

DEMATIC

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SUSTAINABLE INNOVATION FOR
PEOPLE, PLANET, AND PRODUCTS

2023 ANNUAL SUSTAINABILITY REPORT

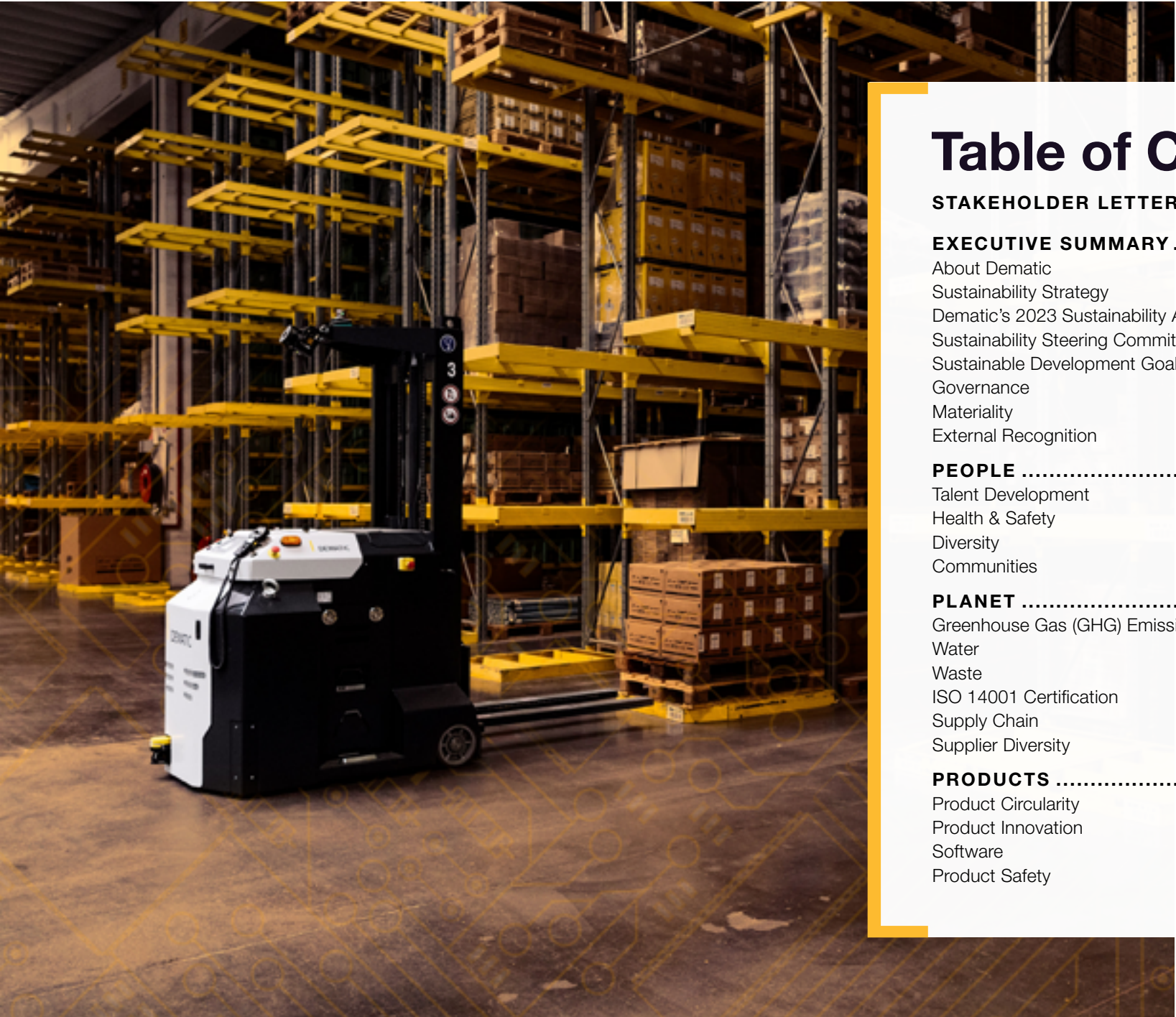


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DEMATIC REMAINS AT THE FOREFRONT OF REVOLUTIONIZING GLOBAL SUPPLY CHAINS AND DRIVING THE FUTURE OF COMMERCE THROUGH SUSTAINABLE INNOVATION.

This approach goes beyond merely introducing new methods, ideas, and solutions. It entails a consistent dedication to actions that benefit our diverse stakeholders, including employees, customers, suppliers, and communities, as well as our planet.

At Dematic, sustainability always starts with people. As a global company, we encourage our employees to bring their authentic selves to work, fostering a collaborative environment where diverse perspectives drive transformative customer solutions. Our learning and development programs provide abundant opportunities for career advancements, while our unwavering commitment to readiness, safety, and well-being ensures a healthy workplace.

In 2023, Dematic furthered its dedication to reducing greenhouse gas (GHG) emissions when our parent company, KION Group, committed to the Science Based Targets initiative (SBTi). This pledge includes establishing near-term and long-term GHG targets, highlighting our commitment to environmental sustainability. Environmental stewardship is no longer a preferable trait; it is now an expectation of our customers as they select business partners.

Collaboration with our partners and suppliers remains essential for achieving positive environmental impacts and advancing safety. In 2023, we introduced new products and solutions to enable workplace noise reduction, improve worker ergonomics, propel warehouse automation, and increase customer energy efficiency. Our investment in cloud computing helps extend the lives of our customers' hardware, while providing scalability and optimization of their facilities and resources.

For better visibility into these initiatives and more, I hope you'll explore the details of our sustainability journey in this report. Having led Dematic's Americas region for the last three years and now serving as President, I've had the privilege of interacting with many customers and employees. I view each occasion as an opportunity to further our commitment to sustainable innovation for people, planet, and products. Accountability extends to each of us at Dematic, and I'm excited to witness how, collectively, we will make a positive impact.



Michael Larsson
President, Dematic, KION Group Executive
Board Member



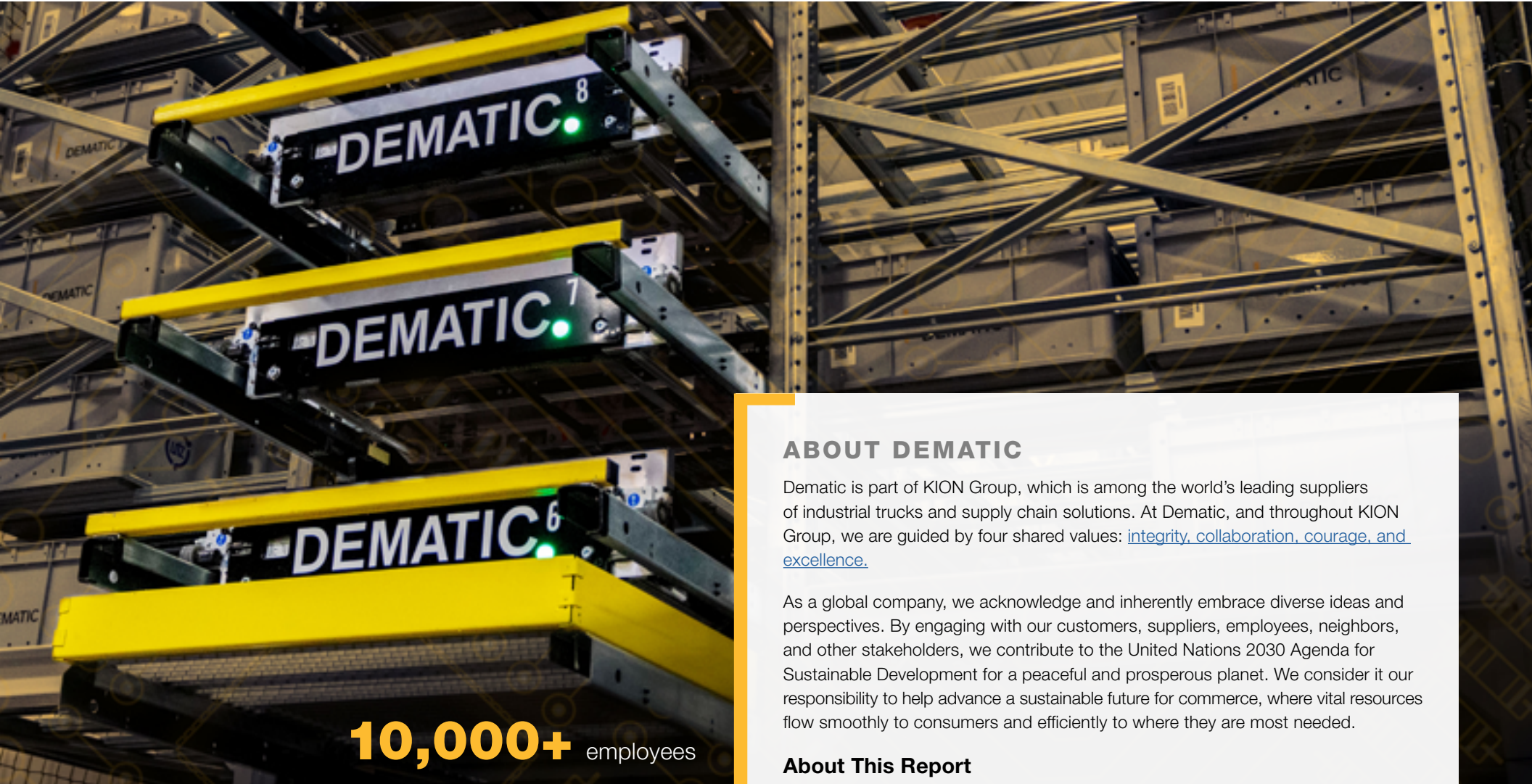


Executive Summary

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 research and development engineering centers, manufacturing facilities, and service centers located in more than 26 countries, the Dematic global network of over 10,000 employees has helped achieve successful customer installations for some of the world's leading brands.



10,000+ employees

26 countries

\$3.3B in revenue

ABOUT DEMATIC

Dematic is part of KION Group, which is among the world’s leading suppliers of industrial trucks and supply chain solutions. At Dematic, and throughout KION Group, we are guided by four shared values: [integrity, collaboration, courage, and excellence.](#)

As a global company, we acknowledge and inherently embrace diverse ideas and perspectives. By engaging with our customers, suppliers, employees, neighbors, and other stakeholders, we contribute to the United Nations 2030 Agenda for Sustainable Development for a peaceful and prosperous planet. We consider it our responsibility to help advance a sustainable future for commerce, where vital resources flow smoothly to consumers and efficiently to where they are most needed.

About This Report

This sustainability report reflects activity, accomplishments, and metrics spanning our 2023 fiscal year, January 1 to December 31, 2023. The data and policies reflect all fully owned operations within our global network unless otherwise indicated. All monetary figures in this report are in US dollars unless otherwise indicated.

Please direct any questions regarding the content of this report to sustainability@dematic.com.

WE TAKE RESPONSIBILITY SERIOUSLY

SUSTAINABILITY STRATEGY

People, Planet, and Products

At Dematic, sustainability is a journey of continuous improvement and innovation that equally values people, planet, and products. The intentional application of this precept across the company helps ensure our position as a global leader in intelligent automation.

The principles of sustainability transcend all aspects of our business — from transparent stakeholder interactions to the standards and rigor for the solutions we create to the customer operations we positively affect.

PEOPLE

We strive to be an **employer of choice where occupational health and safety is foundational to our culture**. We are also committed to **making the communities in which we operate better places**.

PLANET

We limit **our effect on climate change** through **comprehensive footprint stewardship and diligent supplier engagement**.

PRODUCTS

We deliver high-performance products, solutions, and services that are **efficient to use** and **enhance the operations and safety of our customers**.

DEMATIC'S 2023 SUSTAINABILITY ACHIEVEMENTS

PEOPLE

- Launched “Ready, Safe + Sound” safety pledge
- Years injury free at the following sites:

Salt Lake City, United States 13 years	Monterrey, Mexico 9 yrs	Belrose, Australia 6 yrs	Cernusco, Italy 6 yrs	Dallas, United States 3 yrs
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with many other locations approaching 2+ yrs
- Nearly 100% covered with ISO 45001 certifications
- 15,000 hours of learning — a 54% increase in global workforce utilization of LinkedIn Learning®
- 6 active Employee Resource Groups with over 900 participants

PLANET

- Joined SBTi committing to net zero by 2050
- 14.8% reduction in Scope 1 & 2 CO₂e since 2021 baseline year
- 20% reduction in total waste during 2023
- Nearly 100% covered with ISO 14001 certifications

PRODUCTS

- Launched Noise Reduction Portfolio
- Introduced Recontainerizing Stations with ergonomic features
- Launched High-Efficiency Motor Drives to upgrade and retrofit installed conveyors by 25% reduced kilowatt usage
- Further moved to cloud-based software capabilities with two portfolio products available through Google Cloud Marketplace



SUSTAINABILITY STEERING COMMITTEE

Aligning to KPIs

Dematic's Sustainability Steering Committee — led quarterly by Dematic President and KION Executive Board Member, Michael Larsson — is responsible for integrating our identified areas of action into all business operations and processes through established quantitative targets, executed against key performance indicators (KPIs). Dematic areas of action are connected to individual leaders who help ensure alignment with our KPIs and oversee our progress.

SUSTAINABLE DEVELOPMENT GOALS

Committed to Supporting a Global Effort

Dematic sustainability efforts are aligned with the framework outlined by United Nations Sustainable Development Goals (SDGs). Collectively, the SDGs are a universal call-to-action to end poverty, reduce inequality, and protect the planet so all people can enjoy peace and prosperity by 2030. The SDGs we prioritize at Dematic are based on where we believe our operations and activities have the greatest potential for positive change. They include:

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

GOVERNANCE

Integrity in All We Do

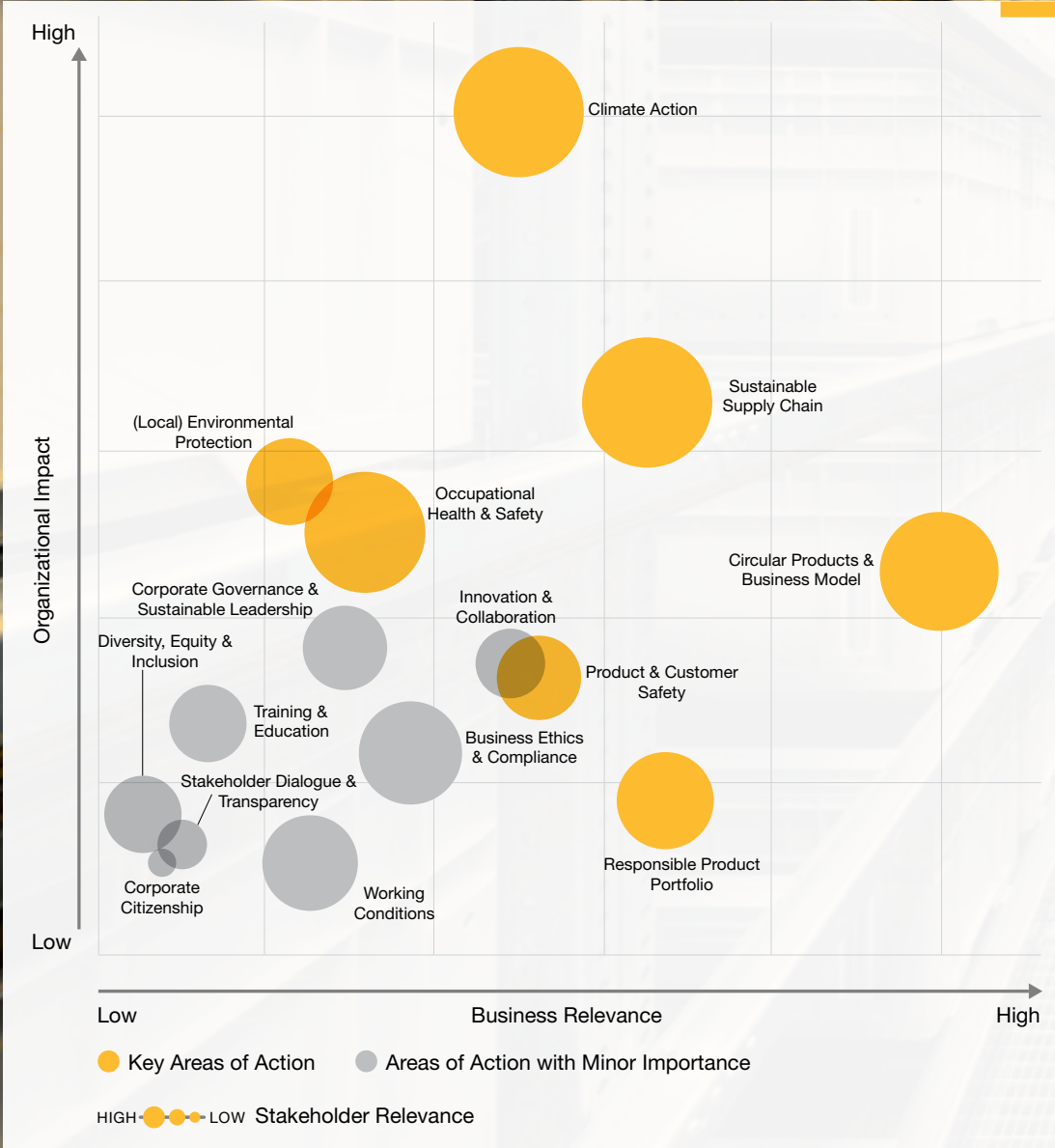
Our commitment to good governance is steadfast and aligned with that of our parent company, KION Group. We adhere to established structures, programs, and standards, which inform and guide our decision-making processes. The [KION Group Code of Compliance](#) is our north star, ensuring our business activities are conducted with integrity and in accordance with the law. In addition to this code, we prioritize Dematic standards for a wide range of activities and training through clear and consistent communications to employees, suppliers, and customers, emphasizing the global importance of accountability and integrity in all aspects of our operations.

Our compliance team leads proactive initiatives to identify potential risks while advancing our culture of transparency. We continued to conduct assessments of our compliance risk and data protection in 2023 to reduce the number of risk evaluation requests and to better secure the privacy of personal data. We successfully implemented the necessary steps to comply with the German Supply Chain Due Diligence Act and strengthened our alignment with other human rights and supply chain laws. In 2023, KION Group published a human rights strategy that was subsequently implemented at Dematic. We also adjusted our whistleblower system to better align with Environmental, Social, and Governance (ESG) risks and to provide greater access.

KION Group Sustainability Strategy

KION Group reporting for 2023 contains Dematic results. The [KION Non-Financial Report](#) meets the requirements of sections 315b and 315c in conjunction with 289c to 289e of the German Commercial Code (HGB), based on the Non-Financial Reporting Directive effective until 2023, the EU Taxonomy Regulation, and refers to the standards of the Global Reporting Initiative. Further details on KION's sustainability activities can be found in [KION Sustainability Insights](#).

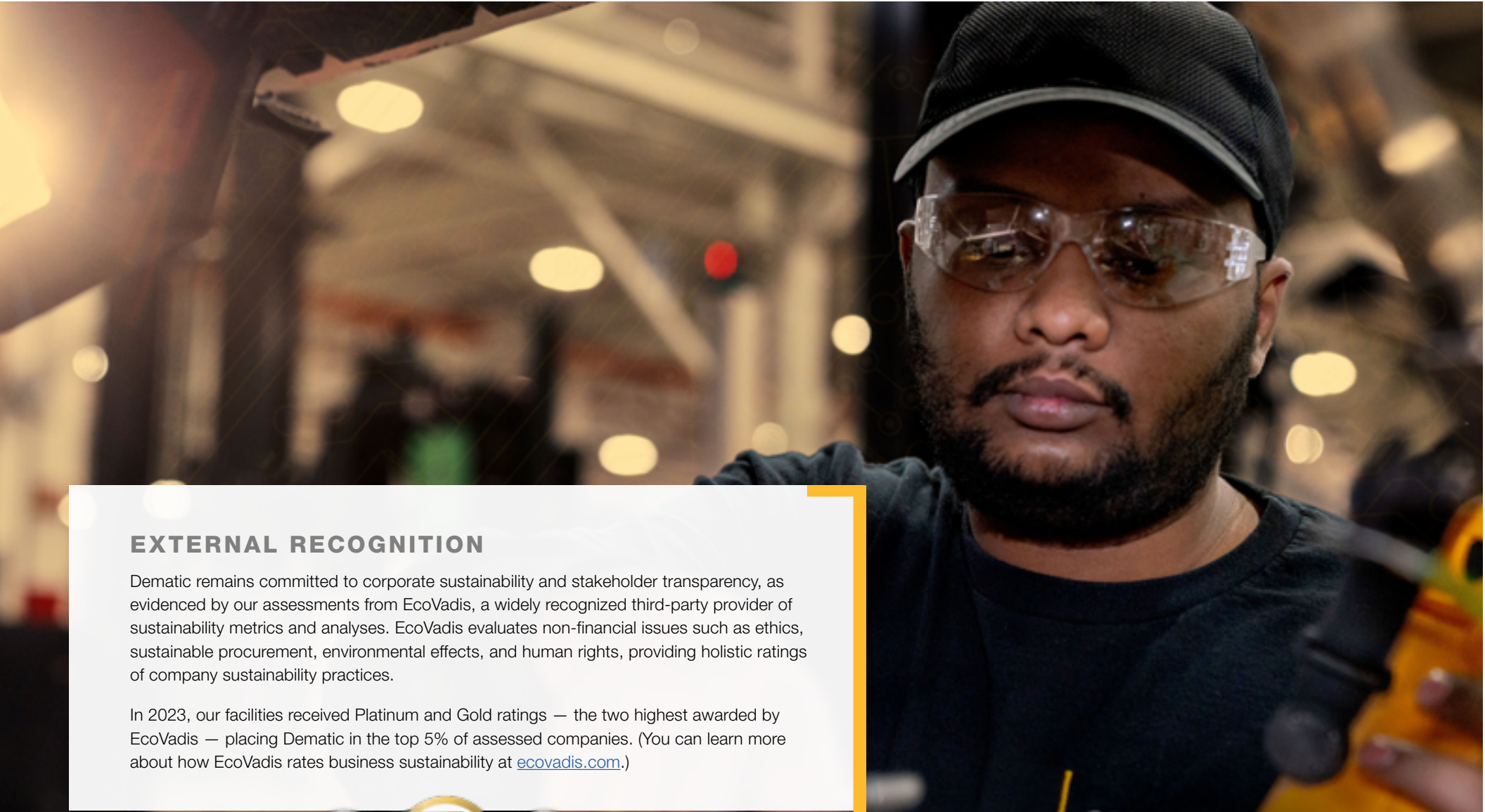




MATERIALITY

Shared Stakeholder Priorities

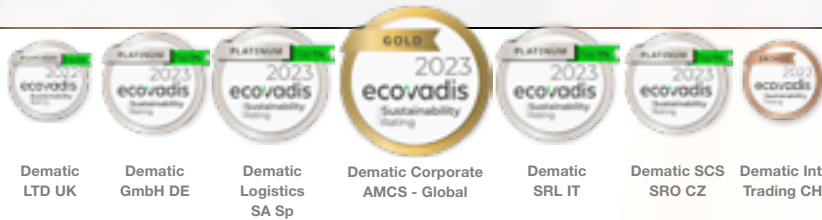
The Dematic approach to materiality stems from the most recent analysis undertaken by KION Group. The process included a detailed internal examination across all regions and global surveys of key stakeholder groups. Based on the United Nations SDGs, opportunities and risks for corporate activities were considered, as were the positive and negative effects of company activities on the environment and society. Through these findings, we identified seven key areas of action that inform our sustainability strategy and the content of this report.



EXTERNAL RECOGNITION

Dematic remains committed to corporate sustainability and stakeholder transparency, as evidenced by our assessments from EcoVadis, a widely recognized third-party provider of sustainability metrics and analyses. EcoVadis evaluates non-financial issues such as ethics, sustainable procurement, environmental effects, and human rights, providing holistic ratings of company sustainability practices.

In 2023, our facilities received Platinum and Gold ratings — the two highest awarded by EcoVadis — placing Dematic in the top 5% of assessed companies. (You can learn more about how EcoVadis rates business sustainability at [ecovadis.com](https://www.ecovadis.com).)





People

SUSTAINABILITY STARTS AND ENDS WITH PEOPLE

Dematic is known for delivering exceptional products and solutions, but the center of our focus remains on the people who make it happen.

After all, everything we do is ultimately people-centered: taking care of our employees and our customers, making our communities stronger, reducing our impact on the environment, and creating more rewarding workplaces. We are committed to these values, driving our mission forward with passion and dedication.

TALENT DEVELOPMENT

Creating Opportunities for Our People

Dematic continues to develop a workplace environment that benefits both our customers and our people by attracting talent, developing for success, and creating opportunities for advancement. We refer to this as our talent lifecycle, and we consistently nurture it to ensure a world-class workforce.

In 2023, we advanced The Dematic Difference, our employee value proposition distinguishing us as a workplace destination of choice. We provided LinkedIn Learning®, which offers a wide range of digital courses taught by industry experts, to enrich our talent lifecycle. We expanded our leadership development programs and now deploy a full leadership development ecosystem with courses and learning solutions tailored to leaders at all levels within Dematic. Additionally, we adopted a strategic approach to workforce planning, focusing on talent development to enhance employee capabilities and talent acquisition to increase workforce capacity.

Last year, our employee engagement with LinkedIn Learning surged to more than 15,000 hours of learning across our global workforce, reflecting a 54% increase compared to 2022. We also recorded a license utilization of 80%, a best-in-class designation based on LinkedIn’s average license utilization within our business category. The platform has delivered tangible results, proving its effectiveness in developing our workforce and advancing our critical-position succession planning objectives. For instance, employees participating in our leadership learning solutions saw a reduction in turnover rate from 8.6% to 2.4%. Additionally, feedback from managers has been overwhelmingly positive, with over 80% approving the effectiveness of the courses.



15,000 hours of learning

54% increase in utilization



HEALTH & SAFETY

A Ready, Safe + Sound Workplace

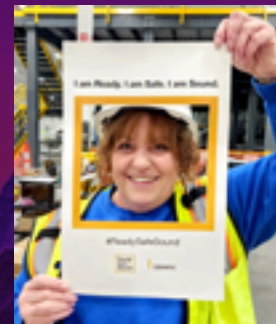
In 2023, Dematic introduced a new, globally unifying safety pledge called “Ready, Safe + Sound” (RS+S) as the next step in our behavior-based safe work and personal ownership journey. This safety pledge reinforces our commitment to workplace safety through processes, training, and communications worldwide. RS+S emphasizes Dematic’s Eight Life Saving Rules, which focus on situational awareness, proactive behavior, respect for potential hazards, and risk avoidance, helping ensure the health and safety of employees, customers, and partners alike.



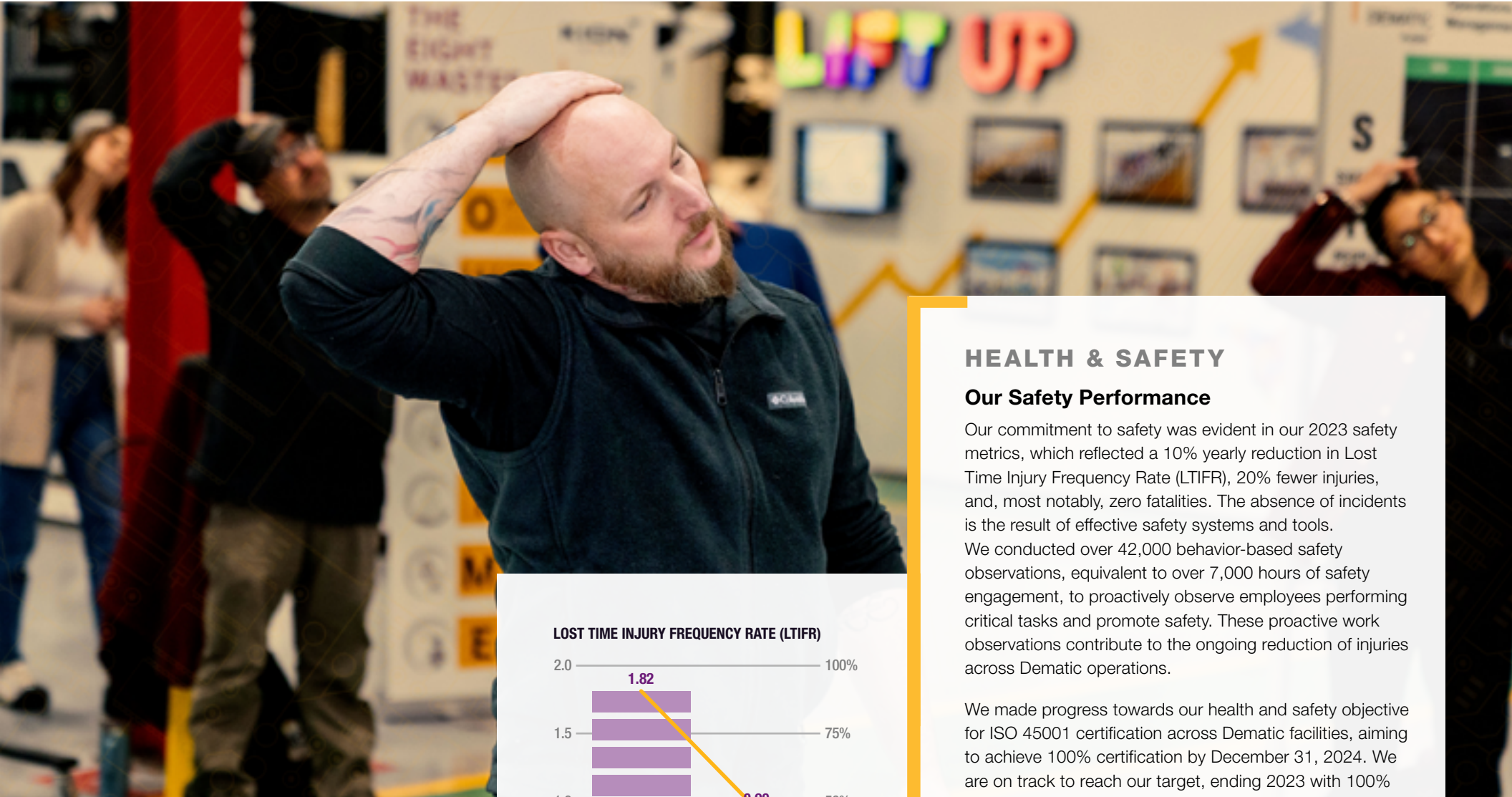
“I am Ready” to Work” with the right tools, procedures, and attitude – which includes avoiding risky behaviors and habits.



“I am Safe” because I’m well-trained, prepared, and have clear behavior-based safety expectations.



“I am Sound” with optimal mental and emotional health and the well-being necessary for making good decisions for myself, my coworkers, and my family every day.



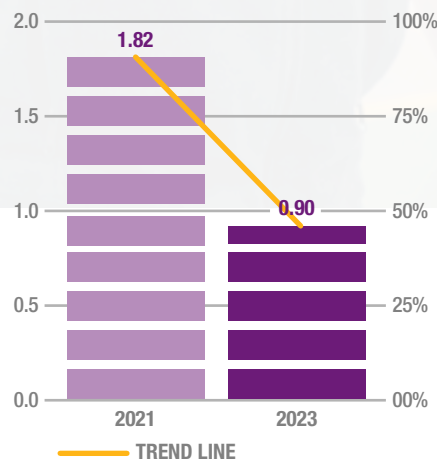
HEALTH & SAFETY

Our Safety Performance

Our commitment to safety was evident in our 2023 safety metrics, which reflected a 10% yearly reduction in Lost Time Injury Frequency Rate (LTIFR), 20% fewer injuries, and, most notably, zero fatalities. The absence of incidents is the result of effective safety systems and tools. We conducted over 42,000 behavior-based safety observations, equivalent to over 7,000 hours of safety engagement, to proactively observe employees performing critical tasks and promote safety. These proactive work observations contribute to the ongoing reduction of injuries across Dematic operations.

We made progress towards our health and safety objective for ISO 45001 certification across Dematic facilities, aiming to achieve 100% certification by December 31, 2024. We are on track to reach our target, ending 2023 with 100% of all major factory and business work locations certified — up from 82% in 2022 — and remaining secondary locations finalizing their approach in early 2024. We also continued to invest in the Dematic health and safety journey through new corporate security and crisis management initiatives that we plan to roll out later this year.

LOST TIME INJURY FREQUENCY RATE (LTIFR)



7,000 hours of safety engagement

0 fatalities

DIVERSITY

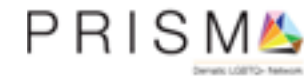
Fostering an Inclusive Environment

As a global company, Dematic values diverse perspectives and the benefits that stem from an inclusive environment. We continuously broaden our employee collaboration and innovative processes to enhance both our workplace experience and our ability to serve customers effectively.

[Dematic's Employee Resource Groups \(ERGs\)](#) exemplify our commitment. These groups provide supportive environments where employees connect, learn, and grow professionally. Our ERGs positively influence policy to create equitable outcomes, provide mentoring programs to help employees grow their careers, and hold various events to increase engagement. Our ERGs are also active in the community, supporting local non-profit organizations and participating in events such as the Pride Festivals in Dallas, Texas and Grand Rapids, Michigan. Dematic now has six active and thriving ERGs with over 900 total participants.

Support Excellence for Reservist and Veteran Employees (SERVE), our veteran ERG, recognized active military service people, veterans, and military family members by creating walls of honor in our Salt Lake City, Utah and Dallas facilities. The walls include photographs and military seals to thank and celebrate our employees. Dematic received the 2024 Military Friendly Employer Bronze Designation, further demonstrating our commitment to veterans.

In 2023, we launched DIVERSABILITIES, a new ERG that promotes the full inclusion of individuals experiencing disabilities, inspiring accessible innovation and resulting in equity and belonging for all.





COMMUNITIES

Giving Back

At Dematic, we believe in giving back to the communities in which we live and work. Through the Dematic Community Outreach Program, our employees invest time, talent, and treasure to advance programs that support the well-being of our communities and our world. We foster a culture of generosity by engaging in corporate giving, encouraging employee volunteerism, and establishing collaborative partnerships within the communities we serve. Our Community Outreach Program is founded upon three guiding pillars: **building a stronger community, promoting education and workforce, and supporting environment and sustainability.**

Led by a community-ambassador network, the 2023 Dematic Community Outreach Program engaged more than 1,700 employees across the globe. Collectively, our team volunteered 3,361 hours with more than 100 unique charitable organizations to support a broad range of community causes and educational programs.



COMMUNITIES

Global Volunteer Month

Dematic participated in our inaugural Global Volunteer Month sponsored by Points of Light. Created as a time to celebrate service and inspire volunteerism, more than 300 employees across the globe united in this effort, contributing 775 hours of service in their communities.

Digging into the Project Learning Garden

Dematic launched a partnership with Captain Planet Foundation's Project Learning Garden™. The program provides a context for multidisciplinary learning, ranging from nutrition and science to social studies, math, and language arts. The Dematic sponsorship reinforces our commitment to community enhancement while providing opportunities to give back and volunteer throughout the year with educators, students, and the local community.



“By providing students with access to this unique program, students have outdoor learning experiences that are truly special.”

**– Meraj Anas, SVP, Operational Excellence
Dematic Sustainability Executive Sponsor
Member of the KION Sustainability
Committee**



COMMUNITIES

Helping Our Neighbors

Global/KION Group

In response to the devastating earthquake on the Turkish-Syrian border, KION Group and Dematic donated to the Red Cross, providing shelter, food, water, medicines, and mental health support to the victims. As part of this effort, employees in Germany converted credit from their working-time account into donations, and KION Group paid all taxes and social security contributions due. The donations totaled an impressive €285,550, and KION Group pledged to double this sum to €571,100 as an additional contribution to reconstruction efforts in the region.

In Europe, Middle East, and Africa:

As part of International Women's Day, the Dematic UK team supported SMART WORKS, a UK charity that gives women the confidence they need to reach their full potential, secure employment, and change the trajectory of their lives. The team donated workwear and accessories that help empower women with the confidence to be their best during interviews. In conjunction with Dematic suppliers, our London team also raised funds to help the victims of the Turkish and Syrian earthquakes through bake sales and quarterly socials.

Our offices in Manchester, London, Aberdeen, and Basel united to raise money for Red Nose Day, an annual fundraising campaign created by Comic Relief to end child poverty throughout the world. The teams participated in an online donation drive and held bake sales to bolster employee giving.

Madrid and Barcelona team members participated in the 2023 Capacities Race to support the Adecco Foundation. The Adecco Foundation creates employment opportunities for people with disabilities, the long-term unemployed, and women with unshared family responsibilities or victims of gender violence.



Supporting Future Innovators

The For Inspiration and Recognition of Science and Technology (FIRST®) organization plays a pivotal role in motivating the next generation of science and technology leaders and innovators through mentor-based programs in science, technology, engineering, and math (STEM). As a corporate nonprofit partner, Dematic provided more than 500 hours in student mentorship, \$20,000 in youth scholarships, and sponsored 14 high school teams across the US, totaling \$67,000 for the year.



COMMUNITIES

Helping Our Neighbors

In the Americas:

The global leadership team at Dematic joined over 10,000 volunteers across the US to support 9/11 Day's Meal Pack program. As a group, our leadership team packed meals to benefit the Atlanta Community Food Bank in memory of the lives lost on that day.

Dematic Mexico organized two food drives as part of its continued support of Imperio de Amor. Imperio de Amor aids families in need, offering education, food, and housing to those facing challenging environments or requiring additional support due to working guardians. Our Monterrey team also collected and recycled soda caps to raise money for youth cancer treatments in partnership with the Kids Anticancer Association.

Our Waterloo office took part in a Canadian Blood Services blood donation challenge, competing against 20 other technology companies in the region. Thanks to office-wide awareness efforts and the participation of many Dematic team members, we secured first place in the competition with the largest donation.

“ My experience learning and competing with FIRST during high school is what cemented my interest in pursuing a STEM degree during college. I’m extremely honored to be awarded the Dematic FIRST Scholarship, and I’m grateful for the opportunities it provides as I continue my education at Westmont College and start my career.”

– Lukas Goodworth, mechanical engineering student, Westmont College



BAJA SAE Racing Team

Dematic Engineering India continued their investment with MKSSS’s Cummins College of Engineering for Women to support a BAJA SAE Racing Team. BAJA SAE is a premier intercollegiate engineering design competition (organized by the Society of Automotive Engineers) that challenged students to conceptualize, design, fabricate, and operate off-road vehicles through rigorous terrains and environments. Among the myriad of teams that participated in this competition, Dematic-sponsored Team Zenith proudly represented MKSSS’s Cummins College of Engineering for Women. Our sponsorship helped promote the participation of Indian women in engineering activities and studies while providing international exposure for their ingenuity and technical expertise.



COMMUNITIES

Helping Our Neighbors

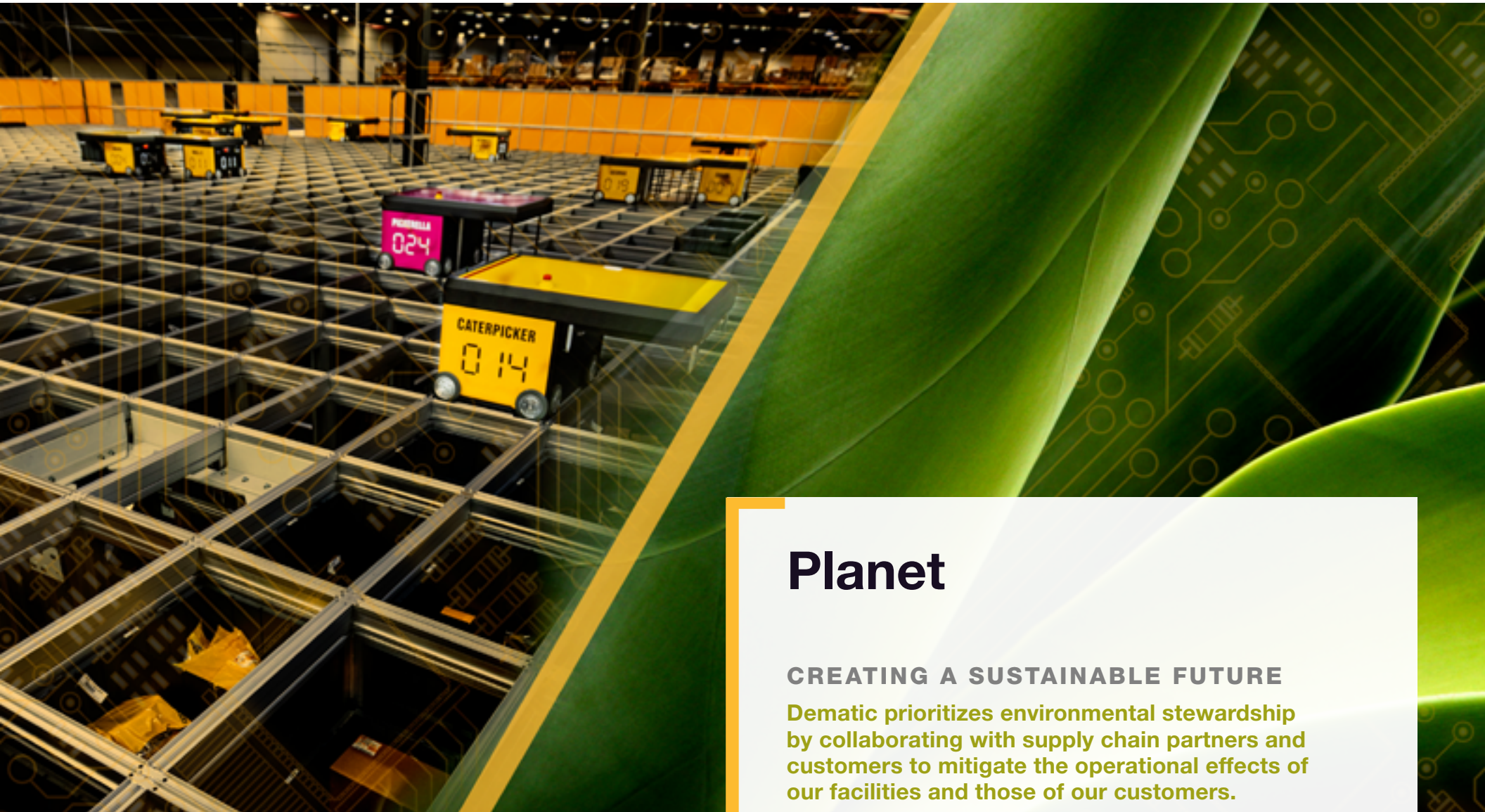
In Asia Pacific and China:

Our team in Singapore demonstrated their generosity in 2023 by partnering with YWCA of Singapore. Team members volunteered to facilitate a program that included packing and distributing fresh food to help low-income families in Bedok, Singapore.

Colleagues from our Shanghai office and Suzhou Plant participated in the Clean White Rubbish community clean-up program. Two groups of 30 Dematic employees took part in the beautification effort.

In Australia and New Zealand:

In 2023, Dematic Australia launched a Lifeblood Team that supports the Australian Red Cross Lifeblood Centre. Our team helped raise funds for cancer support by participating in the Australian Biggest Morning Tea and making Christmas charitable donations to Camp Quality. Employees also championed Integra Service Dogs Australia, focusing on mental health assistance for veterans, first responders, and their families, as well as OzHarvest Australia, a food rescue organization. Employees are given leave to volunteer, and the company matched donations from the fundraising events.



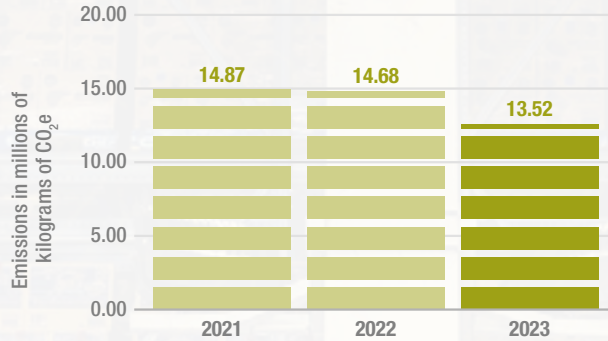
Planet

CREATING A SUSTAINABLE FUTURE

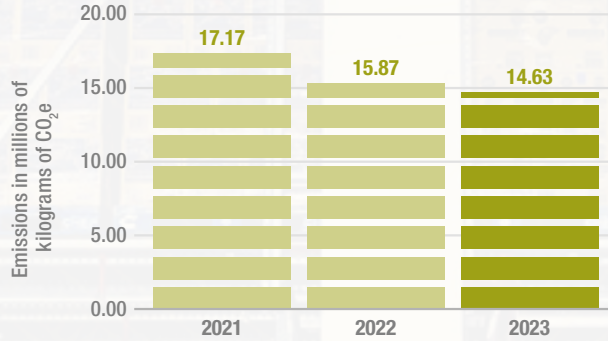
Dematic prioritizes environmental stewardship by collaborating with supply chain partners and customers to mitigate the operational effects of our facilities and those of our customers.

It is through these collective efforts that we accelerate our sustainability progress. We lean on individual accountability, rigorous processes, and sustainable sourcing to deliver more environmentally friendly products and solutions.

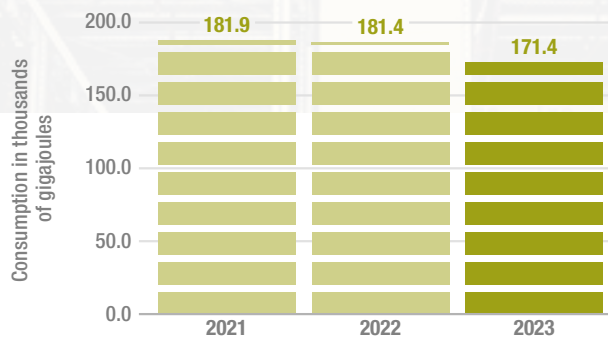
SCOPE 1 AND 2 GHG EMISSIONS (Market based)*



SCOPE 1 AND 2 GHG EMISSIONS (Location based)*



TOTAL ENERGY CONSUMPTION IN GIGAJOULES



GREENHOUSE GAS (GHG) EMISSIONS AND ENERGY

Driving Decarbonization

Customers look to Dematic expertise and innovative solutions to enhance energy efficiencies in their operations. But our sustainability efforts don't stop there. We recognize that improving our own operations is foundational to our success.

In 2023, KION Group committed to net zero and to the Science Based Targets initiative (SBTi), adopting a methodological framework towards the goal of the Paris Agreement on climate change, which aims to limit global temperature rise to 1.5 degrees Celsius before 2050, with short-term milestones to be reached by 2030. This commitment to the SBTi includes Dematic operations. Through the SBTi, KION Group establishes the long-term climate target of achieving net-zero GHG emissions along its value chain (Scope 1, 2, and 3) by no later than 2050, as well as corresponding near-term targets by 2030. For this reason, we now disclose both location-based and market-based emissions data to provide more transparency on the effects of our actions to meet the net-zero GHG ambition.

Dematic Scope 1 and 2 GHG location-based emissions have decreased by 14.8% and 9.1% from a market-based perspective due to ongoing sustainability efforts across our global facilities since 2021, KION Group's baseline year for SBTi-related measurements.

Energy management is a key enabler in reaching our net-zero target, and we are excited to announce that our manufacturing facility in St. ěbro, Czech Republic successfully achieved ISO 50001 certification of their energy management system in 2023. The value of this certified energy management system is highlighted by a 13% reduction in the facility's total energy consumption last year.

*Fiscal years 2021 and 2022 GHG emissions have been recalculated, retrospectively, based on methodology and database enhancements, e.g. by refined emission factors. Changes in Scope 1 and 2 GHG emissions compared to reported values in the sustainability report for fiscal year 2021 is -5% and for fiscal year 2022 is +7.5%.



WATER

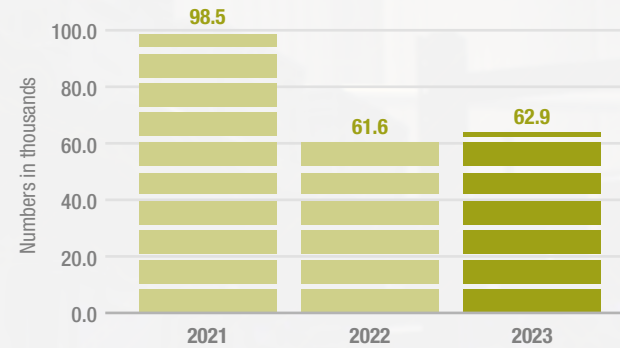
Conserving Precious Resources

Dematic is committed to water conservation, recognizing its importance and growing scarcity. We regularly assess our manufacturing processes to minimize water consumption. Our manufacturing operations are not water-intensive, so we focus on reducing usage from employee and visitor activities.

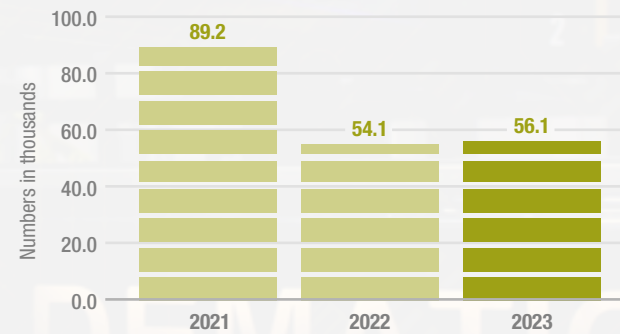
Since 2021, our total water withdrawal has decreased by 35%, though we experienced a slight increase of 2% in 2023. The broader trend demonstrates considerable progress. We continue efforts to identify the location-specific drivers behind the 2023 increase and determine further actions we can take to be better stewards of our resources.

35% decrease in water usage since 2021

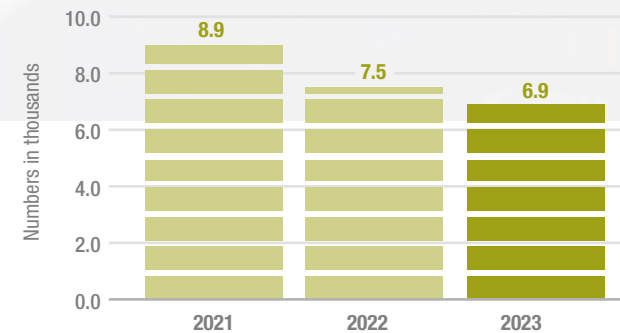
WATER WITHDRAWAL (M³ Total)



MUNICIPAL (M³)



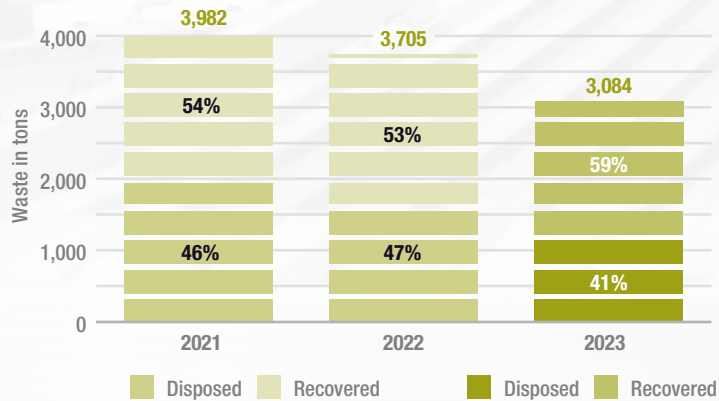
OTHER SOURCES (M³)



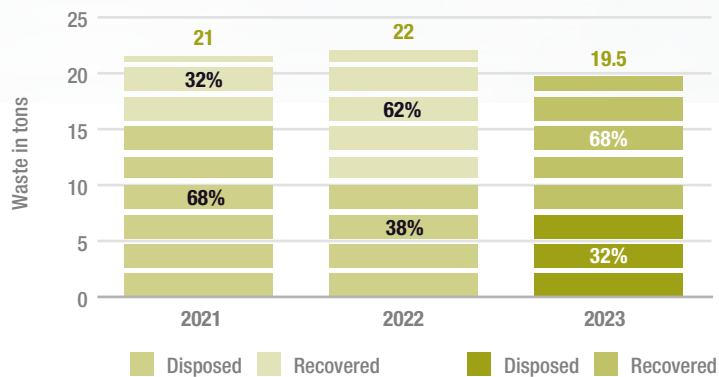
TOTAL WASTE



NON-HAZARDOUS WASTE



HAZARDOUS WASTE



WASTE

Emphasizing Recycling and Reuse

Dematic’s efforts to reduce waste gained traction last year, as demonstrated by a 20% drop in total waste recorded for the year. This reduction was primarily achieved by enhancing processes at our manufacturing sites, where most opportunities for improvement exist. We continue to evaluate our methods and implement innovative approaches to waste reduction, including traditional recycling and material reuse strategies.

In 2023, we implemented waste recovery programs in several of our facilities across the globe. The Dematic manufacturing facility in St åbro transitioned from wooden crates to pallets with cardboard siding and from fixed foam packing to expandable foam, and it began reusing inbound containers. Our Grand Rapids manufacturing facility introduced pallet-reuse and waste-reduction initiatives. Our Dallas facility achieved an impressive 82% reduction in landfill waste, installed trash and cardboard compactors, and launched aluminum and wood recycling programs.

20% drop in total waste for 2023

ISO 14001 CERTIFICATION

Measuring Our Environmental Performance

Dematic initiated the implementation of ISO 14001 certified environmental management systems across our global sites in 2019, with the goal of attaining 100% certification by December 31, 2024. This third-party certification involves a rigorous process that demands continuous, systematic improvements in environmental performance across our facilities.

As of December 2023, nearly 100% of Dematic sites had achieved ISO 14001 certification, up from 81% in December 2022. This increase includes six newly registered Dematic sites. The few remaining entities without the certification are expected to be integrated into existing certifications in 2024.

ISO 14001 certification is not a one-time achievement but an ongoing commitment to environmental sustainability that necessitates recertification every three years. To uphold this commitment, we gather company-wide sustainability data using an environment management system aligned with our parent company, KION Group. This platform enables us to track and report data through key performance indicators.

SUPPLY CHAIN

Strengthening Our Supply Chain

Dematic understands that a strong and sustainable supply chain is essential to developing new technologies and delivering innovative solutions to our customers. That is why we place significant importance on our procurement processes and supplier relationships. By fostering a collaborative ecosystem that includes Dematic, our customers, and our suppliers, we enhance our sustainability.

In 2023, Environmental, Social & Governance (ESG) values became standard criteria in our supplier selection process. We established a new three-level ESG supplier risk management process, influenced by the German Supply Chain Due Diligence Act, that includes assessment, analysis, and mitigation. In the assessment phase, we determine the risk level of suppliers both globally and individually. The analysis phase involves weighing and prioritizing potential risks, and the mitigation phase culminates in determining and managing corrective action plans for the suppliers.

In 2023, Dematic redefined our sustainability goals for our supply chain, removing the performance target tied to a minimum EcoVadis score as we believe a single indicator is insufficient in measuring progress. We increased the number of individually reviewed suppliers through our new ESG supplier risk management process, providing a better overview of supplier sustainability progress and enabling us to develop a more comprehensive target in the future.

Overall, 70% of Dematic's high-risk suppliers were covered by our defined ESG supplier sustainability risk assessment program, based on their sustainability-related industry and country risk.

Conflict Minerals

In 2023, Dematic implemented KION Group's newly established Conflict Minerals Standard, underscoring our commitment in this area. We participated in annual campaigns, actively managed by Assent, a global software and service provider specializing in managing product-related supply chain data, to engage the smelters of our suppliers.

Supplier Performance Management

To further prevent risks in the supply chain, the Global Supplier Risk Management team was established in 2023 to identify and mitigate risks for business-critical suppliers worldwide. Of the nearly 2,000 suppliers actively monitored, 38% are Dematic suppliers. The focus is on geographical, geopolitical, financial, and sustainability risks. In the future, the scope will be expanded to include further risk types such as operational (capacity, quality, delivery performance), cyber, and other sub-tier risks.

ESG SUPPLIER RISK MANAGEMENT PROCESS





SUPPLIER DIVERSITY

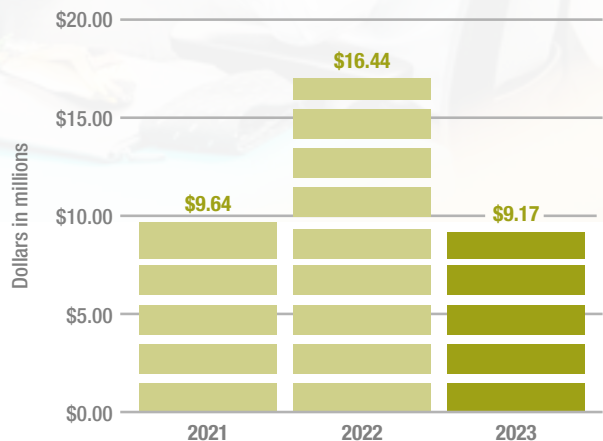
Promoting a Diverse Supply Chain

At Dematic, we value the importance of fostering a supplier diversity program that not only drives economic growth but also embodies our commitment to inclusivity and equity. Central to our mission is the cultivation of a supply chain that reflects our diverse workforce and the communities in which we operate. By championing supplier diversity, we fortify our capacity for innovation, sustainability, and operational excellence to continue meeting and exceeding the needs of our valued customers.

Dematic advanced its Supplier Diversity Program in 2023, partnering with a reputable third-party platform to help refine our data repositories through a comprehensive data cleansing process to ensure the precision and integrity of our reporting mechanisms. We launched mandatory training modules for all relevant stakeholders to increase awareness of our Supplier Diversity Program and to inspire engagement and support for diversifying our supplier base. To improve communication between our suppliers and employees, we launched internal and external websites that provide insights, resources, and information to engage more effectively with our [Supplier Diversity Program](#).

In 2023, Dematic spent over \$9 million with certified diverse suppliers. Upholding our values of transparency and accountability, we have introduced a new requirement mandating that all diverse suppliers hold certifications from reputable third-party validating agencies. Recognizing the importance of diverse verification, we have meticulously reconciled our previously reported spend to distinguish between certified and self-certified companies.

SUPPLIER DIVERSITY SPEND





Products

SUSTAINABLY DRIVEN CUSTOMER SOLUTIONS

Dematic develops and delivers sustainable solutions that power the future of commerce. As a global leader in intelligent automation, our primary focus is assisting our customers in achieving their performance and sustainability objectives through a collaborative approach.

In 2023, our sustainability journey progressed with a strategy to drive industry-leading, data-driven sustainability enhancements across the logistics ecosystem. We actively evaluated areas for improvement and incorporated initiatives into our solutions. Key areas included enhancing worker safety, reducing product energy consumption, minimizing material waste, advancing cloud computing, expanding data insights, and improving the efficiency of customer operations.

PRODUCT CIRCULARITY

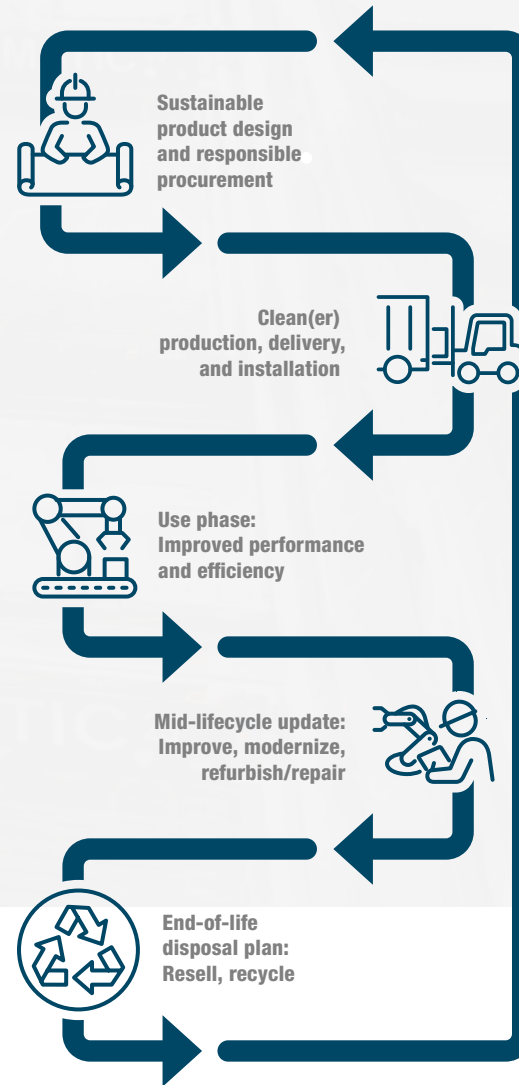
A Circular Approach

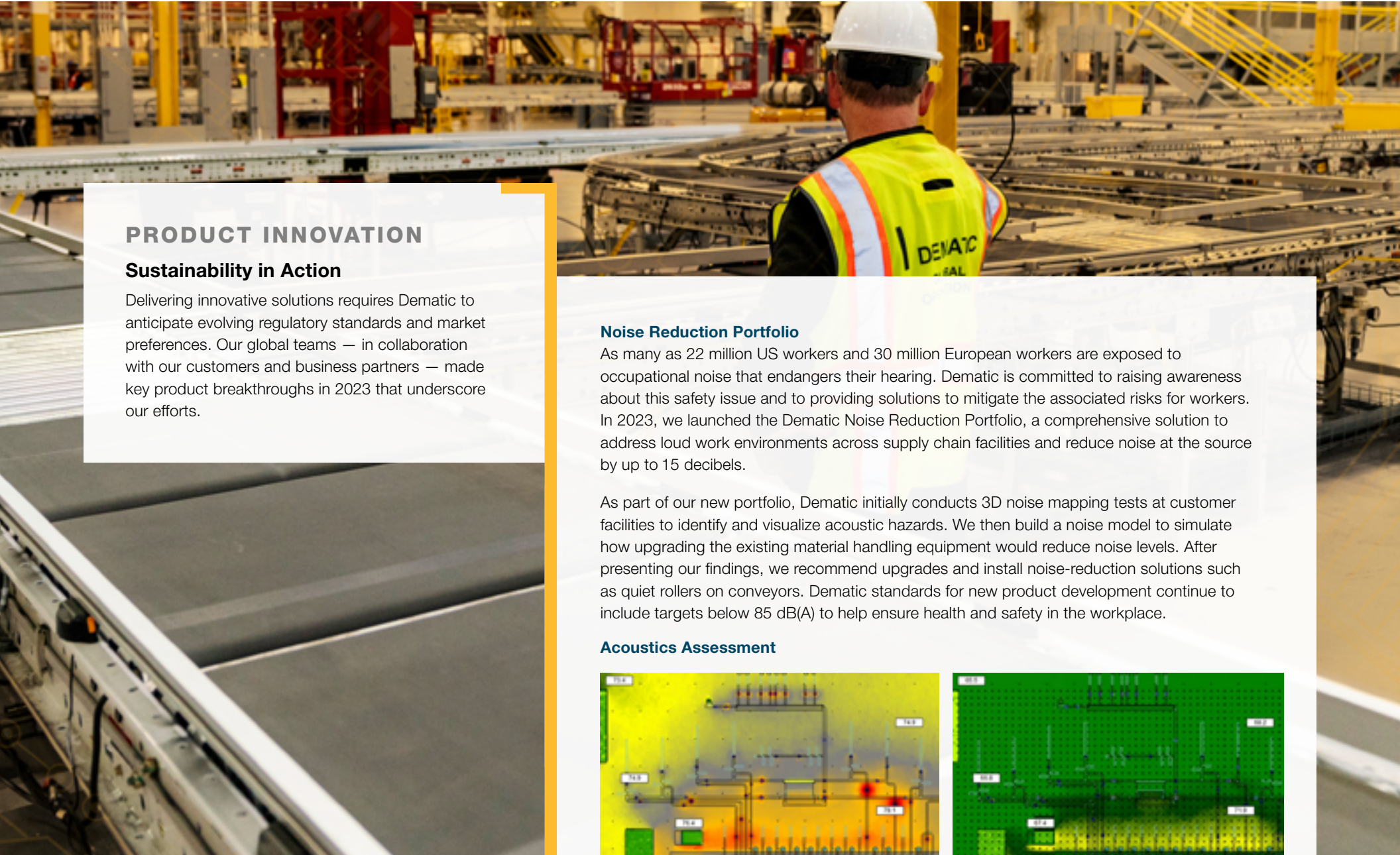
As Dematic strives to develop products that meet and exceed the sustainability demands of our customers, we have adopted the precept of circularity: every phase of product lifecycle — from design to manufacturing to post-use life — completes a closed loop so that nothing is wasted.

Dematic has set targets to develop a sustainability-focused portfolio by 2027 in which 100% of our new products are assessed by uniform, global standards for sustainability performance. To that end, we continue to pilot and conduct industry-pioneering Lifecycle Assessments (LCAs) to measure and evaluate the environmental performance of our products. Through these assessments, we can more effectively implement a Cradle to Cradle® (C2C) approach that ensures products are intentionally designed and produced for recycling (upcycling) at the end of their life. These initiatives will provide the opportunity to certify our products and quantify their environmental impact, helping further differentiate them in the market.

In 2023, Dematic implemented an aligned product-circularity strategy with KION Group to facilitate collaboration and accelerate our sustainability journeys. We continued to engage with suppliers to encourage their commitment to sustainable materials and energy efficiency. Our team of dedicated sustainability specialists led LCA certification efforts, developed an LCA roadmap, guided research and development (R&D) goals, and helped customers achieve their sustainability targets. We also created a Product Category Rule (PCR) committee leading an effort to guide future LCAs and product declarations.

DEMATIC LIFECYCLE SOLUTION





PRODUCT INNOVATION

Sustainability in Action

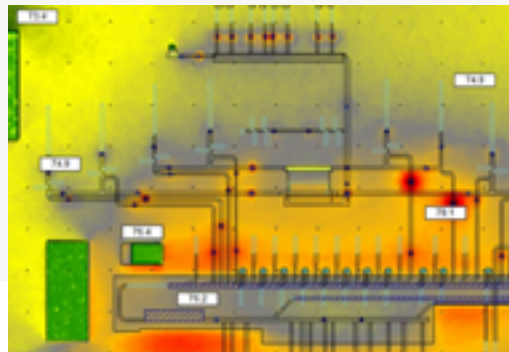
Delivering innovative solutions requires Dematic to anticipate evolving regulatory standards and market preferences. Our global teams — in collaboration with our customers and business partners — made key product breakthroughs in 2023 that underscore our efforts.

Noise Reduction Portfolio

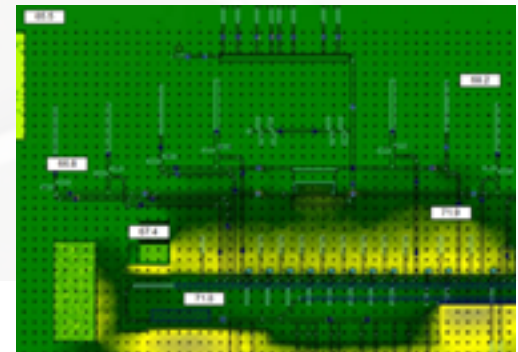
As many as 22 million US workers and 30 million European workers are exposed to occupational noise that endangers their hearing. Dematic is committed to raising awareness about this safety issue and to providing solutions to mitigate the associated risks for workers. In 2023, we launched the Dematic Noise Reduction Portfolio, a comprehensive solution to address loud work environments across supply chain facilities and reduce noise at the source by up to 15 decibels.

As part of our new portfolio, Dematic initially conducts 3D noise mapping tests at customer facilities to identify and visualize acoustic hazards. We then build a noise model to simulate how upgrading the existing material handling equipment would reduce noise levels. After presenting our findings, we recommend upgrades and install noise-reduction solutions such as quiet rollers on conveyors. Dematic standards for new product development continue to include targets below 85 dB(A) to help ensure health and safety in the workplace.

Acoustics Assessment



BEFORE SOUND TREATMENT



AFTER SOUND TREATMENT

PRODUCT INNOVATION

Sustainability in Action

Ergonomic Workstations

Dematic automation solutions can reduce or eliminate the need for certain manual activities that cause injury from repetitive stress. We continually strive to improve safety and ergonomics for our customers, ensuring secure and more efficient work environments.

We undertook initiatives last year to ensure our workstation solutions continue to achieve a low-risk category score with the Rapid Upper Limb Assessment (RULA) tool, an industry standard. Dematic explored new technologies to implement data-driven decisions that improve the well-being of customer employees. This included real-time ergonomic analyses that measure wrist motion, head motion, twisting, and other movements to effectively identify potential health risks. These efforts help reduce worker strain and also promote improved performance with enhanced accuracy and increased throughput.

In 2023, Dematic introduced the Recontainerizing Workstation, featuring an ergonomic design that improves worker comfort and efficiency. With a 10-degree donor tilt, this picking workstation facilitates more fluid and accessible worker interactions while minimizing the amount of required motion. Additionally, the workstation includes an adjustable platform, allowing it to accommodate workers of varying heights.

High-Efficiency Motor Drives

We continued to implement high-efficiency drive technologies into our standard line of products, ensuring efficient use of electricity and helping our customers decrease their energy usage. These technologies contribute to reducing greenhouse gas emissions while maintaining the high performance and reliability customers expect from Dematic. In 2023, we launched a program for customers to retrofit the most widely installed Dematic conveyors with upgraded, high-efficiency motors. This initiative assists our customers in reaching their sustainability goals by reducing kilowatt usage by up to 25% while extending the lives of their existing systems.



THOUSANDS

of miles of installed conveyors Dematic can upgrade to be up to **25%** more efficient



PRODUCT INNOVATION

Sustainability in Action

Product Spotlight

Dematic Multishuttle® is a logistics module that optimizes performance while remaining flexible, modular, and adaptable to changing customer needs. In 2023, we integrated several sustainable features into our shuttle automated storage and retrieval system.

Dematic Multishuttle now features the Dematic xMC DC Motor Controller, which improves performance, enhances cybersecurity, and minimizes wiring and fieldbuses. Additionally, we developed a new line of load containers for Dematic Multishuttle, integrating totes and trays made with 100% recycled materials in a standard color. We also introduced a more condensed and efficient design, resulting in less steel in the rack structure when compared to our previous design.

Warehouse Automation

Dematic Automated Guided Vehicles (AGVs) and Autonomous Mobile Robots (AMRs) are industrial robots that lift and transport materials throughout a warehouse, distribution center, or manufacturing facility without onboard operators. AGVs and AMRs help reduce manual forklift accidents, free limited labor for more valuable tasks, and create safer and more efficient workplace environments while protecting customer employees, facilities, and materials.

These flexible and scalable transporters can provide customers with lower-cost entry points to warehouse automation. Dematic provides guidance to our customers on integrating AGVs and AMRs into their intralogistics solutions to maximize efficiency and performance. As our journey to implement AGVs and AMRs into our suite of solutions continues, we introduced the D50 to the market in 2023. This new shuttle lift offers the latest in robotic technology for the bin-to-picker application.



Dematic D50

SOFTWARE

Advancing Cloud-Native Software Capabilities

Software serves as the most critical part of any supply chain automation solution, driving operational efficiencies, improving inventory visibility, and providing robust data analytics. Dematic Software has four functional pillars:

- Business process integration to facilitate end-to-end distribution processing
- Dynamic flow to allow optimized throughput
- Intuitive user experience to promote efficiency
- Extensibility to spur customer growth

Cloud-computing technologies, together with advancements in artificial intelligence (AI) and machine learning (ML), will play a pivotal role in enhancing facility operations and supporting our customers in reaching their sustainability goals.

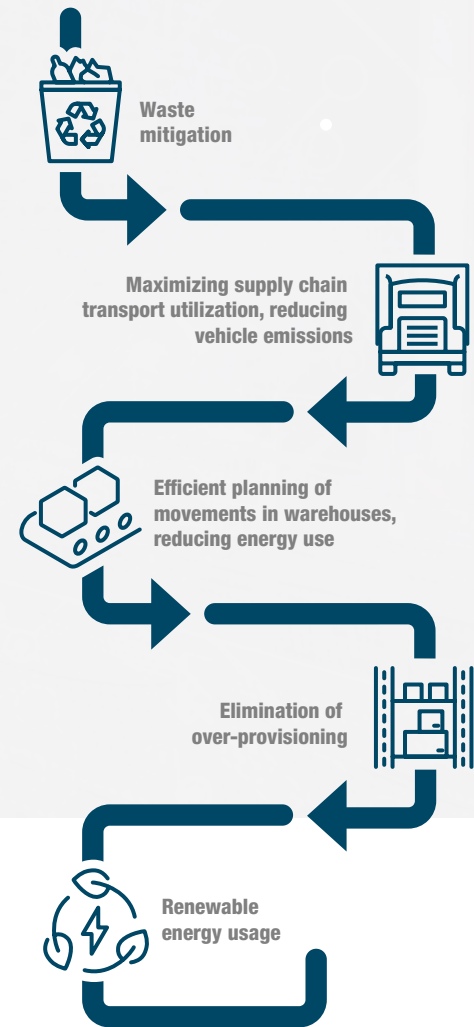
Dematic investment in cloud computing allows our customers to extend the life of their hardware investments, optimize workforce resources, and dynamically scale up during peak times.

We offer solutions tailored to multiple cloud environments that mitigate environmental effects through reduced material consumption and improved energy efficiency.

In 2023, Dematic added two portfolio products to Google Cloud Marketplace:

- Dematic Sprocket Enterprise Asset Management (EAM) software — streamlines and automates processes to assist in maintenance management, improves workflow within maintenance departments, and minimizes costs to perform maintenance.
- Dematic Warehouse Management System (WMS) software — offers dynamic and efficient warehouse and fulfillment center management that seamlessly integrates planning, operations, personnel, and equipment, and delivers exceptional flexibility, labor efficiency, and fulfillment accuracy.

Dematic's move toward cloud-based software capabilities unlocks several sustainability benefits for our customers, including:





SAFETY ORGANIZATIONS IN WHICH DEMATIC TEAM MEMBERS ACTIVELY PARTICIPATE:

ANSI/ASME B20.1 – SAFETY STANDARD FOR CONVEYORS AND RELATED EQUIPMENT

ANSI/ASME B30.13 – SAFETY STANDARD FOR STORAGE/RETRIEVAL (S/R) MACHINES AND ASSOCIATED EQUIPMENT

EN 619 – SAFETY AND EMC REQUIREMENTS FOR EQUIPMENT FOR MECHANICAL HANDLING OF UNIT LOADS

EN 528 – RAIL DEPENDENT STORAGE AND RETRIEVAL EQUIPMENT – SAFETY REQUIREMENTS

ISO 3694-1 – SAFETY REQUIREMENTS AND VERIFICATION FOR DRIVERLESS INDUSTRIAL TRUCKS AND THEIR SYSTEMS

ISO 23979:202X(X) ISO TC 101/WG 2 – WORLDWIDE CONTINUOUS MECHANICAL HANDLING EQUIPMENT SAFETY STANDARDS FOR UNIT LOAD

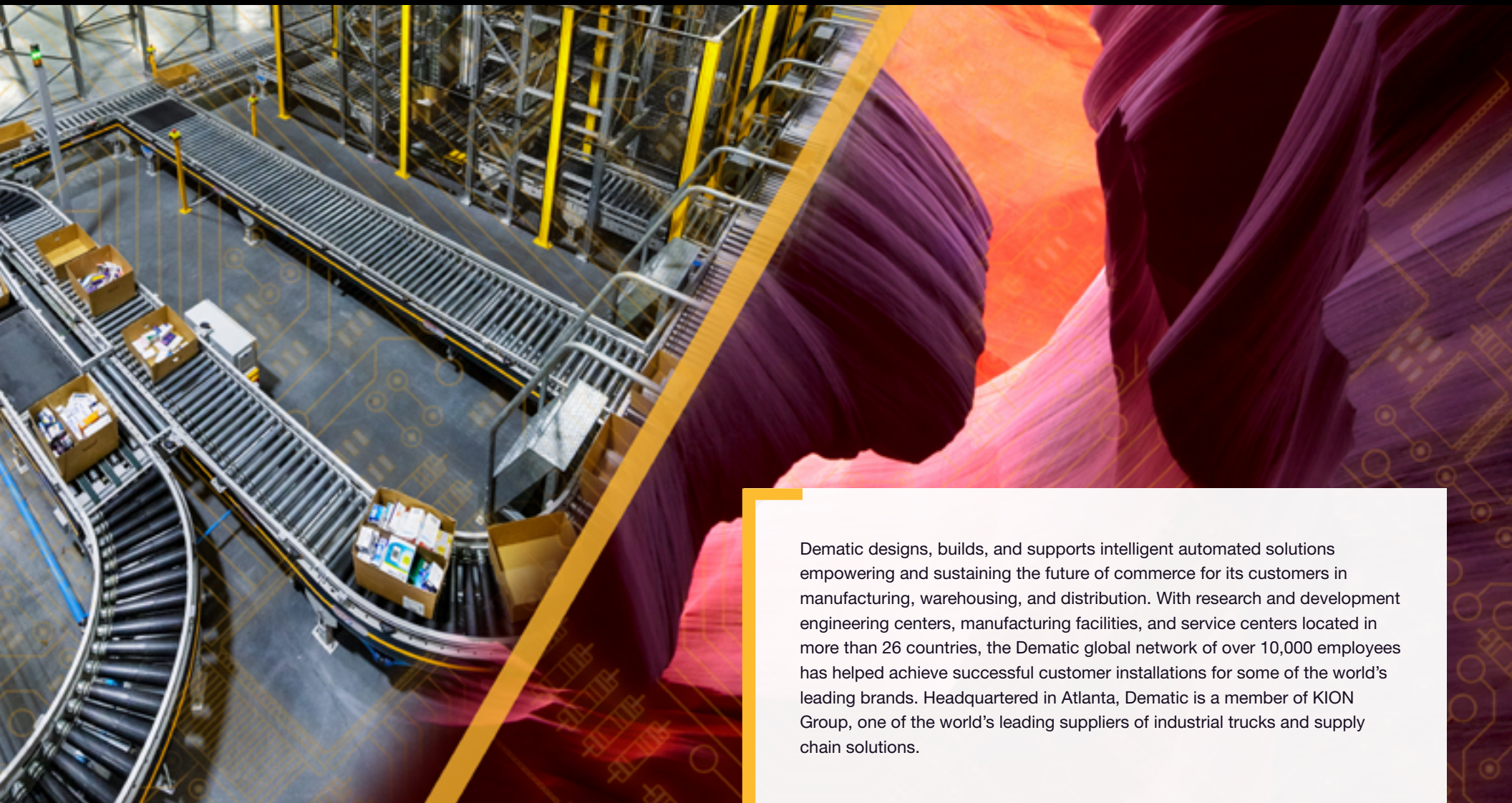
CONVEYOR EQUIPMENT MANUFACTURERS ASSOCIATION (CEMA) SAFETY COMMITTEE

PRODUCT SAFETY

Delivering Safer Workspaces

Product safety remains a top priority in our commitment to providing customers with safer work environments. Dematic continuously assesses, identifies, and mitigates potential safety risks across our entire product line during the development process.

To advance our mission of preventing accidents, we adhere to the highest safety and health standards, including CE marking, UL certification, and Australian C-Tick/RCM requirements, as well as rigorous internal standards. Dematic team members actively participate in safety regulatory organizations to help guide the implementation of new standards and to fully comply with established regulations. This includes chairing an ISO committee to harmonize regional standards into one global framework for conveyor safety. Last year, Dematic also initiated workstreams to comply with the new EU Machinery Regulation that will take effect in 2027.



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 26 countries, the Dematic global network of over 10,000 employees has helped achieve successful 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

Sustainability at Dematic

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