeholders and to further expand our system of sustainability management. Together with the expected validation of the greenhouse gas reduction targets for Salzgitter AG and its various companies by the SBTi, the key component in 2024 will be the establishment and approval of our own action plan and the launch of its implementation.

Reporting period and frequency

The current KHS sustainability report refers to the 2023 business year (January 1 through December 31, 2023) and is the sixth consecutive voluntary report to have been issued. The editorial deadline was 29.04.2024. With this issue, KHS has covered a single-year reporting period for the first time, thus aligning its sustainability report with the yearly issue of Salzgitter AG's non-financial report. In doing so, KHS reinforces its own efforts to gradually bring its sustainability reporting into line with the requirements for companies obliged to submit a report according to the new CSRD. → GRI 2-3; GRI 2-4

Reporting framework

The statements and information given in this report always refer to the entire company, including all subsidiaries of the KHS Group subject to operative control (see the About KHS company profile). The reported measures focus on our production sites in Germany. Projects at KHS' subsidiaries outside Germany are again described in dedicated profiles and are to be further integrated into the report in the future. Participations and companies outside the KHS Group consolidation are not the subject matter of this report.
Restrictions in the scope of this report are noted in the appropriate places and result from the current state of data availability. All of our business unit locations are to be successively included in the report and are working to produce the necessary data basis. → GRI 2-3; GRI 2-4

Contact

The person responsible for the management of the project and strategic content derivation process is:

Nicole Pohl,
Senior CSR Manager bei KHS
Phone: +49 231 569-1497
EMail

Editor:
Uwe Jülichs

Jülichs Industriekommunikation
Johann-Kohlmann-Str. 2
53913 Swisttal
Phone +49 (0)2226 8988378
Cell +49 (0)151 41911280
www.juelichs-industriekommunikation.de

Specialist advice on alignment with reporting standards:
adelphi consult
Katrin Häuser

adelphi consult GmbH
Alt-Moabit 91
10559 Berlin
www.adelphi.de

Design and implementation:
Sarah Metsch, Judith Eckert

NetFederation GmbH
Sürther Hauptstraße 180 B
50999 Cologne
www.netfed.de

Translation:
David Blears
KHS Gruppe

Ruth Chitty
Übersetzungsbüro
Rapid Communication
Kiefernweg 18
55442 Stromberg
www.rapid-communication.de

GRI Content Index

Statement of use: KHS has reported the information cited in this GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards. GRI 1: Foundation 2021

Content	Further information	References	With reference to the GRI Standards
Company		p. 6-7; 65; 82; 86	GRI 2: General Disclosures 2021 • Disclosure 2-1 Organizational details • Disclosure 2-6 Activities, value chain and other business relationships
Reporting profile	• The report by KHS has not been externally assured. KHS has set up internal procedures to ensure the quality of the reported information and integrates verified content that has been published in the Group reporting of Salzgitter AG. • General management approaches and responsibilities are presented in the report for the whole KHS Group. Additional information on measures taken by the international production sites can be found in the profile section beginning p. 65.	p. 91-93	GRI 2: General Disclosures 2021 • Disclosure 2-2 Entities included in the organization's sustainability reporting • Disclosure 2-3 Reporting period, frequency and contact point • Disclosure 2-4 Restatements of information • Disclosure 2-5 External assurance
Workforce	• Information on the HR management of KHS and social responsibility for its employees is disclosed in the chapter "Social".	p. 6; 83-85	GRI 2: General Disclosures 2021 • Disclosure 2-7 Employees

Content	Further information	References	With reference to the GRI Standards
Governance		p. 10; 12; 54	GRI 2: General Disclosures 2021 • Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts • Disclosure 2-13 Delegation of responsibility for managing impacts • Disclosure 2-19 Remuneration policies
Statement on sustainable development strategy		p. 4-5	GRI 2: General Disclosures 2021 • Disclosure 2-22 Statement on sustainable development strategy
Policy commitments and their embedding		p. 11; 18-21; 53	GRI 2: General Disclosures 2021 • Disclosure 2-23 Policy commitments • Disclosure 2-24 Embedding policy commitments
Compliance with laws and regulations		p. 18-20	GRI 2: General Disclosures 2021 • Disclosure 2-26 Mechanisms for seeking advice and raising concerns • Disclosure 2-27 Compliance with laws and regulations
Membership associations	In addition to membership associations in the report: • 1998 | Deutscher Braumeister- und Malzmeisterbund e. V. • 2006 | niro – Netzwerk Industrie RuhrOst e.V.	p. 5; 16	GRI 2: General Disclosures 2021 • Disclosure 2-28 Membership associations
Stakeholder engagement		p. 12-13; 54; 92 p. 16; 55	GRI 2: General Disclosures 2021 • Disclosure 2-29 Approach to stakeholder engagement • Disclosure 2-30 Collective bargaining agreements

Content	Further information	References	With reference to the GRI Standards
Materiality analysis and results	Further information: • Salzgitter AG Annual Report 2023, p. 105	p. 12-13; 92	GRI 3: Material Topics 2021 • Disclosure 3-1 Process to determine material topics • Disclosure 3-2 List of material topics
Economic Performance		p. 6; 82	GRI 201: Economic Performance 2016 • Disclosure 201-1 Direct economic value generated and distributed
Customer Health and Safety	The topic is addressed regarding safe operation of KHS machinery as well as regarding consumer health and safety.	p. 31; 37	GRI 416: Customer Health and Safety 2016 • Disclosure 3-3 Management of material topics • Disclosure 416-1 Assessment of the health and safety impacts of product and service categories
Procurement Practices		p. 7; 86	GRI 204: Procurement Practices 2016 • Disclosure 204-1 Proportion of spending on local suppliers • Disclosure 3-3 Management of material topics
Anti-Corruption		p. 18; 85	GRI 205: Anti-corruption 2016 • Disclosure 205-2 Communication and training about anti-corruption policies and procedures • Disclosure 3-3 Management of material topics

Content	Further information	References	With reference to the GRI Standards
Materials	On materials, KHS reports on the approaches taken in the product design of machines and systems, in the design of beverage packaging as well as within production.	p. 10; 15; 24; 29-30; 34-36; 46; 48; 65-80; 90	GRI 301: Materialien 2016 • Disclosure 301-1 Materials used by weight or volume • Disclosure 301-2 Recycled input materials used • Disclosure 3-3 Management of material topics
Energy	On energy, KHS reports on the approaches taken in the product design of machines and systems, in the design of beverage packaging as well as within production, at own sites and in transport and logistics	p. 12; 15; 27; 29-30; 33-34; 36; 38; 41-42; 44-46; 65-80; 89	GRI 302: Energy 2016 • Disclosure 3-3 Management of material topics • Disclosure 302-1 Energy consumption within the organization • Disclosure 302-2 Energy consumption outside of the organization • Disclosure 302-3 Energy intensity • Disclosure 302-4 Reduction of energy consumption • Disclosure 302-5 Reductions in energy requirements of products and services
Emissions	On GHG emissions, KHS reports on the approaches taken in the product design of machines and systems, in the design of beverage packaging as well as within production, at own sites and in transport and logistics.	p. 8; 10; 12; 15; 24; 27; 29; 42-44; 49; 65-80; 90	GRI 305: Emissions 2016 • Disclosure 3-3 Management of material topics • Disclosure 305-1 Direct (Scope 1) GHG emissions • Disclosure 305-2 Energy indirect (Scope 2) GHG emissions • Disclosure 305-3 Other indirect (Scope 3) GHG emissions • Disclosure 305-5 Reduction of GHG emissions

Content	Further information	References	With reference to the GRI Standards
Waste	On waste, KHS reports on the approaches taken within production. The approaches to waste avoidance and circular economy are presented within GRI 301: Materials.	p. 46; 65-80; 90	GRI 306: Waste 2020 • Disclosure 3-3 Management of material topics • Disclosure 306-2 Management of significant waste-related impacts • Disclosure 306-3 Waste generated
Water	On water, KHS reports on the approaches taken in the product design of machines and systems as well as within production.	p. 45; 65-80; 90	GRI 303: Water and Effluents 2018 • Disclosure 3-3 Management of material topics • Disclosure 303-1 Interactions with water as a shared resource • Disclosure 303-3 Water withdrawal
Employees and working conditions		p. 51; 55; 65-80; 83	GRI 401: Employment 2016 • Disclosure 3-3 Management of material topics • Disclosure 401-1 New employee hires and employee turnover • Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees
Employee training and education		p. 56; 58-59; 65-80; 84	GRI 404: Training and Education 2016 • Disclosure 3-3 Management of material topics • Disclosure 404-1 Average hours of training per year per employee • Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs

Content	Further information	References	With reference to the GRI Standards
Diversity, inclusion and equal opportunities		p. 57; 65-80; 84	GRI 405: Diversity and Equal Opportunity 2016 • Disclosure 3-3 Management of material topics • Disclosure 405-1 Diversity of governance bodies and employees
Occupational health and safety		p. 51; 60-62; 65-80; 87-88	GRI 403: Occupational Health and Safety 2018 • Disclosure 3-3 Management of material topics • Disclosure 403-1 Occupational health and safety management system • Disclosure 403-2 Hazard identification, risk assessment, and incident investigation • Disclosure 403-3 Occupational health services • Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety • Disclosure 403-5 Worker training on occupational health and safety • Disclosure 403-6 Promotion of worker health • Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships • Disclosure 403-8 Workers covered by an occupational health and safety management system • Disclosure 403-9 Work-related injuries • Disclosure 403-10 Work-related ill health

Content	Further information	References	With reference to the GRI Standards
Supplier management		p. 7; 11; 20; 86	GRI 308: Supplier Environmental Assessment 2016 • Disclosure 3-3 Management of material topics • Disclosure 308-1 New suppliers that were screened using environmental criteria • GRI 414: Supplier Social Assessment 2016 • Disclosure 3-3 Management of material topics • Disclosure 414-1 New suppliers that were screened using social criteria

KHS

Filling and Packaging – Worldwide

KHS GmbH

Juchostraße 20

44143 Dortmund/Germany

Phone: +49 231 569-0

Email: info@khs.com

Further information and publications

www.khs.com