Sumitomo SHI DEMAG

SUSTAINABILITY REPORT 2025

Act! Sustainably

Sustainable production processes accomplished using more efficient and resource-saving machinery

Climate Change, environmental pollution, limited resources. Our society faces a variety of evolving issues. We have long-passed the point where the single guiding parameter is growth. It takes courage and care to make more sustainable decisions and implement ethical measures. At Sumitomo (SHI) Demag, we have already taken the first step. Supporting our customers to future-proof their business, while simultaneously contributing to the circular economy.

With our strong industry-focused approach, we continuously lead the way in providing cutting-edge injection moulding solutions for packaging, automotive, medical, electronic, and consumer goods applications. Thus, we see ourselves as one integral part within the plastics processing industry, with the power to contribute to a more sustainable future. Besides enabling moulders to apply innovative and sustainable processes, to use recycled material for their applications, or to produce easily recyclable products, etc., we have a major focus on providing the most energy efficient all-electric injection moulding machines.

Since 2008, we have been a part of the Japanese Sumitomo Group. In collaboration with our parent company Sumitomo Heavy Industries (SHI) we are blending the best injection moulding technology from Germany and Japan, and thus combine strengths from the two countries that have made mechanical engineering the most successful in the world. As a result, we have become the leading global supplier for the most energy-efficient all-electric injection moulding machines. Alongside our headquarters in Schwaig, Germany and our plant in Ningbo, China, our German second plant in Wiehe has been building high-performance small machines since 1969, developing into an industry-recognised competence centre for small and medium-sized all-electric injection moulding machines.

The number one trendsetter in all-electric injection moulding

Our guiding principle “Act! Sustainably” is deeply embedded in our values. It defines all actions we take, and is also reflected in our companies vision, to become the number one trendsetter in all-electric injection moulding solutions. We are convinced that all-electric machinery is the future of injection moulding. Not only due to their precision, but also due to their incomparably high energy efficiency. To be the world leader in all-electric solutions, we thus aim to deliver a globally harmonized product portfolio with sustainable, easily operated, reliable, innovative and economic solutions, combined with fast and competent support.

That aside, our principle “Act! Sustainably” also reaches far beyond our customer solutions: We are consistently applying the demand for sustainability to our entire processes. For us, compliance is key. Our interactions are based on respect, transparency, integrity, credibility and reliability. This is why we issue our Sustainability Report based on the DNK (“Deutscher Nachhaltigkeitskodex” = German Sustainability Codex), which is constantly evolving, as we progress in our efforts to become a more sustainable company. Furthermore, we started to adhere to the European Sustainability Reporting Standards (ESRS) in our project to implement the requirements of the CSRD, which e.g. build the foundation of our Materiality Analysis. According to latest EU policies our CSRD approach was exempted from a review of public accountants.

Scope of this sustainability report

This sustainability report covers the operations of Sumitomo (SHI) Demag Plastics Machinery GmbH, a wholly owned subsidiary of Sumitomo Heavy Industries Ltd. (Tokyo, Japan), as well as its affiliated companies where possible and applicable.

Of all subsidiaries held by Sumitomo (SHI) Demag Plastics Machinery GmbH, eight are dedicated sales and service organizations. Their activities include customer support, service provision, and maintaining small spare parts inventories.

Only the Chinese subsidiary, Demag Plastics Machinery (Ningbo) Co., Ltd., conducts production-related processes, specifically assembly and commissioning of injection molding machines. While these procedures follow the same methods as in Germany, the depth of production is lower, as certain components are sourced externally rather than manufactured in-house.

Where possible and applicable all subsidiaries are included in the identification and assessment of material impacts, risks, and opportunities. However, as data collection outside of Germany started at a later stage, this report does not yet contain data from previous years. These gaps will be closed in the coming years. Please note that, for this reason, the report cannot yet provide a fully comprehensive set of data.

The scope of this report therefore tries to include the following entities:

- **Germany:** Sumitomo (SHI) Demag Plastics Machinery GmbH
  - **Czech Republic:** Sumitomo (SHI) Demag Plastics Machinery Česko spol. s r.o.
  - **Poland:** Sumitomo (SHI) Demag Plastics Machinery Polska Sp. z o.o.
  - **Spain & Portugal:** Sumitomo (SHI) Demag Plastics Machinery España S.L.U.
  - **Brazil:** Sumitomo (SHI) Demag do Brasil Ltda.
  - **Italy:** Sumitomo (SHI) Demag Plastics Machinery (Italia) S.r.L.
  - **Hungary:** Sumitomo (SHI) Demag Plastics Machinery Hungária Kft.
  - **France:** Sumitomo (SHI) Demag Plastics Machinery (France) S.A.S.
  - **UK & Ireland:** Sumitomo (SHI) Demag Plastics Machinery Ltd.
  - **China:** Demag Plastics Machinery (Ningbo) Co., Ltd.

Criteria 1-4:
STRATEGY

In this chapter, we will delve into the fundamental topics, central to this sustainability report.

Here, we will explore the challenges, opportunities, and risks associated with sustainable practices within our business activities. We will outline our plans to address mid- and long-term goals, ensuring we proactively tackle each social and environmental challenge.

Additionally, we will take a comprehensive view of our entire value chain, covering raw material sourcing to waste disposal. By thoroughly addressing the four criteria strategy, materiality, goals, and value chain, we lay the foundation for our sustainability report.

1. Strategy

At Sumitomo (SHI) Demag, we are fully committed to our sustainability strategy, which is aligned with the Sumitomo Business Philosophy and the SHI Group Business Principles. With an emphasis on sustainable growth, we aim to advance and enhance our social and corporate value, while prioritising environmental protection, workplace safety, and ethical business practices. In pursuit of a sustainable society, Sumitomo (SHI) Demag has adapted the Basic Sustainability Policy of SHI, defining the following central fields of action:

1. **We shall provide products and services that contribute to economic and technological development and aim for our sustainable growth.**

2. **We shall make every effort to minimize the environmental load in all of our business activities, including the entire product life cycle. In addition, we shall protect the safety, security and health of every person involved in any corporate activities and create a workplace where everyone of us can work vibrantly.**

3. **We shall ensure thorough corporate ethics and improve management soundness and transparency.**

To effectively implement our sustainability strategy and cover the Basic Sustainability Policy, we have established certified management systems at our manufacturing locations that are aligned to ISO 9001, ISO 14001, ISO 45001, and additionally in Germany VDA ISA and ISO 50001. These systems provide a solid foundation for integrating sustainability into our operations and driving continuous improvement. We also engage with external rating platforms, such as the EcoVadis Platform, to measure our sustainability performance and benchmark our business against industry standards.

In our reporting, we adhere to the guidelines of the DNK (Deutscher Nachhaltigkeitskodex), a framework that enhances the credibility and transparency of our sustainability efforts and demonstrates our commitment to responsible and sustainable business practices. Fostering accountability, while simultaneously ensuring continuous alignment with industry developments and stakeholders' expectations. With this dedication to continual improvements in our practices, we are confident these systems will effectively measure our continuous progress and enable us to contribute to a more sustainable future.

2. Materiality

A materiality analysis was conducted to identify the topics most relevant for our companies. Starting from the ESRS catalogue of topics, we selected those applicable to our operations. In line with our commitment to transparency, the analysis was further complemented with elements from the GRI Standards.

To determine impacts, we held workshops with internal experts representing key departments, including Procurement, Development, Production, Human Resources, Sales, Quality Management, Safety, Energy Management, and Compliance. Employee representatives from our main production locations in Schwaig and Wiehe sites also participated. The complete list of ESRS topics and subtopics was systematically reviewed, and participants were also asked about potential company-specific issues. No additional specific topics emerged. The assessment focused on business processes, practices, raw materials, products, employees, and business partners, as well as past incidents and planned activities. The identified issues were evaluated by the project team using publicly available data, departmental input, and information from our subsidiaries. Where applicable, reference values or external benchmarks were considered, with data aligned to the full reporting year. Existing structural or technical measures were taken into account, while easily changeable measures, such as insurance coverage, were not included.

Each topic was assessed according to the following criteria:

Scale (intensity or severity of impact), Scope (geographical or operational extent of impact), Irreversibility (time required to restore the original state), Likelihood (probability of occurrence)

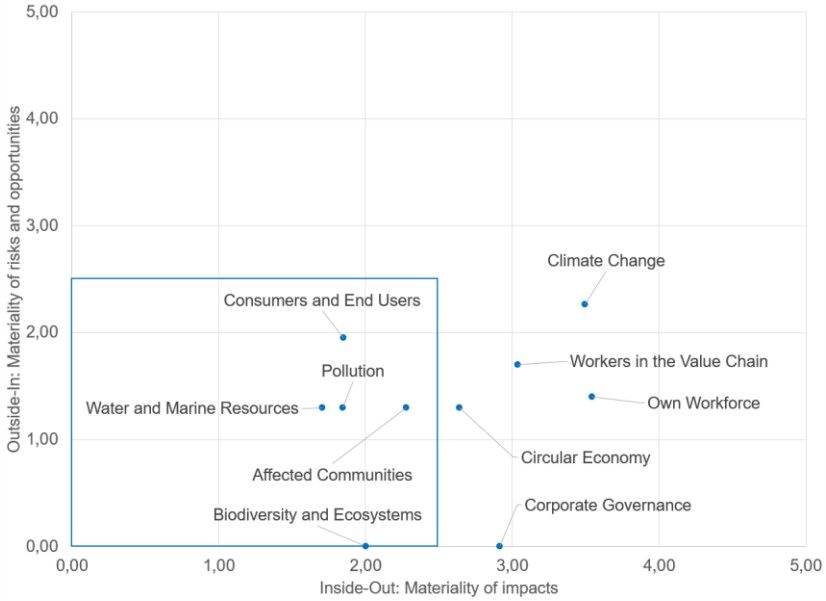
The evaluation was based on a scoring scale from 1 (lowest) to 4 or 5 (highest). A threshold value of 2.5 was applied: all topics scoring above this threshold were considered material. The overall score was determined using defined formulas, weighting the criteria scale, scope, and irreversibility equally. Our own assessment was combined with stakeholder input at a ratio of 2:1 (company:stakeholder). A final prioritization of material topics was derived from the results of this evaluation.

Key stakeholder groups considered in the process included:

Employees, workers in the supply chain, customers, affected communities (particularly in the upstream value chain), industry associations, public authorities, ownership (Sumitomo Heavy Industries Ltd.), non-governmental organizations (NGOs)

Materiality Matrix:

The materiality matrix identifies five key topics of concern. This report addresses each of these topics in detail, aligned with the relevant ESRS reporting requirements, and additional data in accordance to the GRI standards, where applicable and available.



3. Goals

As part of our global social responsibility and commitment to sustainability, we have established specific goals that align with our identified material issues and contribute to the Sustainable Development Goals (SDGs). These goals reflect our dedication to creating value-adding products for society, enhancing quality of life for workers, customers, and consumers, and promoting sustainable practices. The goals, defined by the SHI Group, are:

Goal 3.8: ***"Achieve universal health coverage (UHC), including financial risk protection, access to quality essential health care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all."***

→ Our high-precision, high-efficiency plastic injection moulding technology enables the manufacture of medical-use plastics that require thin and fine processing. Through these products and technologies, we contribute to the development of medical technology and the maintenance of human health.

Goal 9.4: ***"By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes. All countries will take action in accordance with their respective capabilities."***

→ Our high-precision, high-efficiency plastic injection moulding technology enables the production of precision, high-strength automotive plastic parts, which contribute to the reduction of vehicle weight and improvement of fuel efficiency.

Goal 12.4/12.5: ***"By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment." / "By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse."***

→ We aim for zero waste and zero emissions of hazardous chemical substances in our business activities and promote our business with thorough consideration for the conservation and recycling of water resources and the conservation of biodiversity.

Goal 13: ***"Take urgent action to combat climate change and its impacts. "***

→ We aim to achieve zero emissions of CO2 in our business activities and provide products and services that will substantially reduce CO2 emissions.

Guided by this framework, the whole Sumitomo (SHI) Demag Management Board actively oversees and drives sustainability initiatives. Our short and mid-term goals are regularly reviewed by the respective steering committees. They will be monitoring the company's performance, identifying areas for improvement, and continually aligning with our sustainability objectives. Furthermore, Sumitomo (SHI) Demag has implemented several focus projects, so called „Strategic Initiatives", one of those defining the goal of constantly improving sustainability. Those initiatives are considered the main driver of growth within our company and are thus staffed with expert project teams and reviewed by the management board each quarter.

4. Depth of our value chain

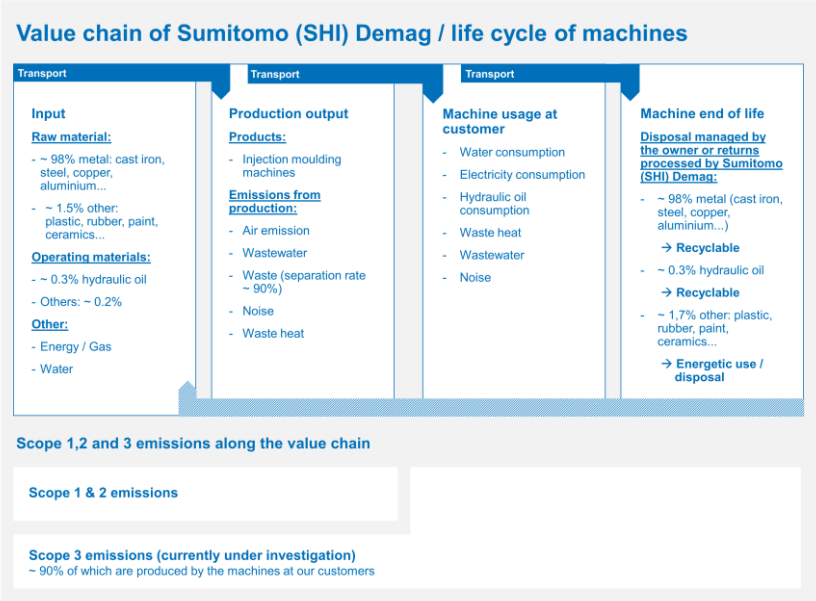
Sumitomo (SHI) Demag recognises the significance of assessing sustainability against set criteria across the entire value chain. We understand the profound impact our operations and business activities can have on the environment, not only within our direct operations but also in relation to our suppliers and partners. By benchmarking and measuring key players in our value chain, we aspire to cultivate a more sustainable industry.

Engaging with suppliers: By actively engaging with our suppliers, we aim to promote responsible and sustainable practices. By utilising an assessment process, we can evaluate their adherence to environmental, social, and ethical guidelines, as well as their commitment to sustainability principles. Our intention is to establish relationships with suppliers who align with our sustainability goals, fostering a value chain that shares our values and commitments. Our Supplier Code of Conduct sets clear expectations for ethical conduct, and we require suppliers to demonstrate compliance against relevant standards, including ISO 9001 for quality management and ISO 14001 for environmental management.

Robust assessment processes: By assessing and integrating sustainability criteria throughout our value chain, we aim to minimize environmental impacts and drive positive social change. We understand that sustainable practices extend beyond our own operations and that our value chain plays a crucial role in achieving our sustainability objectives. To ensure the depth of our value chain is thoroughly assessed for sustainability, we have implemented robust processes and systems. These include comprehensive supplier evaluations, periodic audits, ongoing performance monitoring, and the use of certain indices, such as the Global Rights Index or the Environmental Performance Index to determine the country-specific risks of our suppliers. Through these measures, we evaluate the sustainability performance of our suppliers, their adherence to relevant standards and certifications, and their efforts to continuously improve sustainability practices.

Satisfying customer expectations: We offer products and services that align with our customer's sustainability requirements, and are dedicated to meeting their expectations and needs. By providing energy-efficient systems, sustainable production machinery, and solutions that support the circular economy, we contribute to their sustainability goals. This collaboration ensures that sustainability is promoted throughout the whole value chain and strengthens our partnerships.

Collaborating and exchanging knowledge: For the purpose of promoting best practices and generating sustainable, innovative solutions, we actively foster collaboration and the exchange of expertise among our partners and suppliers. We continuously seek new opportunities to engage with stakeholders throughout the value chain, including universities, industry associations, and initiatives such as the R-Cycle community. By connecting with our stakeholders, we address shared sustainability challenges, exchange insights, and drive positive change at each stage of the value chain.



Criteria 5-10:

PROCESS MANAGEMENT

In this section, we will explore how sustainability is efficiently and systematically managed within our company.

We will address six key criteria that encompass various aspects of sustainability management, from determining responsibilities and duties, to establishing rules and processes that guide our work.

Moreover, we will display the presence of incentives for our leaders and employees, motivating them to actively pursue our sustainability goals.

Additionally, we will assess how we gather and consider the opinions of external stakeholders who have a vested interest in our company's development.

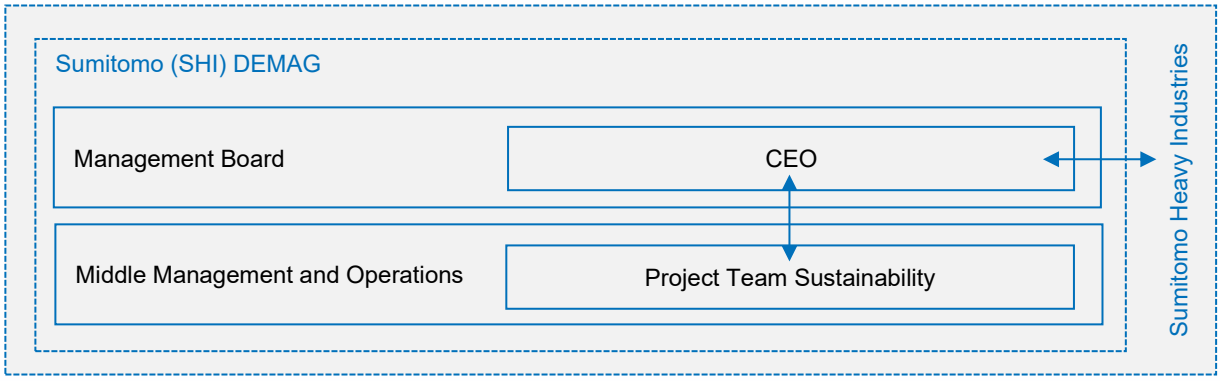
Lastly, we will evaluate how our products and services align with sustainability requirements and consider strategies for continuous improvement to our sustainability goals.

By comprehensively addressing these six criteria, we will demonstrate how sustainability is woven into our operational processes, ensuring a well-managed and forward-thinking approach to sustainability at Sumitomo (SHI) Demag.

5. Responsibility

Our Management Board is responsible for overseeing the company's sustainability strategy and performance, guaranteeing a unified approach to sustainability and business practices that reflect our core values. Members of the board have a diverse range of expertise relating to sustainability within the plastics manufacturing industry. They will be setting the direction, establishing policies, and monitoring progress within Sumitomo (SHI) Demag to ensure alignment with our sustainability objectives. One key member of the Management Board regarding sustainability topics is the CEO of Sumitomo (SHI) Demag, who reviews the reports of our 'Strategic Initiative: Sustainability' project team. In this role, they gather information, monitor goals, analyse the status quo, and collaborate with various stakeholders to formulate and drive the sustainability strategy.

Reporting Structure – Sustainability Topics:



Composition of administrative, management and supervisory boards:

ESRS		GER	CHN	BRA	CZE	ESP & POR	FRA	HUN	ITA	POL	UK & IRL
Number of executive members of the company's administrative, management and supervisory bodies (The management bodies with the highest decision-making authority in the company, including its committees)											
GOV-1_01 P21a		3	5	2	1	3	3	1	1	1	2
Number of non-executive members of the company's administrative, management and supervisory bodies											
GOV-1_02 P21a		3	0	n/a	n/a	n/a	0	0	1	0	1
Percentage by gender and other aspects of diversity considered by the company of members of the company's administrative, management and supervisory bodies											
GOV-1_05 P21d	F	0%	0%	50%	0%	0%	0%	0%	0%	0%	0%
	M	100%	100%	50%	100%	100%	100%	100%	100%	100%	100%
Percentage of independent committee members (Board members who exercise independent judgement free from external influences and conflicts of interest. Independence generally means the exercise of objective, unbiased judgement. When used as a benchmark to assess the appearance of independence or to classify a non-executive member of the administrative, management and supervisory bodies or their committees as independent, this means the absence of interests, positions, connections or relationships that, from the perspective of a knowledgeable and informed third party, inappropriately influence or distort the decision-making process)											
GOV-1_06 P 21e		0	n/a	0	n/a	n/a	0	0	0	0	0

6. Rules and processes

At Sumitomo (SHI) Demag, sustainability plays a significant role in our day-to-day activities. We have several robust rules and processes that enable us to uphold our commitment to sustainability, execute ethical business practices and build stakeholders trust.

- **Regular "Strategic Initiative: Sustainability" meetings:** Regular meetings are held dedicated to sustainability, enabling management, staff, and key stakeholders come together to discuss and address sustainability challenges, set goals, and monitor progress. These meetings foster cross-functional collaboration and ensure that sustainability remains at the forefront of our business decisions.
- **EcoVadis certification:** Annually, we undergo the rigorous EcoVadis certification process. This independent assessment evaluates our sustainability performance across various categories, including environment, labour and human rights, ethics, and sustainable procurement. The certification helps us to benchmark our current performance, identify areas for improvement, and showcases our commitment to sustainability.
- **Management standards reviews:** We conduct regular reviews of our management standards to ensure they align with our sustainability objectives and evolving industry best practices. These reviews enable us to maintain robust governance frameworks, ethical practices, and effective risk management systems.
- **Occupational Health & Safety Management:** The health, safety, and well-being of our employees is one of our top priorities. Through our occupational health and safety management systems, we implement rigorous protocols, training, and monitoring to ensure a safe work environment for all employees. Furthermore, we certified our occupational processes against the industry standard ISO 45001 in 2023/24.
- **Good governance rules:** We adhere to a set of defined good governance rules that promote transparency, accountability, and ethical conduct. These include:
    - Complying with J-SOX (Japanese Sarbanes-Oxley Act) regulations to ensure accurate and transparent financial reporting.
    - Establishing a confidential and secure ‘whistle-blower process’, enabling employees to report any unethical behaviour or violations of company policies.
    - Prioritising the protection of personal and sensitive data through robust data protection and security management systems.
    - A comprehensive risk management framework to identify, assess, and mitigate risks across all of our operations.
    - Maintaining a CMS (Compliance Management System), ensuring compliance with relevant laws, regulations, and ethical standards.

7. Control mechanisms

At Sumitomo (SHI) Demag (locations see above), we are committed to maintaining comprehensive control and governance mechanisms to ensure sustainable practices across our operations. We have implemented various management systems to address quality, occupational health and safety, energy efficiency, and environmental considerations. These systems enable us to uphold our long-term sustainability goals and minimize our environmental footprint.

Quality Management System (ISO 9001): Our adherence to the ISO 9001 standard underscores our dedication to quality management. Through our quality management system, we integrate quality policies into our operational practices, set measurable goals, and continuously monitor our performance. This ensures that we consistently deliver products and services that meet or exceed customer expectations, while driving continuous improvement throughout our organization.

Occupational Health and Safety Management System (ISO 45001): The wellbeing and safety of our employees are of utmost importance at Sumitomo (SHI) Demag. Implementing an occupational health and safety management system ensures we are providing exemplary protection and support for our workforce. We conduct thorough risk assessments, provide comprehensive training programs, and monitor our ongoing progress. This program is overseen and managed by our occupational safety specialist, quality management team, safety officers, as well as a company doctor and first aiders. Our occupational processes are certified according to the ISO 45001 standard.

Energy Management System (ISO 50001): Utilising ISO 50001, we have established an energy management system to identify potential energy savings and provide alternative solutions to improve our energy efficiency and reduce our carbon footprint. We focus on efficient energy use, minimizing emissions during energy production, continuously improving the energy efficiency of our facilities, and prioritizing renewable energy sources over fossil fuels. The responsibility for energy conservation lies with the Management Board, managers, and employees, who are equally accountable for practicing energy-saving measures.

Environmental Management System (ISO 14001): Sumitomo (SHI) Demag is dedicated to minimizing its environmental impact through an environmental management system aligned with ISO 14001. Our Environmental Management Officer oversees this system, ensuring that all activities, processes, and new products are assessed for their environmental compatibility in advance. We regularly evaluate their environmental impact and strive to reduce it to a minimum. Furthermore, we require our contractual partners working on our premises to adhere to the same environmental standards as Sumitomo (SHI) Demag, promoting a unified commitment to environmental responsibility.

EcoVadis: We are pleased to have achieved the silver medal certification from EcoVadis (2024/2025), a leading sustainability rating platform. Receiving this certification highlights our ongoing commitment to sustainability and responsible business practices. Each year, we undergo a thorough assessment by EcoVadis, evaluating our performance across various sustainability criteria. This assessment helps us identify areas for improvement and benchmark our performance against industry standards, ensuring that we continuously enhance our sustainability practices.

Code of Ethics and Supplier Code of Conduct: Our Code of Ethics serves as a guiding document for ethical conduct within our organisation, promoting transparency, integrity, and responsible business practices. Additionally, the Supplier Code of Conduct refers to the ethical practices and sustainability principles we expect of all our suppliers to adhere to. By upholding these codes, we establish a foundation of trust, accountability, and sustainability throughout our value chain.

8. Incentive system

Sustainability is deeply embedded in our corporate culture, and we recognise its importance in driving long-term success. Applicable members of our Management Board have their own individual sustainability goals, which align with our overall company strategy. These goals demonstrate our collective commitment to sustainability and serve as a model for the organisation.

In addition to the Management Board's individual goals, we believe in nurturing sustainable behaviours at all levels of the organization. During regular employee discussions and performance evaluations, there is an opportunity to discuss and incorporate sustainability objectives into individual goal-setting agreements. While the inclusion of sustainability goals in employee agreements currently depends on the discretion of respective managers, we actively encourage their consideration to foster a culture of sustainability.

We recognize that sustainability is a collective effort, and we empower our employees to actively contribute to the long-term sustainable development of Sumitomo (SHI) Demag. By establishing clear sustainability goals at the management level and through our "Strategic Initiative: Sustainability", we ensure that sustainability permeates throughout our organization. This approach fosters a collective effort toward sustainability, empowering our employees to actively contribute to the long-term sustainable development of Sumitomo (SHI) Demag. Furthermore, through our new project “Ideas Management System”, innovative and sustainable ideas from our employees shall be actively communicated and rewarded by the company. We encourage employees to embrace sustainable practices and make a positive impact.

9. Collaboration with stakeholders

To cultivate a strong sustainability practice at Sumitomo (SHI) Demag, we encourage the active involvement of our employees, customers, suppliers, and industry collaborators.

Employee engagement: Our employees are key stakeholders, and their active participation is crucial to our sustainability success. As testament, we have established an “Ideas Management System” where employees can contribute their ideas and feedback on our sustainability initiatives. Furthermore, we are currently working towards streamlining this process using an internal innovation platform to enhance this exchange of ideas and information within the organisation and between employees.

Customer collaboration: We work closely with our customers to understand their sustainability requirements and co-create solutions that align with their needs. By engaging in open dialogues and collaboration, we ensure that our products and services contribute to their sustainability objectives. We seek to establish long-term partnerships with customers who share our commitment to sustainability, driving positive change across the value chain.

Supplier engagement: We actively engage with our suppliers to promote responsible and sustainable practices. Through supplier assessments, audits, and our Supplier Code of Conduct, we collaborate with our suppliers to ensure ethical sourcing, environmental stewardship, and social responsibility. We believe in working together with our suppliers as partners, sharing our values and expectations, to create a sustainable supply chain.

Industry collaboration: Especially our technology, sales, and business development departments actively participate in industry associations, initiatives (such as the R-Cycle community), and collaborative platforms and work together with universities and business partners to drive collective action and share best practices. By collaborating with various industry experts, we contribute to the development of sustainability standards, innovation, and knowledge sharing. The most urgent topic discussed is on efficiency, resource saving and new and sustainable injection moulding practices. All the information gathered is evaluated and considered by our technology department and affects our portfolio strategy.

Communication with other stakeholders: Through press releases, events, and our website, we provide information on our sustainability initiatives, achievements, and progress. Recognising the importance of transparent, effective communication, we offer multiple channels for stakeholders to get in touch with our organisation and our partners.

10. Products and innovations

As a global market leader, Sumitomo (SHI) Demag has a deep understanding of evolving market challenges and how our expertise contributes to advancing the global sustainability agenda. We are proud of our all-electric injection moulding machine portfolio, which is recognised by customers and partners alike for its outstanding energy efficiency and performance. Sustainability is firmly embedded in our innovation and product management processes. This enables us to consistently meet and exceed customer expectations while actively contributing to a more sustainable future.

Energy efficient product portfolio: As one of the leaders in all-electric injection moulding machines, our portfolio stands out with industry-leading energy efficiency. Our IntElect series consumes up to 80% less energy compared to hydraulic machines and up to 20% less energy than many standard all-electric models. Our new high-performance machine, the PAC-E, achieves energy savings of up to 60% compared to machines with hybrid drive systems. Key to this efficiency are our proprietary all-electric drives, developed specifically for injection moulding. They optimise energy use, enable smoother and more consistent cycles, and reduce overall production faults. This translates into significant energy and material savings for our customers. We remain committed to expanding our all-electric portfolio and supporting customers in the transition from hydraulic and hybrid machines to more energy-efficient, all-electric technologies.

Reduced use of operating materials: Our all-electric technology significantly reduces the use of operating materials such as hydraulic oil and cooling water. Unlike hydraulic or hybrid machines, our all-electric models operate with a drastically reduced amount of hydraulic oil. Thanks to their energy-efficient drive systems, standard IntElect machines are fully air-cooled and require almost no additional oil or water cooling. For high-speed models like the IntElect S and PAC-E, we rely on air cooling and, where necessary, on closed-loop water or oil cooling systems. Likewise, our lubrication systems operate in a closed loop, further minimising media consumption and reducing environmental impact.

Special machine options and sustainable production processes: We offer special machine options known as “Actives”. These innovative features enable the processing of recycled material, minimise faulty parts, reduce waste, and enhance overall process control, helping our customers achieve high-quality production, reduce defects, and meet their sustainability goals. Furthermore, we provide solutions for sustainable production processes, such as

- Systems producing thin-walled mono-material containers that are easily recyclable
- Machines equipped with foaming technology to save resin and reduce part weight
- Injection units specifically developed for processing recycled materials

Machine longevity: We prioritize the longevity of our machines. A key factor is ensuring that each machine is precisely configured to the customer’s specific needs, properly installed, and operated by well-trained personnel. That’s why we develop our machines in close alignment with customer requirements, provide application and setup support, and offer a broad portfolio of machine-specific training programs. In addition, we offer services such as ERGOCHECK — expert machine condition assessments — to ensure long-term performance and durability. Our retrofit solutions, such as the Multiplug system, enable customers to upgrade and adapt existing machines for new projects. This helps reduce the need for new equipment and minimizes waste. We also offer a variety of tools for machine and process diagnostics, as well as condition monitoring options that ensure maintenance intervals are met and critical machine components are continuously monitored. By extending the service life of our machines and offering upgrade options, we contribute directly to improved resource efficiency and support the principles of a circular economy.

Innovation and collaboration: Regarding innovation, we profit strongly from being part of the established international Sumitomo group with versatile R&D investments. We furthermore foster innovation through collaborations with partners, customers, and universities, as well as active participation in industry associations and initiatives like the R-Cycle community. These collaborations drive knowledge sharing, foster best practices, and enable us to develop sustainable solutions tailored to the needs of our customers. Our agile organization and upcoming innovation platform further facilitate the exchange of ideas and information within our workforce, driving continuous innovation and improvement.

Criteria 11-13:

ENVIRONMENT

In this section, we will be focusing on the environmental aspects of sustainability within our production locations Schwaig and Wiehe in Germany. We will address three key criteria that underpins our commitment to environmental conservation and responsible resource management.

Firstly, we will display our awareness of the natural resources we utilize within our company. We will outline our goals to reduce these resource consumptions and present our strategies to achieve these targets effectively.

Secondly, we will assess our efforts to track and measure greenhouse gas emissions, contributing to climate change. We will demonstrate our commitment to mitigating our carbon footprint and present clear objectives for reducing these emissions. Also, we will give an overview of other emissions and our strategies to reduce those.

Through comprehensive reporting against these criteria, we will highlight our dedication to environmental stewardship and confirm our compliance to the Sumitomo Group's core environmental protection principles.

11. Use of natural resources

At Sumitomo (SHI) Demag, we recognise the importance of responsible and sustainable management of natural resources throughout our operations. Our main raw material - castings/steel - is inevitably utilised to manufacture our machines. Working closely with our material suppliers, we aim to enhance transparency and promote responsible sourcing of all raw materials used in the production of our machines.

Supplier Code of Conduct: To ensure ethical practices throughout our supply chain, we have established a Supplier Code of Conduct. This code requires our suppliers to refrain from sourcing and processing conflict minerals from crisis regions. By adhering to this code, we aim to minimize the impact of our supply chain on areas affected by conflict and human rights abuses.

Promoting transparency: We are dedicated to increasing transparency in our supply chain regarding raw material sourcing. To achieve this, we consider to introduce for all suppliers the CMRT (Conflict Minerals Reporting Template) and EMRT (Environmental Minerals Reporting Template). These templates can enable us to collect detailed information about the origins of minerals and metals used in our products. Ensuring responsible sourcing and reducing the risk of using materials from conflict areas.

Continual improvement: Responsible resource management is an ongoing process. We are committed to continually improving our understanding of the raw materials used in our products and their environmental and social impacts. By working closely with our suppliers, monitoring industry trends, and staying updated on best practices, we strive to enhance our sustainability performance and minimize the environmental footprint associated with our operations. As an example, further developments in our all-electric injection moulding machines have greatly reduced the main raw materials (cast iron, steel) and auxiliary production materials (hydraulic oil, cooling lubricants and paints). Also, due to digitalization and the adjustment of our circuit diagrams, we continue to reduce paper usage.

Through these efforts, we aim to guarantee that the use of natural resources in our products is sustainable, responsible, and aligns with our commitment to ethical business practices.

12. Resource management

At Sumitomo (SHI) Demag, we are committed to reducing our energy and water consumption and continuously strive to improve our waste management. Our resource management strategy has already yielded positive results in various areas:

1. Energy Management

We have implemented a range of measures to reduce our energy consumption and environmental impact. For example, we are focusing on a mix of renewable energy sources, such as photovoltaics or using the heat of an organic gas plant. Our goal is to reduce our emissions by 50% (Scope 1 and 2) until 2030. To achieve this, we have implemented the following measures:

ENERGY SAVED PER YEAR (GOALS ACHIEVED SINCE 2020 – 2024)	
Energy-saving LED lighting at our production facilities	- 674.000 kWh
Waste heat from the CHP in Wiehe	- 500.000 kWh
New compressor plant in Schwaig	- 50.000 kWh
Adaptation of the compressor plant in Wiehe	- 27.000 kWh
Photovoltaics < 100kWp in Schwaig	- 90.000 kWh
Photovoltaics < 800kWp in China	- 389.000 kWh

PLANNED ENERGY SAVINGS PER YEAR (GOAL SETTING FROM 2025 – 2030)	
Extension of LED lighting	- 200.000 kWh
Photovoltaic < 600kWp in Wiehe	- 540.000 kWh
Further photovoltaic < 800kWp in Schwaig	- 720.000 kWh
Purchase renewable electricity	- about 4.600.000 kWh

Energy consumption overview:

Key figures	GRI	ESRS	Unit	GER 2019	GER 2024	CHN 2024
Total energy consumption within the organisation	**302-1**	**E1-5_01 P 37**	**MWh**	**16.245**	**12.640**	**1.393**
Energy consumption from fossil sources	/	E1-5_02 P 37a		12.968	8.840	1.004
Energy consumption from nuclear sources	/	E1-5_03 P 37 b		1.610	246	n/a
Percentage share of energy consumption from nuclear sources in total energy consumption	/	E1-5_04 P AR 34	Percentage	10	2	n/a
Total energy consumption from renewable sources	/	E1-5_05 P 37 c		1.668	3.553	389
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	/	E1-5_07 37 c II		1.668	3.467	389
Consumption of self-generated renewable energy that is not used as fuel	/	E1-5_08 37 c III		0	86	n/a
Total electricity consumption within the organisation	**302-1**	**/**	**MWh**	**7.890**	**5.242**	**825**
Share of renewable electricity	/	E1-5_09 AR 34	Percentage	9%	55%	47%
Self-generated electricity	302-1	E1-5_08 37 c III	MWh	0	86	835
Electricity sold	302-1	/	MWh	0	0	446
Total fuel consumption within the organisation from renewable sources	**302-1**	**E1-5_06 P 37 c I**	**MWh**	**0**	**0**	**n/a**
Total fuel consumption within the organisation from non-renewable sources	**302-1**	**/**	**MWh**	**7.430**	**6.793**	**568**
Petrol	302-1	/	MWh		0	568
Diesel	302-1	/	MWh	188	1.153	n/a
Natural gas	302-1	/	MWh	7.242	5.641	n/a
Thermal energy consumption within the organisation	**302-1**	**E1-5_07 37 c II**	**MWh**	**926**	**605**	**n/a**

2. Water Management

At Sumitomo (SHI) Demag, we recognise the importance of responsible water consumption, taking significant steps to manage our water resources efficiently. Through regular monitoring, a leakage was quickly detected, resulting in savings of approximately 2.000 m³ of fresh water per year.

At our two production sites in Germany we have implemented multiple projects to reduce freshwater consumption: For example at our production site in Wiehe, we have installed a rainwater cistern with 10m³. This cistern enables us to collect rainwater and significantly reduce our freshwater consumption. Furthermore, in both our German production sites, we utilize a closed-loop cooling water system to cool the machines during functional testing. After testing, all the water is returned to our 20m³ tank system. It is then cooled by a cooling tower system and made available for reuse. Also, in our coating department, we have installed a vacuum distillation unit on our cleaning machines. This unit treats the water from the cleaning baths, allowing us to reclaim 95% of the water as technically pure water.

Our approach to water management also encompasses the protection of ground water. In our main production sites, we have updated our oil collection trays to ensure water and soil protection. Even in the event of oil leakages, the ground beneath our storage facilities is protected by specially designed materials that prevent the passage of any liquid, minimizing the impact on soil and water.

3. Waste Management

We place great emphasis on effective waste management to minimize pollution and promote recycling. By revising our waste separation practices, we have significantly enhanced our waste disposal procedures.

For example, in our German production sites, we constructed a new dedicated waste disposal space. Furthermore, by using Mewa cleaning cloths, we have significantly reduced the amount of hazardous waste. The cloths can be reused after being professionally cleaned and thus do not count as hazardous waste, such as one-time use cloths.

Waste management overview:

Key figure	ESRS	Unit	GER 2019	GER 2024	CHN 2024
Water					
Water consumption	/	m^3	11.402	6.672	3.801
Essential raw materials					
Cast iron	/	t	6.806	2.489	818
Sheet steel	/	t	2.830	1.617	301
Tempered steel	/	t	754	405	467
Essential auxiliary materials					
Hydraulic oil	/	t	59	23	13
Coolant concentrate	/	t	29	16	0
Paints	/	t	18	8	3
Coating powder	/	t	9	5	0
Paper consumption					
Paper	/	units	4.983.500	1.568.500	128.336
Resource outflows					
Waste that is not simply thrown away, but is treated or reused in a different way. A distinction is made as to whether the waste is hazardous or harmless and how exactly it is treated (e.g. by preparing it for reuse, recycling or other recovery processes)	E5-5_08 P 37b	t	1.892	999	n/a
Waste sent for disposal (hazardous and non-hazardous waste)	E5-5_09 P 37c	t	13	5	n/a
Non-recycled waste	E5-5_10 P37d	t	56	40	n/a
Percentage of non-recycled waste	E5-5_11 37d	Percentage	3%	4%	n/a
Total amount of hazardous waste	E5-5_15 39	t	216	165	n/a
Total amount of radioactive waste (according to Article 3(7) of Directive 2011/70/Euratom)	E5-5_16 P 39	t	0	0	n/a
Total waste volume	**E5-5_07 P 37a**	**t**	**1.905**	**1.005**	**66**
Bitumen	/	t	0	0	0
Concrete, cement, stone, etc.	/	t	0	0	0
Organic	/	t	0	12	0
Hazardous waste	/	t	216	165	16
Residual waste	/	t	132	78	27
Paper and cardboard	/	t	115	68	8
Plastics	/	t	16	15	2
Wood	/	t	147	102	2
Metal	/	t	1279	565	11
Product end-of-life information					
Disclosure of the expected shelf life of products placed on the market compared to the industry average for each product group	E5-5_02 P 36a	years	8~ 15	8~ 15	n/a
The proportion of recyclable components in products	E5-5_04 P 36c	Percentage of total weight	98	98	n/a
The proportion of recyclable material in products and product packaging	E5-5_05 P 36c	Percentage of total weight	98	98	n/a

13. Emissions

1. CO2 emissions

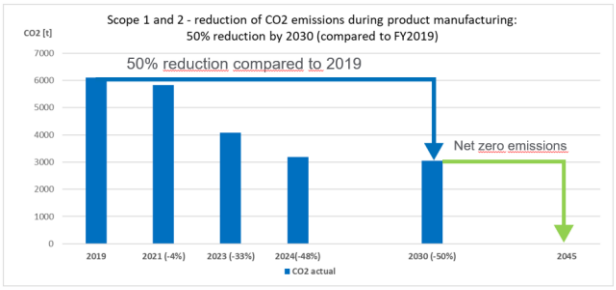
Sumitomo (SHI) Demag is committed to reducing its greenhouse gas emissions and addressing climate change. Within the SHI Group, we have set our main target to achieve a 50% reduction in Scope 1 and 2 emissions by 2030 and a 30% reduction in Scope 3 emissions by 2030. We are actively involving our suppliers and service providers in these efforts to drive collective action.

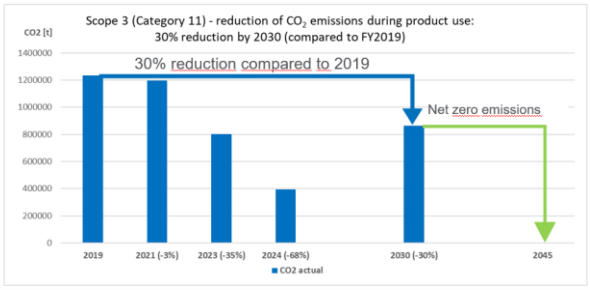
To create value, we rely on significant energy consumption, which results in the generation of CO2 emissions. However, we are dedicated to minimizing our carbon footprint by implementing energy-saving measures, optimizing our processes, and shifting to renewable energy sources such as photovoltaics and biogas. Our commitment to sustainability is evident in our progress in reducing CO2 emissions while our revenue has continued to grow:

Although this data represents our Scope 1 and Scope 2 emissions, Sumitomo (SHI) Demag remains actively engaged in analysing and addressing our Scope 3 emissions, as these account for a significant portion of our total CO2 emissions.

Among the various categories within Scope 3, we recognize that Category 11, "Use of Sold Products," has the most substantial impact, contributing approximately 90% of the combined emissions from Scopes 1, 2, and 3. This insight underpins our commitment to progress developments across our all-electric injection moulding series, complemented by energy-saving technologies, efficiency-focused innovations, and expanding our all-electric portfolio reach to serve other markets, for example in the packaging industry with the all-electric PAC-E machine. Additionally, by emphasizing digital solutions and expanding our unique "*actives*" range, we continuously strive to enhance our portfolio and reduce emissions (as highlighted in Chapter 10, *Innovation and Product Management).*

To provide a clearer visual representation, the diagrams below present our goals and figures in Germany for Scope 1 and 2 emissions, as well as Scope 3 emissions (data collection for China is still in progress). These illustrations demonstrate our commitment to reducing CO2 emissions and our progress towards achieving our targets.





Through our dedicated efforts, we aim to achieve carbon neutrality by 2045, while continuously reducing CO2 emissions and promoting sustainable practices throughout our operations.

Detailed view of greenhouse gas emissions

Key figures	GRI	ESRS	Unit	GER 2019	GER 2024	CHN 2024
Measures and resources in connection with the climate strategies						
Greenhouse gas emission reductions achieved	/	E1-3_03 P 29b	t CO2e		482.008	124
Expected greenhouse gas emission reductions	/	E1-3_04 P 29b	t CO2e		12.679	17
Gross GHG emissions in the Scope 1, 2 and 3 categories and total GHG emissions						
GHG emissions intensity, market-oriented (total GHG emissions per net sales) (Market-based method: quantification based on the emissions of producers from whom electricity is purchased under contract (see AR 45))	/	E1-6_31 P 53	t CO2e	0,0055	0,0025	n/a
Proportion of machine production sites with certified environmental management systems in accordance with ISO 14001	/	/	Percentage	2	2	1

Greenhouse gas emissions by scope:

Greenhouse gas emissions	Unit	Source	GER 2019	GER 2024	CHN 2024
SCOPE 1	**t CO2e**	**TOTAL**	**1.450**	**1.408**	**184**
Power generation of the company plants	t CO2e	Natural gas	813	649	0
"	t CO2e	LPG	587	453	0
Fuel consumption of the vehicle fleet	t CO2e	Diesel/petrol	50	307	184
Welding gases	t CO2e	Welding gases		0	0
Fugitive emissions	t CO2e	Air conditioning systems		0	0
SCOPE 2	**t CO2e**	**TOTAL**	**4.656**	**1.775**	**334**
Purchased electricity, steam, heating, cooling for own use	t CO2e	Electricity		0	334
"	t CO2e	(electricity market-based)	4.655	1774	
"	t CO2e	(electricity location-based)		0	0
"	t CO2e	District heating	1	1	0
SCOPE 3	**t CO2e**	**TOTAL**	**1.261.792**	**405.984**	**n/a**
Purchased goods and services (considering only metal, making up ~90% of our products' weight)	t CO2e	Production material	18.319	7.976	n/a
Capital goods	t CO2e	Capital goods			n/a
Fuels and energy (not included in Scope 1 or 2)	t CO2e	Fuels and energy	786	616	n/a
Upstream transport and distribution (considering only metal, making up ~90% of our products' weight)	t CO2e	Sea transport	2.338	1.107	n/a
"	t CO2e	Air freight		0	n/a
"	t CO2e	Land transport	526	165	n/a
Waste	t CO2e	Waste	457	324	n/a
"	t CO2e	Water	3	2	n/a
Business trips	t CO2e	Flights	510	258	n/a
"	t CO2e	Rental cars, buses	23	12	n/a
Commuting of employees	t CO2e	Cars, buses	1.081	1.067	n/a
Leased property, plant and equipment	t CO2e	Capital goods		0	n/a
Downstream transport and distribution (considering only metal, making up ~90% of our products' weight)	t CO2e	Transport	2.121	785	n/a
Utilisation of the products sold	t CO2e	Machines and systems	1.234.937	393.296	n/a
Dealing with products sold at the end of their life cycle (considering only metal, making up ~90% of our products' weight)	t CO2e	End of life cycle	691	377	n/a
tCO2e complete	**t CO2e**	**TOTAL**	**1.267.898**	**409.167**	**518**

2. VOC emissions

To reduce VOC (volatile organic compounds) emissions, we use powder and water-based paint in the coloring department. The exhaust air is cleaned using paint separation filters to prevent the emission of dust and fine particles. In addition, the VOC content has been further reduced by increasing the use of cleaners with a low solvent content.
In 2024, our production sites emitted 4.360 kg of VOC emissions, 4.300 kg in Germany (50% less than in our base year 2019) and 60 kg in China (using over 50% of water based paint as of now, with a goal of 90% in the future).

3. Noise & Smells

At Sumitomo (SHI) Demag, noise is mainly generated in the polishing department of the production facility. This area is designated and marked as a noise zone. The closed design of the production areas and the large distance to the neighbors ensure that the noise emission is below the limit values. To keep noise emissions as low as possible, delivery traffic takes place between 6:00 and 17:00 at all our production sites.

Odors can be caused by painting (volatile solvents in the paints). This is effectively prevented by separation using a drywall with an upstream filter.

Due to our preventive methods in these topics, we have never received any external complaints.

4. Waste water

At our production sites, wastewater is mainly produced in the social facilities (showers, toilets, etc.) as household-like wastewater for discharge into the municipal sewage system.

At our German production sites specifically, the waste water from the kitchen is pre-treated using a grease separator. We also have a washing area with a connected oil separator. This oil separator is permanently monitored and checked monthly by an external company. This washing water is also discharged into the sewage system.

Criteria 14-20:

SOCIETY AND COMPLIANCE

In this section, we will focus on critical elements that underpin Sumitomo (SHI) Demag's strong commitment to social sustainability and compliance across our organisation and supply chains:

This starts with fostering a fair and inclusive work environment, focusing on protecting our employees and delivering equal opportunities. This includes supporting freedom of association and employee rights to collectively express, promote, pursue and defend common interests.

Secondly, we address human rights in our supply chain, conducting comprehensive due diligence to identify and address any risks. We promote responsible sourcing and prohibit forced and child labour.

Next, we highlight the social and economic needs within the communities where we operate, focusing on how our activities enhance economic livelihoods and support sustainable development.

Additionally, we outline how we adopt a strict, completely neutral, stance of non-partisanship and impartiality when engaging with political entities.

Finally, we highlight how our comprehensive compliance programs and training helps to combat corruption and bribery.

14. Workers' rights

We hold firm in our commitment to fostering an inclusive and diverse work environment that upholds and promotes the rights of our workers. Respecting workers' rights is essential for maintaining a responsible and sustainable workplace.

To ensure equal opportunities for all, we adhere to fair employment practices. We treat every worker with dignity, respect, and equality. We take pride in providing equal opportunities for employment, hiring, and career advancement, without any form of discrimination based on gender, age, ethnicity, nationality, religion, sexual orientation, or disabilities.

The safety and well-being of our employees are of utmost importance. Compliance to domestic and international labour laws and regulations proves our commitment to safeguarding workers' rights. We strive to provide a safe and healthy work environment, free from hazards, and we take all of the necessary measures to prevent accidents and occupational health risks.

Management system:
Employees covered by a health and safety management system based on legal requirements and/or recognised standards/ guidelines

ESRS	GER	CHN	BRA	CZE	ESP & POR	FRA	HUN	ITA	POL	UK & IRL
S1-14_01 P88a	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Social protection:
Social security against all significant life events in accordance with paragraph 74: illness, unemployment, accidents at work and disability, parental leave and retirement.

ESRS	GER	CHN	BRA	CZE	ESP & POR	FRA	HUN	ITA	POL	UK & IRL
S1-11_06 P74 -76	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes

Accident statistics	GRI	ESRS	GER	CHN
Number of hours worked	**/**	**/**	**1.204.175**	**371.368**
Total accidents	**/**	**/**	**14**	**1**
Total non-reportable accidents	**/**	**/**	**4**	**0**
Thereof accidents with absence < 1 day	403-9	/	0	0
Thereof minor accidents (up to 3 days sick)	403-9	/	4	0
Total notifiable accidents	**/**	**S1-14_04 P88c**	**10**	**1**
Thereof minor accidents (4-19 days sick)	403-9	/	7	0
Thereof medium accidents (20-45 days sick)	403-9	/	3	1
Thereof serious accidents (> 45 days sick)	403-9	/	0	0
Thereof fatal accidents	403-9	S1-14_02 P88b	0	0
Notifiable work-related illnesses	**/**	**S1-14_06 P88d**	**0**	**1**
Number of work-related fatalities of other employees working on the company's construction sites	**/**	**S1-14_03 P88b**	**0**	**0**

We value workers' freedom of association and their right to engage in collective bargaining. Open communication channels and constructive dialogues with employee representatives are actively fostered to ensure that workers' voices are heard and considered. In Germany, for example, we are thus part of the "IG Metall" tariff group.

Collective agreement coverage and social dialogue	ESRS	Unit	GER	China	Rest
Employees covered by collective labour agreements	S1-8_01 P 60a	Percentage	88%	n/a	n/a
Employees covered by collective labour agreements, broken down by countries with 50 or more employees who account for at least 10% of the total number of employees (in the European Economic Area)	S1-8_02 P 60b	Percentage	88%	n/a	n/a

Beyond that, as part of the SHI Group, Sumitomo (SHI) Demag adopts the company´s Code of Ethics. Internally and externally these rules are equally valid for our associates and subsidiaries, supporting:

1. **Equal treatment in management and communication:** The knowledge of every individual is essential and decisive for the long-term success of the company. In addition to that, all the employees deal with each other in a friendly and open manner. All kinds of discrimination are not compatible with our conception of a globally operating company.
2. **Protection of internal and external intellectual property:** Our dedication to protecting intellectual property extends to both internal and external assets. Every employee is expected to respect and uphold the company's property as well as the intellectual property of other parties. Unauthorised use of external industrial property rights is strictly prohibited, reinforcing our commitment to maintaining a trustworthy and ethical work environment.
3. **Protection of personal data:** We understand the sensitivity of personal data, and therefore, we collect and use required employee data in full compliance with legal regulations. Stringent measures are in place to secure this data from any unauthorized access, and we extend this responsibility to external service providers as well. This relates also to all personal data we process from our business partners.
4. **Work-life balance and working hours compensation:** At Sumitomo (SHI) Demag, we strive to foster work-life balance among our employees. We agree to the standard 35/38-hour week, in alignment with legal requirements and industry standards, and we actively promote flexible work models. Our employees have the opportunity to work 50% of their time in mobile work, where possible. We operate an overtime work account, enabling our employees to take days off in lieu or to be compensated fairly, providing them with the flexibility needed to manage personal and professional responsibilities.

Parameters for work-life balance	ESRS	Unit	GER	CHN	Rest
Percentage of employees entitled to family-related leave	S1-15_01 P 93a	Percentage	100%	100%	n/a

We believe that transparency and accountability are crucial in upholding workers' rights, and as such, we have established processes to allow employees to file anonymous complaints through our whistle-blower system. This model ensures that concerns can be raised without fear of retaliation, empowering employees to actively contribute to maintaining a responsible and respectful work environment.

Through our unwavering commitment to workers' rights, we aim to create an environment where every employee feels valued, respected, and empowered to thrive, ultimately contributing to the sustainable growth and success of Sumitomo (SHI) Demag.

15. Equal opportunities

At Sumitomo (SHI) Demag, we are deeply committed to cultivating an inclusive and diverse work environment, where equal opportunities are given to all individuals. We firmly believe that embracing diversity, encompassing factors such as gender, age, ethnicity, nationality, religion, sexual orientation, and disabilities, enriches our organisation, fosters innovation, and improves overall performance. Our workplace culture promotes an inclusive atmosphere, where each employee is valued, respected, and empowered to contribute their unique perspectives, cultivating a collaborative and thriving environment. Furthermore, our diversity policies are fully aligned to the basic policies regarding diversity of the SDG Group:

1. **Strengthen and promote diversity management to adapt to the globalization of business and achieve sustainable growth.**

2. **In strengthening and promoting diversity management, promote at first the women's career development as one of the key management policies.**

3. **Promote the realization of work-life balance, including improving work environments and supporting a good work-life balance for employees, so that diverse personnel can work to the best of their individual strengths and abilities.**

We actively implement these principles across various facets of our organisation:

Recruitment and hiring: We maintain fair and unbiased recruitment and hiring practices that focus on qualifications, skills, and experience. Our recruitment process is designed to attract diverse talent pools and mitigate any unconscious biases. We provide equal opportunities to all applicants, delivering a level playing field for every applicant. Due to our applicant management system and our application process, all incoming applications (internal and external) are viewed and processed transparently in coordination with the HR department, our hiring managers and the works councils (where existing).

Development and training: The professional growth and development of our employees are paramount to our long-term success. We invest in their competence and offer various training programs and continuous learning opportunities to enhance their skills, knowledge, and career advancement. We empower individuals from all backgrounds to reach their full potential within our organisation.

Fair remuneration and benefits: We adhere to the principle of equal pay for equal work, ensuring that compensation and benefits are fair and equitable across the organisation. As part of the “IG Metall” tariff group in Germany, for example, we follow a strict and controlled payment scheme, fostering a culture of transparency and fairness.

Remuneration	ESRS	Unit	GER	CHN	Rest
Countries in which employees earn less than the appropriate wage benchmark	S1-10_02 P 70	Quantity	0	n/a	n/a
Percentage of employees who are paid below the appropriate wage level	S1-10_03 P 70	Percentage	0%	n/a	n/a
Gender pay gap (difference between the average income of female and male employees)	S1-16_01 P 97a	Percentage	10%	6%	n/a
Annual total remuneration ratio of the highest-paid person to the median annual total remuneration of all employees (Median annual total compensation of all employees except the highest paid individual)	S1-16_02 P 97b	Percentage	256%	700%	n/a
Countries where employees earn less than the applicable appropriate wage benchmark	S1-15_02 P 93b	Percentage	0%	0%	n/a

Work-life balance: We recognise the importance of work-life balance and acknowledge that employees have diverse individual needs and responsibilities outside of work. To accommodate these varied requirements, we provide flexible policies, such as flexible-time models and mobile work opportunities, where possible.

Prevention of discrimination: We maintain a zero-tolerance policy for discrimination, harassment, or any form of bias within our organisation. We have established clear policies and procedures to address and prevent such behaviours, and we actively encourage employees to report any concerns. We will take appropriate actions to uphold this safe and respectful work environment for all. Furthermore, we frequently join campaigns of our tariff group about anti-discrimination and promote these at our all-hands-meetings and through our communication channels towards our employees. We also proudly support the anti-discrimination association “Mach' meinen Kumpel nicht an! – für Gleichbehandlung, gegen Rassismus e.V.”, dedicated to promoting equality and equal opportunities in the workplace. By consolidating efforts, raising awareness, and providing expertise and materials, they support activists in implementing campaigns to educate the public. Their preventive work aims to create a more equitable and just society.

Employee overview	GRI	ESRS	Unit	GER	CHN	Rest
Total number of employees (incl. leasing employees)	**102-8**	**/**	**Headcount**	**951**	**188**	139
Number of employees in countries with 50 or more employees who account for at least 10 % of the total number of employees	/	S1-6_04 P50a	Headcount	951	188	0
Female	102-8	S1-6_01 P50a	Headcount	113 (12%)	32 (17%)	21
Male	102-8	S1-6_01 P50a	Headcount	838 (88%)	156 (83%)	118
Without gender specification	/	/	Headcount	0	0	0
< 30 years	102-8	/	Headcount	186 (20%)	12 (6%)	10
30-50 years	102-8	/	Headcount	386 (41%)	146 (78%)	77
> 50 years	102-8	/	Headcount	379 (40%)	30 (16%)	52
Total number of apprentices	**405-1**	**/**	**Headcount**	**63**	**0**	**n/a**
Female	405-1	/	Headcount	9	0	n/a
Male	405-1	/	Headcount	54	0	n/a
Non-employees in the company's own workforce	**/**	**S1-7_01 P55a**	**Headcount**	**0**	**14**	**n/a**
Non-employees in the company's own workforce - Self-employed persons	/	S1-7_02 P55a	Headcount	0	0	n/a
Non-employees in the company's own workforce - persons provided by companies that are primarily active in the field of employment services	/	S1-7_03 P55a	Headcount	0	14	n/a
Total number of employees with an open-ended contract (incl. leasing)	**102-8**	**S1-6_07 P50b**	**Headcount**	**942**	**159**	**n/a**
Female	102-8	/	Headcount	113	30	n/a
Male	102-8	/	Headcount	829	129	n/a
Total number of employees with an fixed-term contract (incl. leasing)	**102-8**	**S1-6_07 P50b**	**Headcount**	**9**	**29**	**n/a**
Female	102-8	/	Headcount	9	2	n/a
Male	102-8	/	Headcount	0	27	n/a
Total number of employees with non-guaranteed working hours	**102-8**	**/**	**Headcount**			**n/a**
Female	102-8	/	Headcount	0	0	n/a
Male	102-8	/	Headcount	0	0	n/a
Total number of employees working in full-time (incl. leasing)	**102-8**	**/**	**Headcount**	**910**	**188**	**n/a**
Female	102-8	/	Headcount	97	32	n/a
Male	102-8	/	Headcount	813	156	n/a
Total number of employees working in part-time (incl. leasing)	**102-8**	**/**	**Headcount**	**41**		**n/a**
Female	102-8	/	Headcount	16	0	n/a
Male	102-8	/	Headcount	25	0	n/a

New employees and employees that have left the company	GRI	ESRS	Unit	GER	CHN	Rest
Total number of new employees (incl. leasing)	**/**	**/**	**Headcount**	**46 (5%)**	**6 (3%)**	**n/a**
Female	401-1	/	Headcount	3	0	n/a
Male	401-1	/	Headcount	43	6	n/a
< 30 years	401-1	/	Headcount	34	4	n/a
30-50 years	401-1	/	Headcount	10	2	n/a
> 50 years	401-1	/	Headcount	2	0	n/a
Total number of employees who left the company (excluding leasing)	**/**	**S1-6_11 P50c**	**Headcount**	**42 (4%)**	**4 (2%)**	**n/a**
Female	401-1	/	Headcount	2	0	n/a
Male	401-1	/	Headcount	40	4	n/a
< 30 years	401-1	/	Headcount	16	0	n/a
30-50 years	401-1	/	Headcount	8	4	n/a
> 50 years	401-1	/	Headcount	18	0	n/a
Diversity in controlling bodies and among employees	**GRI**	**ESRS**	**Unit**	**GER**	**CHN**	**Rest**
Total number of employees at management level incl. team leaders (no distinction between blue-collar and white-collar workers)	**405-1**	**S1-9_01 P 66a**	**Headcount**	**85**	**42**	**n/a**
Female	405-1	S1-9_01 P 66a	Headcount	7 (1%)	6 (3%)	n/a
Male	405-1	S1-9_01 P 66a	Headcount	78 (8%)	36 (19%)	n/a
< 30 years	405-1	S1-9_03 P 66b	Headcount	3 (0%)	34 (18%)	n/a
30-50 years	405-1	S1-9_04 P 66b	Headcount	42 (4%)	8 (4%)	n/a
> 50 years	405-1	S1-9_05 P 66b	Headcount	40 (4%)	0	n/a
Total number of salaried employees	**405-1**	**/**	**Headcount**	**583**	**100**	**n/a**
Female	405-1	/	Headcount	99	17	n/a
Male	405-1	/	Headcount	484	83	n/a
< 30 years	405-1	/	Headcount	86	6	n/a
30-50 years	405-1	/	Headcount	257	78	n/a
> 50 years	405-1	/	Headcount	240	16	n/a
Total number of blue-collar workers	**405-1**	**/**	**Headcount**	**368**	**63**	**n/a**
Female	405-1	/	Headcount	14	2	n/a
Male	405-1	/	Headcount	354	61	n/a
< 30 years	405-1	/	Headcount	100	3	n/a
30-50 years	405-1	/	Headcount	129	47	n/a
> 50 years	405-1	/	Headcount	139	13	n/a
Percentage of employees with disabilities (taking into account legal restrictions on data collection)	**/**	**S1-12_01 P 79**	**Percentage**	**0%**	**1,08%**	**n/a**

16. Qualification

Sumitomo (SHI) Demag aims to ensure that the personnel requirements are met both quantitatively and qualitatively with all the necessary skills for the future. This includes, next to strategic workforce planning, also long-term safeguarding of employability through health promotion and the continuous qualification of our workforce with future-oriented skills.

Sumitomo (SHI) Demag in Germany performs strategic headcount planning using SAP employee data to create simulations ensuring alignment with growth predictions and hiring and attrition developments. This predictive data helps us model future capacity requirements, aligning workforce planning forecasts with our business strategy, and determining the apprentice and graduate/student intake required to develop internal competencies. Enabling us to pre-empt future skills gaps and address them accordingly.

In addition to structured personnel requirements planning, Sumitomo (SHI) Demag in Germany has numerous personnel development tools to support employees with career progression planning. The selection of seminars and development training programs is determined by the employee and team manager, coordinated and approved centrally by the HR department, based on the respective qualification requirements.

Additionally, our HR teams offer a range of personnel development tools and, if necessary, customized coaching sessions to support specific employee groups. In Germany, for example, to assist personnel returning after a period of long-term absence, we offer an operational integration management program (BEM). To support talented individuals, there is a fast-track promotional and development program. An incentive scheme also rewards employees that contribute suggestions and ideas to improve different aspects of the company.

In light of the current market and recruitment challenges, we are continually investing in our staff, supporting their development journey, and concurrently ensuring we have robust succession plans in place for the future. Due to Industry 4.0 and Sumitomo (SHI) Demag's transformation from a traditional mechanical engineering company to a system provider of injection moulding solutions, we anticipate a rapid shift and expansion in the skills required to support this evolution. Retaining our talent and attracting new individuals with the right skills to meet these requirements will underpin the next phase of our company's development.

Key indicators	GRI	ESRS	Unit	GER	CHN	Rest
Percentage of employees who participated in regular performance and career development reviews	/	S1-13_02 P 83a	Percentage	100%	n/a	n/a
Average number of training hours by gender (male)	/	S1-13_03 P 83b	Hours	6	n/a	n/a
Average number of training hours by gender (female)	/	S1-13_03 P 83b	Hours	5,76	n/a	n/a
Average number of hours for training and further education per year and employee	/	S1-13_04 P 83b	Hours	6	n/a	n/a
Total number of annual training and development hours	/	/	Hours	5.804,64	n/a	n/a
Percentage of employees who receive an annual feedback meeting	404-1	/	Percentage	100%	n/a	n/a
Percentage of employees who receive an annual feedback meeting	404-3	/	Headcount	951	n/a	n/a

17. Human rights

The commitment to upholding universal human rights is a fundamental pillar of Sumitomo (SHI) Demag's corporate values and operations. We align all actions with internationally recognised frameworks, including the Universal Declaration of Human Rights, to ensure that human rights are safeguarded and adhered to throughout our organization and supply chain.

Respecting equality and non-discrimination: At Sumitomo (SHI) Demag, we firmly oppose any form of discrimination based on sex, nationality, ethnic origin, religion, sexual orientation, or culture, both within and outside our company. We maintain a strong stance against active and passive discrimination of individuals, as it contradicts the core principles of our vision for a globally operating and inclusive organization.

Empowering employee rights: We uphold the rights of our workers to freedom of association, collective bargaining, and representation. Through open and constructive dialogues with workers and their representatives, we ensure that their perspectives are considered in decision-making processes. Additionally, we comply with all required standards regarding payments to employees and strictly adhere to labour laws, ensuring that every worker is under a legal contract without any form of child labour or exploitation.

Promoting human rights in the supply chain: We acknowledge the potential human rights risks associated with our supply chain and conduct rigorous due diligence to identify and address any adverse impacts. Our close collaboration with suppliers emphasises the adherence to human rights standards, fostering responsible sourcing and procurement practices. We are unwavering in our commitment to combat forced labour and child labour, strictly prohibiting their use in all our operations and supply chain. As of 2023, 44% of our suppliers (742 out of 1,694) - accounting for 93% of our total annual sales - are subject to significant investment agreements and contracts that include human rights clauses or have undergone human rights screening. Furthermore, 100% of new suppliers are subject to social screening by making our Supplier Code of Conduct compulsory. To enhance transparency even further and to enable a detailed analysis of the social impact of all our suppliers, we are implementing a software tool in 2024.

Conflict minerals-free sourcing: To prevent the use of conflict minerals in our products, we are committed to responsible sourcing practices. We work diligently with our suppliers to ensure that the minerals used in our supply chain do not contribute to human rights abuses or armed conflicts in high-risk or conflict-affected regions. Our comprehensive Supplier Code of Conduct serves as the foundation for our supply chain due diligence, holding every supplier accountable for compliance with these ethical standards.

By adhering to the principles outlined in the company's Code of Ethics and our Supplier Code of Conduct, we aim to create a workplace and supply chain environment that respects, promotes, and protects the human rights of all individuals. As part of our ongoing commitment to human rights, we continuously monitor and improve our practices, reinforcing our dedication to creating a responsible and sustainable business ecosystem.

18. Community

At Sumitomo (SHI) Demag, we recognise the importance of engaging with and contributing to the communities in which we operate. We strive to be a responsible corporate citizen and work towards creating a positive impact on the community through various initiatives.

We are aware of the potential impact our operations may have on local communities. We strive to protect and enhance the economic livelihoods of local communities, promoting inclusive growth and sustainable development. Environmental protection is intricately linked to community well-being. Consequently, we ensure that we consistently prioritize sustainable practices, minimize our ecological footprint, and contribute to local environmental conservation. Through promoting responsible resource management, waste reduction, and the use of clean technologies, we strive to protect and preserve the natural environment for the benefit of the community and future generations.

Furthermore, we support initiatives that focus on education, especially in our field of operation. Together with various universities, we aim to create shared value and maximise positive outcomes for the community. For example, we initiated a collaboration with Technische Hochschule Rosenheim. The aim of this project is to develop a fully automated start-up control for the moulding of components, allowing for continuous process optimization using artificial intelligence. This research project, named 'SelbstSGMKI,' is funded by the Bavarian Ministry of Economic Affairs, Regional Development, and Energy (StMWi).

19. Political influence

At Sumitomo (SHI) Demag, we uphold a strict policy of non-partisanship and impartiality when it comes to engaging with political entities. We do not endorse or favour any particular political party or individual, and we refrain from providing any financial support or contributions to political campaigns.

Our interactions with political entities are solely focused on promoting our company's interests within the framework of ethical business practices. As members of influential associations like VDMA (Verband Deutscher Maschinen und Anlagenbauer, Frankfurt) and bayme vbm (Bayerische M + E Arbeitgeber, Munich), we participate in these industry-specific organizations representing metal and electrical manufacturers, rather than political parties. Our involvement with these associations allows us to have a collective voice in advocating for our industry's interests and upholding the highest ethical standards.

Furthermore, we are deeply committed to ethical conduct and anti-corruption practices in all aspects of our business, including interactions with political entities. We have robust policies and procedures in place to prevent corruption, bribery, or any improper influence in political processes. Our Code of Ethics serves as a guiding principle, ensuring that all employees adhere to the highest ethical standards, promoting transparency and integrity throughout our operations.

By maintaining this clear stance on non-partisanship, upholding ethical principles, and prioritising transparency in our engagements, we demonstrate our commitment to responsible and ethical business practices. This in turn helps to foster trust with our stakeholders and communities, contributing to a fair and ethical society.

20. Compliance-law and directives

At Sumitomo (SHI) Demag, we are dedicated to conducting our business in strict compliance with applicable laws, regulations, and directives. Although the compliance officer is responsible for implementing our operational compliance processes and guidelines, the main responsibility for all compliance topics rests with our company CEO. Through our compliance officer, we maintain a comprehensive understanding of the legal and regulatory framework that governs our industry and operations.

1. Code of Ethics Training

Our Code of Ethics serves as a guiding framework for our employees, outlining the principles and values that govern our conduct. It covers areas such as anti-corruption, fair competition, protection of confidential information, and respect for human rights. All of our employees are required to familiarise themselves with the Code of Ethics and to integrate these principles into their daily work.

	ESRS	GER	CHN	BRA	CZE	ESP & POR	FRA	HUN	ITA	POL	UK & IRL
Employees exposed to risk*	G1-3_07 P 21b	406 (75%)	76 (100%)	n/a	n/a	n/a	9 (100%)	12 (100%)	11 (100%)	2 (50%)	7 (43%)
Risk-exposed employees participated in CoE training	/	305	76	0	n/a	n/a	9	12	11	1	3
Employees participated in CoE training	/	949	188	14	17	n/a	29	12	11	17	3

*Risk-exposed employees are people with customer contact (sales in general, service, service technicians, project managers, project management, marketing, etc.).

2. Fight against corruption

All companies within the SDG Group support the worldwide fight against corruption. Our intensive compliance programs supports these efforts. Employee training programs detail the risks and consequences of non-compliance. Any form of bribery and corruption, active or passive, is punishable. This behaviour is also associated to the bribery of public officials and members of the parliament, locally and internationally. The same rules apply to all of our subsidiaries.

	GRI	ESRS	GER	CHN	Rest
Corruption incidents					
Number of confirmed incidents of corruption	205-3	G1-4_01 P 24a	0	n/a	n/a
Anti-competitive behaviour					
Legal proceedings due to anti-competitive behaviour and violations of antitrust and monopoly law	206-1	/	0	n/a	n/a
Environmental compliance					
Substantial fines for non-compliance with environmental laws and regulations	307-1	/	0	n/a	n/a
Non-monetary sanctions for non-compliance with environmental laws and regulations	307-1	/	0	n/a	n/a
Socio-economic compliance					
Significant fines for non-compliance with laws and/or regulations in the social and economic area	419-1	/	0	n/a	n/a
Non-monetary sanctions due to non-compliance with laws and/or regulations in the social and economic area	419-1	/	0	n/a	n/a
Data protection					
Number of incidents in connection with data breaches	418-1	/	1	n/a	n/a
Total number of substantiated complaints received regarding breaches of customer data protection	418-1	/	1	n/a	n/a
Complaints from external parties	418-1	/	1	n/a	n/a
Complaints from supervisory authorities	418-1	/	1	n/a	n/a
Total number of identified cases of data theft and data loss in connection with customer data	418-1	/	1	n/a	n/a
Incidents, complaints and serious impacts related to human rights					
Number of cases of discrimination including harassment	/	S1-17_02 P 103a	0	n/a	n/a
Number of complaints submitted through the available channels for employees to report concerns	/	S1-17_03 P 103b	0	n/a	n/a
Number of complaints submitted to the OECD National Contact Points for Multinational Enterprises.	/	S1-17_04 P 103b	0	n/a	n/a
Number of serious human rights violations and incidents involving own employees	/	S1-17_08 P 104a	0	n/a	n/a
Number of serious human rights abuses and incidents of non-compliance with the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises concerning own workforce	/	S1-17_09 P 104a	0	n/a	n/a

3. Whistle-blowing and audits

At any time, any employee has the chance to report internal/external misconduct in two different ways:

- Notify the **compliance officer** directly
- Contact our **whistle-blower hotline:** introduced so staff can anonymously report compliance breaches to a contact partner (ombudsman) from outside of the company.

Furthermore, concerning risk management Sumitomo (SHI) Demag performs audits on its foreign subsidiaries/daughter companies every two years. Regarding German operations, reviews are held every year according to the J-SOX standards.