



DEMATIC



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## We Are on a Sustainability Journey

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

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'H. Dandashly', written over a light grey background.

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



## EXECUTIVE SUMMARY

We power  
the future of  
commerce

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



**11,000+**  
employees

**35**  
countries

**8,000**  
customer  
installations

**\$4.3**  
billion revenue

## ABOUT DEMATIC

### We Deliver Solutions

#### From Receiving to Shipping

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

#### Omnichannel & E-Commerce

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

#### Design, Build, Implement, Support

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

#### About This Report

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

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

## GOVERNANCE

### Integrity at the Core

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

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

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

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



## SUSTAINABLE DEVELOPMENT GOALS

### Our Commitment to Supporting the Global Effort

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

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



## MATERIALITY

### Shared Stakeholder Priorities

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

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

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

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



## STAKEHOLDER ENGAGEMENT

### An Ongoing Dialogue

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

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

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

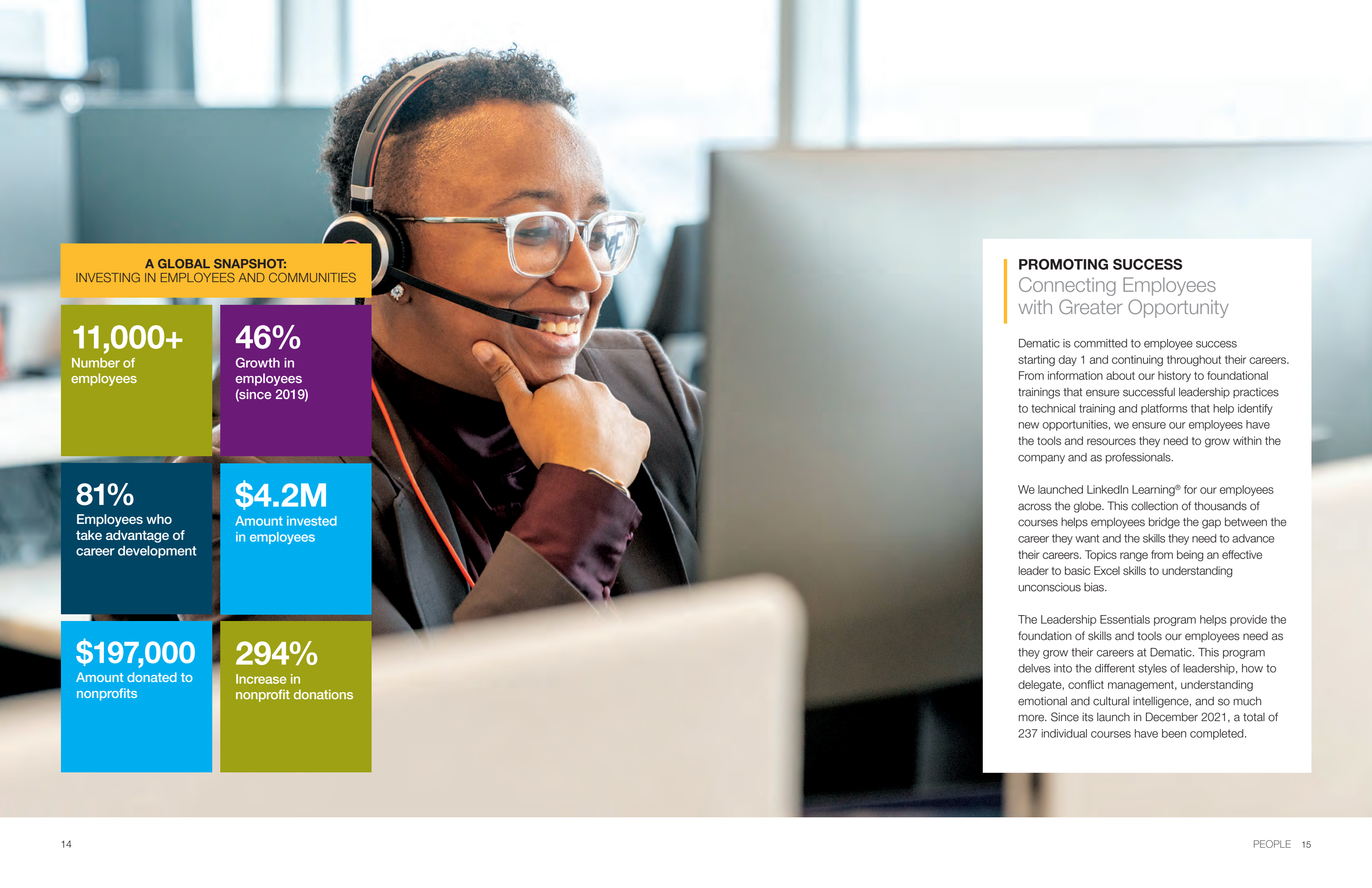




## PEOPLE

Our people's impact on our planet and our communities

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



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

**11,000+**  
Number of employees

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

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

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

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

**294%**  
Increase in nonprofit donations

**PROMOTING SUCCESS**  
Connecting Employees with Greater Opportunity

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

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

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

BY THE NUMBERS:

**11**  
Years injury-free at the Salt Lake City, Utah site

**7**  
Years injury-free at the Monterrey, Mexico site

**5**  
Years injury-free at the Belrose, Australia site

**1.84**  
Global Lost Time Injury Frequency Rate (LTIFR) — well below our target of 2.0



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

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



— Rebecca Hartley, Vice President, Human Resources, EMEA

## HEALTH & SAFETY Our Number One Priority

### Enriching Employee Environments

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

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

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

### Behavior-Based Safety Process

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

## Supporting Each Other’s Mental Health

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

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

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

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

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





## COMMUNITIES

### Volunteering Makes a Difference

#### In the Americas:

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

#### In EMEA:

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

#### In APAC:

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





## PLANET

Working together  
to reduce our  
global impact

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

## SUPPLY CHAIN

### Understanding Our Global Impact

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

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

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

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



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



— Stephanie Williams,  
Senior Director, Global  
Procurement Process Excellence

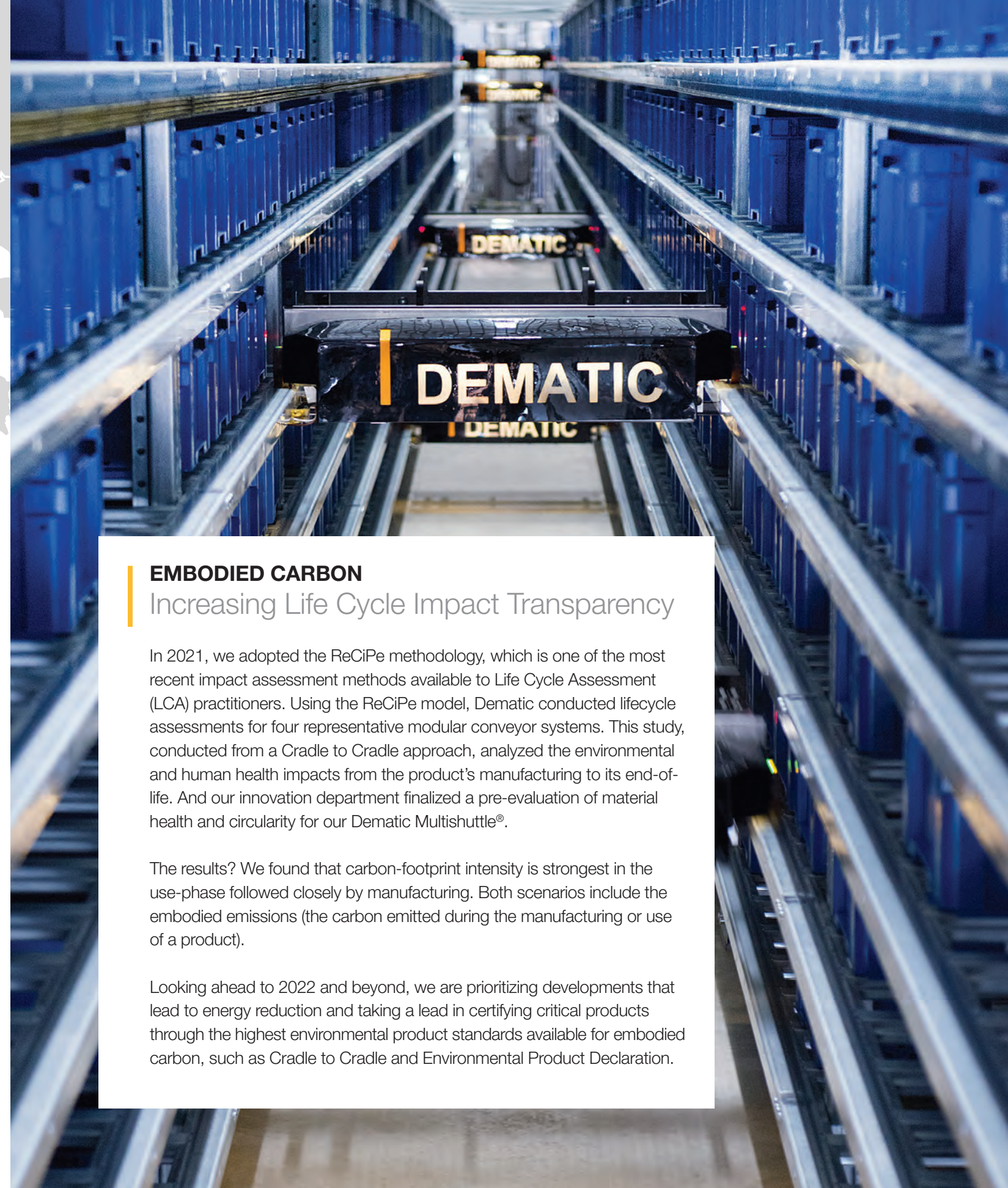
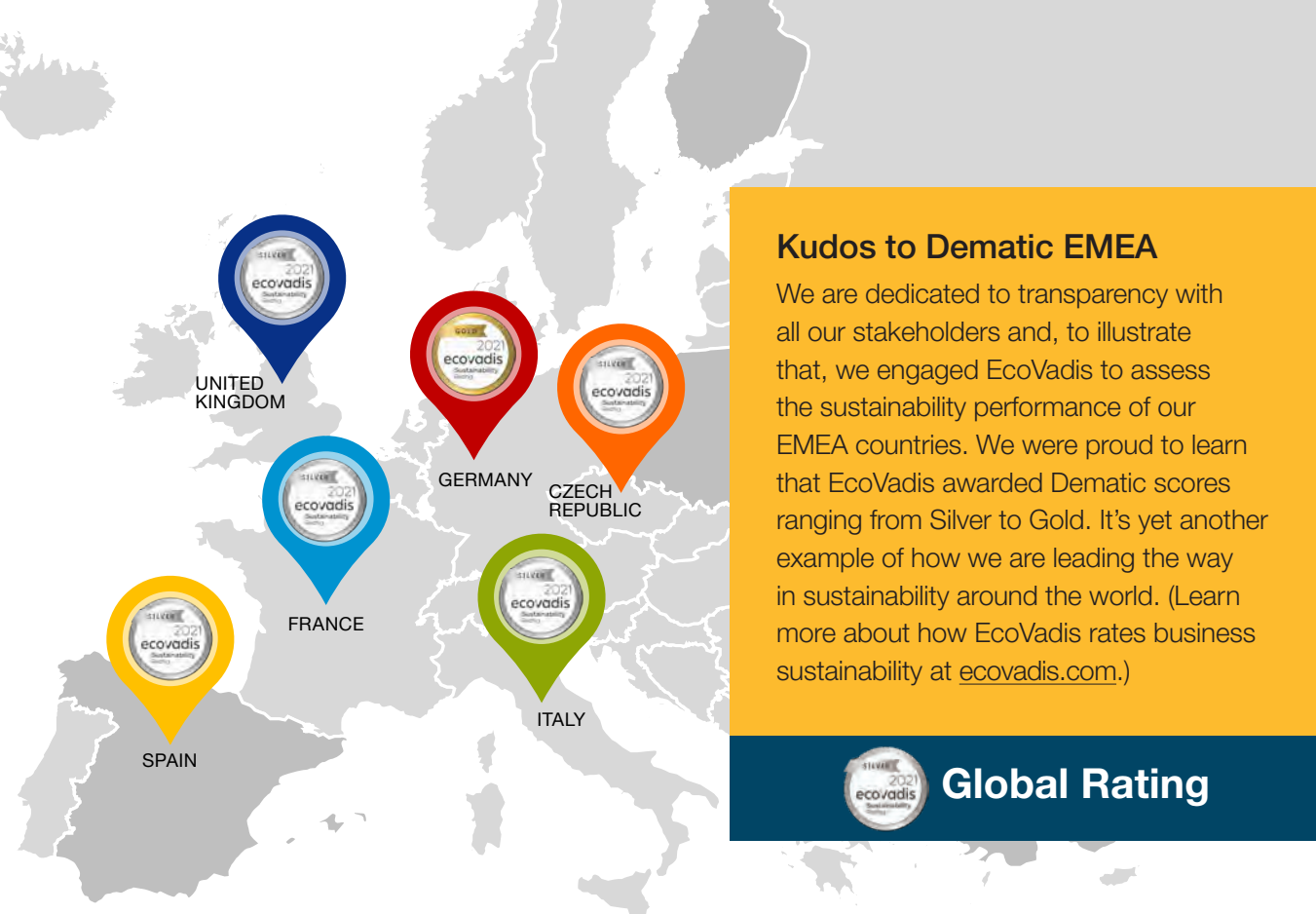
## IMPROVING SUSTAINABILITY PERFORMANCE

### Connecting Commitment from Top-to-Bottom

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

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





**EMBODIED CARBON**  
Increasing Life Cycle Impact Transparency

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

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

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

**PRODUCT LIFECYCLE**  
Delivering on Sustainability Goals

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

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

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

**Next Step: Circularity at Our Core**

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



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

**Power the Future of Commerce**

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