

LISTENING IS OUR DRIVE

SUSTAINABILITY AT NEUGART



Imprint

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at Neugart GmbH:**

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Expert guidance:

BUNAWI - Büro für Nachhaltigkeit
und Wirtschaftsethik



Deutscher
NACHHALTIGKEITS
Kodex
Berichtsjahr 2022

Notes:

This brochure contains content
from the DNK Report 2022.

Status: October 2023

Dear employees,
customers,
dear readers

Sustainability has become an essential component of entrepreneurial activity. We are convinced that the future viability of a company can only be ensured in harmony with the environment, society and profitability.

Sustainability is rightly present as a global challenge as never before and is increasingly required by laws and guidelines. As a family-run company, we have always focused our actions on the economic, ecological and social aspects. Because of this, we are convinced that we can continue to develop the company sustainably in the long term.

In order to be able to continue to maintain our competitiveness, we are intensively engaged with the sustainability issues that concern our customers.

We are also aware of our social responsibility in terms of social sustainability and attach importance to acting in a socially responsible manner while taking into account the expectations of our stakeholders (interested parties). We are convinced and know from experience that a corporate culture that is fair, respectful and value-oriented in its approach to the needs of employees promotes employee commitment, employee satisfaction and employee productivity.



In terms of climate targets, one of the goals we have set ourselves is to be able to fully implement the emission reductions according to Scope 1 and Scope 2 by the end of 2025.

At first glance, these and many other efforts are partly contradictory – but not for us. We see these challenges as an incentive to tackle and implement all of this to the same extent.

In this brochure you will find the most important facts and figures relating to our sustainability management – the detailed Sustainability Report can be found in the database of the German Sustainability Code or on our website.

A handwritten signature in blue ink, appearing to read 'B. Neugart'.

Bernd Neugart

A handwritten signature in blue ink, appearing to read 'M. Herr'.

Matthias Herr

Managing partners

ABOUT US

We are the family business among gearbox manufacturers. Founded in 1928, the company is owner-managed until today and meanwhile in the fourth generation. We develop, produce and sell planetary gear units and customer-specific special gear units for general mechanical engineering, e.g. for machine tools, handling technology, packaging, printing, textile machines, robot technology and the like.

The selection of the right gearbox and the exact configuration of our products have a considerable influence on the energy efficiency of a drive train. Every day, we are faced with the exciting task of

understanding the respective customer requirement in detail and implementing it precisely based on 14 million possible product configurations. That's why we appear with the self-confident slogan: "Our most ingenious technology: listening".

Products, manufacturing methods and operational processes are constantly scrutinized and optimized at our company. The prerequisite for this is a corporate culture of continuous improvement – supported by 850 Neugart employees worldwide, of which more than 700 are employed at the headquarters in Kippenheim in southern Baden.

NUMBERS AND FACTS



Family business
in 3rd and 4th generation



3 production sites in Germany,
USA and China with a total of
28.000 m² production area



850 Employees
worldwide



124,4 million Euro sales
worldwide in 2022



We are an independent family business that has been managed with foresight over generations. We manufacture unique products in forward-looking processes and use the available resources responsibly and efficiently.

Our intelligent solutions to specific requirements in industrial drive technology make us one of the world's leading suppliers of precision gear units.

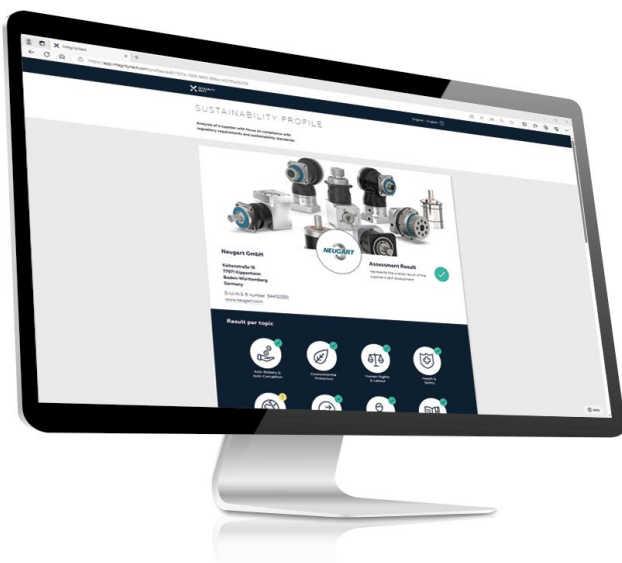
We are present in our main markets with all the relevant functions, processes and structures and demonstrate that globalization is also feasible for small and medium-sized enterprises. In this way, we safeguard all our locations worldwide.

We maintain an open corporate dialog worldwide and live the Neugart culture together. This is characterized by respectful with each other and the drive to achieve more together.

We are shaping our future with financial independence on the basis of healthy profitability.



OUR SUSTAINABILITY STRATEGY



In our quality, environmental and energy policies, we have been committed for years to sustainability in the sense of the well-known triad of economy, ecology and social issues.

Since 2021, we have been systematically driving forward the development of our sustainability management and, as a first step, have drawn up carbon footprints for our sites in the USA and China, for example. It became clear that we need clear definitions of terms and responsibilities as well as a sustainability strategy with clearly defined fields of action and measures in order to be able to continue the initiated process in a meaningful way.

For this reason, we now conduct an annual materiality analysis and derive our corporate goals from it. When it comes to processes and documentation,

we pay particular attention to ensuring that we can harmonize these with our existing management system.

Our sustainability strategy is therefore an integral part of our corporate strategy.

With sustainability reporting in accordance with the German Sustainability Code (DNK), we thus report indirectly in accordance with the Global Reporting Initiative (GRI). Based on this, we are preparing to use the new European standard ESRS.

In order to give our customers a transparent overview of our sustainability activities at Neugart, we are active on the online platform "[Integrity Next](#)". There, interested parties can obtain transparent information.

MATERIALITY & GOALS DERIVED THEREFROM



Our materiality analysis and sustainability strategy identified 14 topics. We have prioritized these and divided them into five areas for action. We have derived the following targets according to their priority. We limit ourselves here to the first three topics, which have high priority for 2023. More detailed explanations of the goals are anchored in the Sustainability Code report.

1. Adequate return on investment (field of action leadership):

Despite more difficult market conditions due to inflation and rising costs, the entire organization will achieve the return on investment set out in the management objectives by the end of the fiscal year.

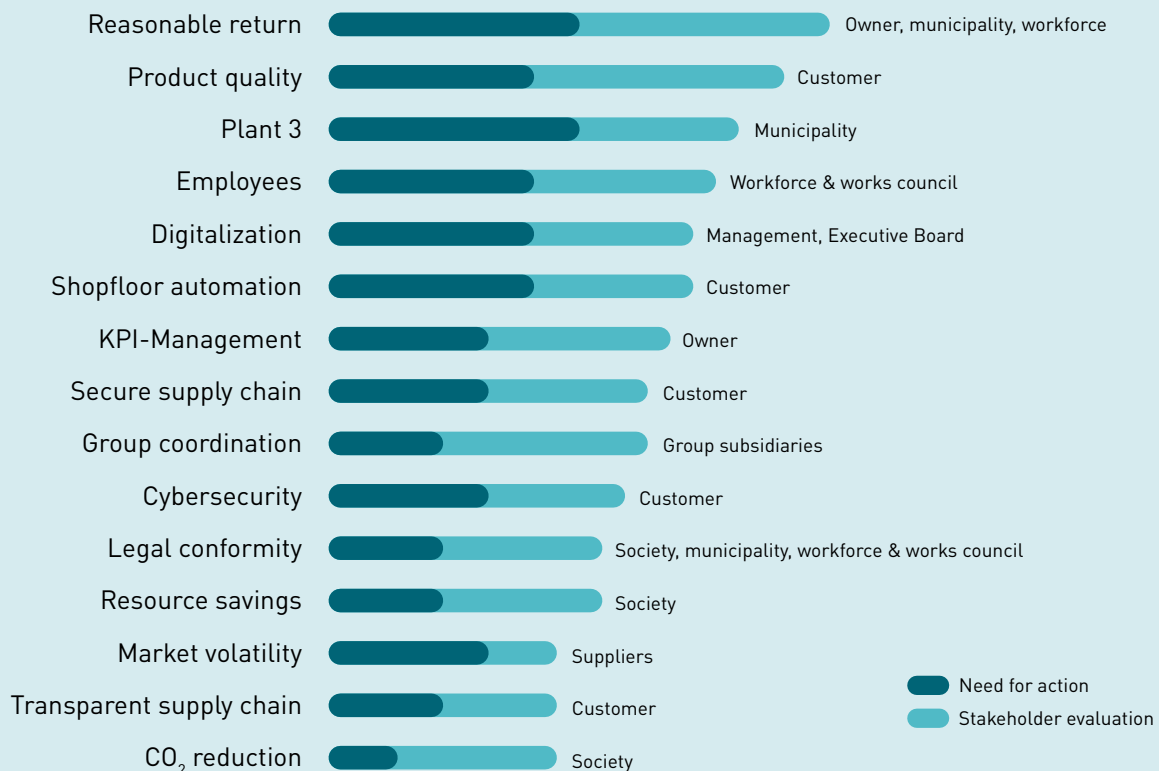
2. High product quality (Products field of action):

In order to maintain customer satisfaction and reputation at the usual excellent level, return rates must not exceed the current very low rates by the end of the fiscal year under any circumstances.

3. Plant 3 (Products action area):

In order to meet the forecast product requirements of our customers, capacity expansion in the form of a new plant is necessary. In order to achieve this goal, the measures are to be aligned in such a way that production in the new Plant 3 can begin in the 4th quarter of 2024 at the latest.

Top 15 of our materiality analysis for our defined stakeholders



USE OF NATURAL RESOURCES

Materiality and relevance:

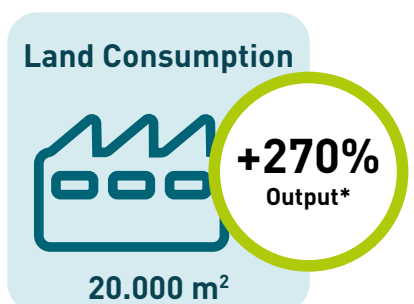
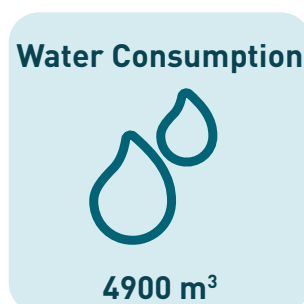
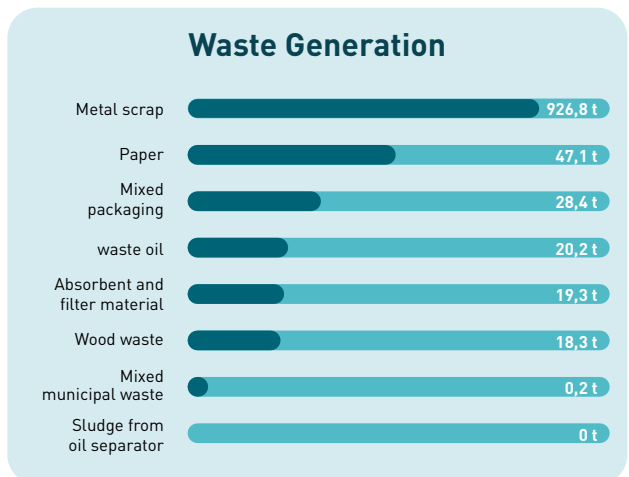
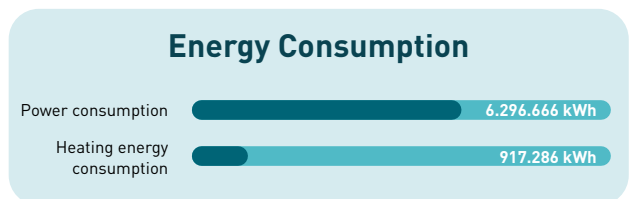
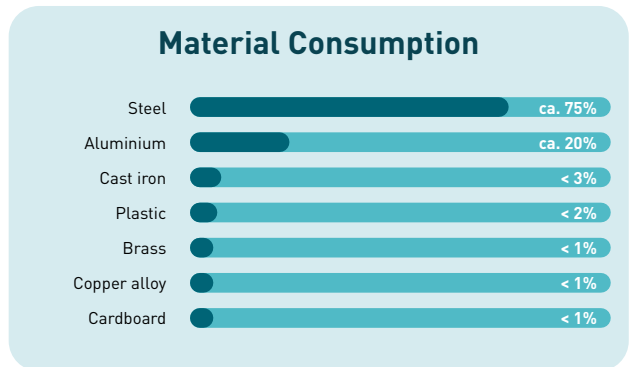
Due to its business activities, the company Neugart GmbH uses resources in a variety of ways and thus causes impacts on the environment. Our company strives to keep these impacts as low as possible.

Management approach:

As an owner-managed family business, it has always been important to us to act not only economically, but also responsibly and sustainably. That is why we introduced a certified environmental management system in 2008.

We place great emphasis on reducing and avoiding the following resources:

- **Material Consumption**
- **Energy Consumption**
- **Waste Generation**
- **Water Consumption**
- **Land Consumption**



**+270%
Output***

*since last construction



To improve resource efficiency, we are working above all on increasing energy efficiency. This concerns both the energy consumed by the company itself and the efficiency of our products.

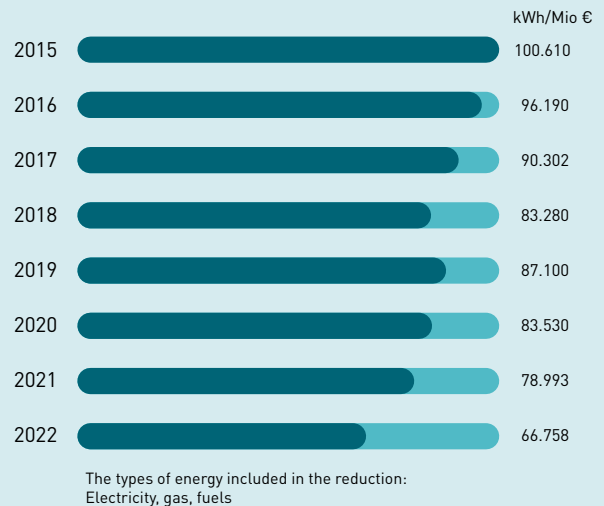
It was decided as early as 2021 that we want to achieve CO₂ neutrality for Scope 1 and Scope 2 from 2025, without compensation measures.

Within the framework of the environmental management system according to DIN EN ISO 14001:2015, the following environmental aspects were defined by the management: CO₂ emissions (Scope 1 and Scope 2), water consumption, material compliance.

We focus on e-mobility: In order to reduce the consumption of gasoline and diesel, we generally do without combustion engines for newly acquired vehicles. An e-charging infrastructure for charging company vehicles was implemented in 2023.

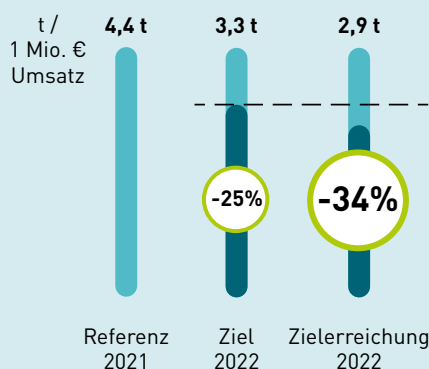
We obtain part of the energy we need from our own photovoltaic system. This enables us to reduce CO₂ emissions and energy costs.

Scope Of The Reduction Of Energy Consumption

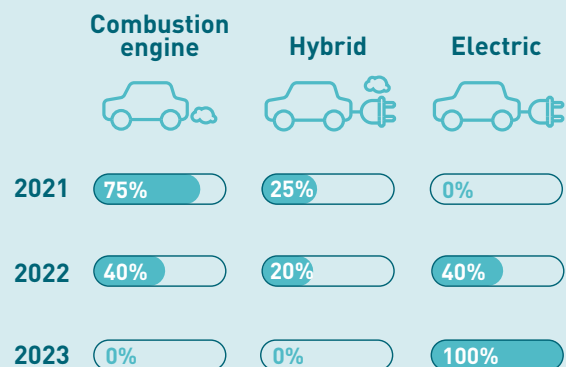


The building envelope of the new Plant 3 will be completely CO₂-free. The experience gained there is to be transferred to Plants 1 and 2 as far as possible in order to operate e.g. heating, cooling, hot water, ventilation and lighting in a climate-neutral manner.

CO₂ Scope 1 and Scope 2

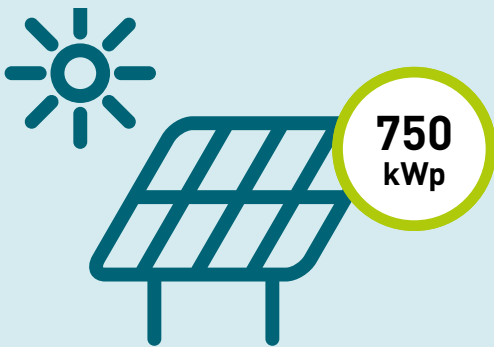


E-Mobility (new vehicle fleet registrations)

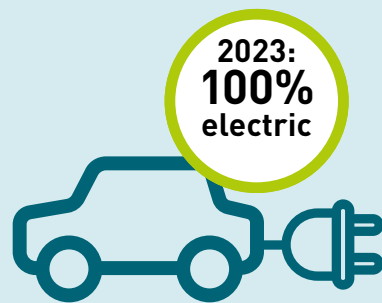


MEASURES ALREADY IMPLEMENTED

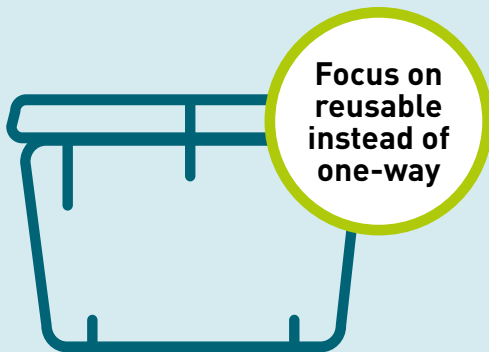
Solar energy



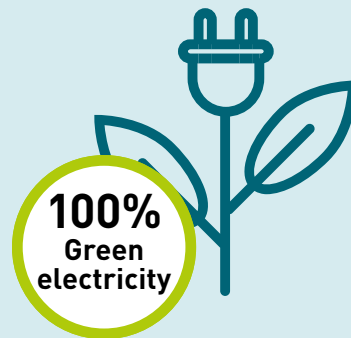
Vehicle Fleet (new registrations)



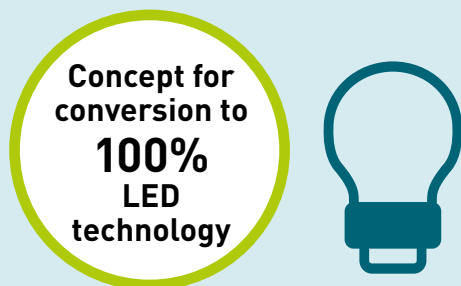
Product packaging



Power



Lighting (new registrations)



Rainwater cistern

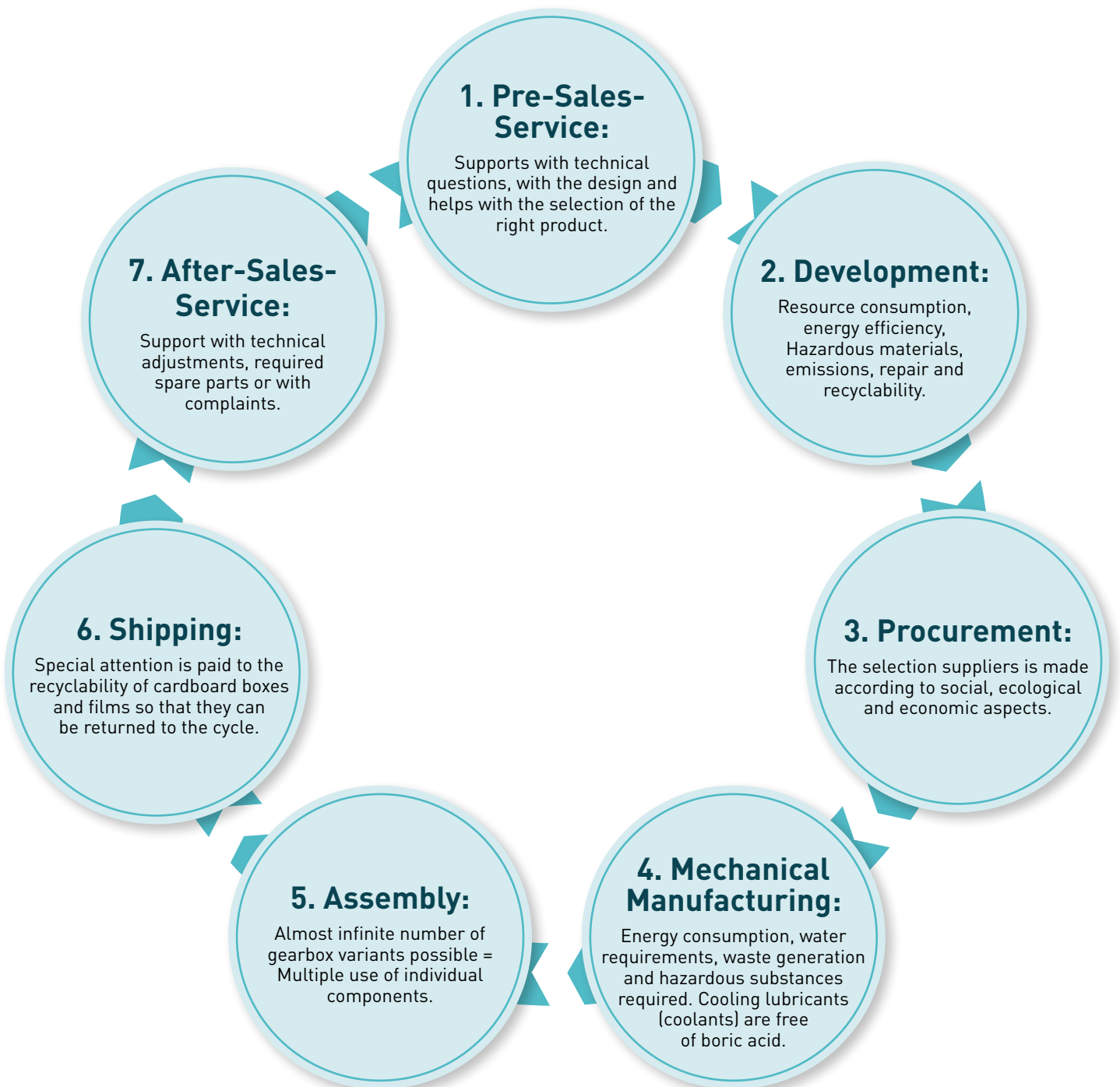


SUSTAINABILITY CRITERIA IN OUR VALUE CHAIN



The very high level of vertical integration, which we have continued to expand in recent years, has a major impact on our location and job security.

To drive this forward sustainably, we pay particular attention to the aspects shown in the graphic along our value chain.



OUR EMPLOYEES

Neugart conducts its business within the framework of applicable laws and regulations. We have identified the topics of data protection, antitrust law, dealing with customers and suppliers, equal opportunities for employees and safety at work as important areas in this field.

At Neugart, we live these issues primarily through an open and fair culture.

This culture is not only reflected in the constructive interaction with the employee representatives (works council). The open culture of discussion with employees, the offers to actively promote their company and private health, and the support for safe and healthy work also show that we have already achieved the high level we strive for.

The Works Council is the official representative of the employees. Cooperation with this body, which covers the entire workforce in terms of both gender distribution and representation of the various company divisions, is very open and goes far beyond the requirements of the Works Constitution Act (BetrVG). There are regular discussions and consultations with the management, executive management and personnel management. This means that many topics, suggestions, wishes and needs of employees can be communicated directly to the decision-makers.

If an employee feels that his or her rights are at risk, there are a number of ways to contact them.



"I really appreciate my job at Neugart because the proximity to my home allows me to have a good work-life balance. In addition, I am proud to be part of a company that focuses on sustainable thinking and action."



"Working at Neugart is more than just a job. Sustainability is actively practiced out of conviction. For example, many colleagues use the job bike sponsored by Neugart. Plant 3, which is currently under construction and has a photovoltaic system makes us partially self-sufficient and conserves resources."



23
Nationalities



23%
female
77%
male

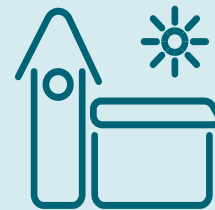
Compatibility of family & career



Flexible working hours



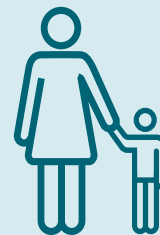
Home Office



No work on Sundays/holidays

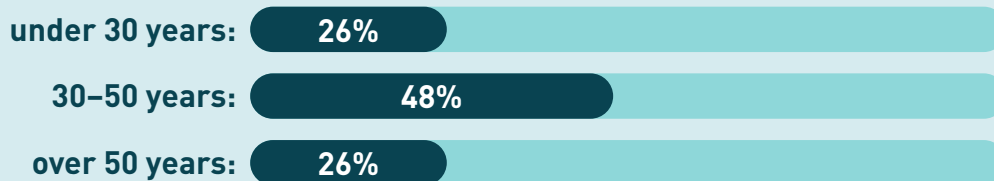


Monetary birth subsidy



Childcare subsidy

Demographic structure



SOCIETY ENGAGEMENT



Social commitment

Our commitment to the community extends to the areas of sports, music, church and politics.

Our managing partners are themselves active as volunteers and are very involved in social clubs and associations.

We also organize Christmas parties and summer festivals for the entire workforce.

Political commitment

The management is represented on important committees of the VDMA (German Engineering Federation) and WVIB (Baden Industrial Association). The associations are consulted by the federal and state governments in the course of legislative procedures. This means that there is a certain possibility of exerting influence - at least with regard to the pragmatic feasibility of implementation in day-to-day operations.

Although individual decision-makers in the company are members of political parties, there were no donations to political parties in the reporting year. Our involvement is generally less driven by the position of a particular party. Rather, we take care to promote those ideas and concepts that are thought through holistically and thus keep the economy, society and the environment equally stable.

We welcome the activities surrounding the EU's Corporate Sustainability Reporting Directive (CSRD). Although this regulation will create further bureaucratic hurdles that are almost impossible to overcome, especially for small and medium-sized companies, it does, however, offer the opportunity for the first time to create a uniform framework for the large number of sustainability reports currently established and in demand on the market.

With our activities to date, we have already laid a solid foundation for fulfilling the CSRD. In the future, our focus will be on meeting the requirements of this regulation in a timely manner.

Furthermore, we will work to harmonize and consolidate the large number of sustainability reports (today partly in online portals, partly in lists and prose reports). Ultimately, standardized reporting also helps to reduce additional administrative expenses in the market environment.





Do you still have questions or need further information?

We will be happy to advise you on all topics relating to drive technology.

You can find your personal contact at: www.neugart.com

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