

The logo for KORSCH, featuring the word "KORSCH" in a bold, blue, sans-serif font. The letters are closely spaced and have a slight shadow effect.

KORSCH

The Specialist.



CSR@KORSCH

SUSTAINABILITY REPORT

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Fotos
 United Nations Department of Global Communications,
 AdobeStock, KORSCH

Gestaltung
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KORSCH AT A GLANCE

> 350

EMPLOYEES



30%

REGIONAL SOURCING



170.000 kWh
SOLAR POWER GENERATED

57,2%

GREEN POWER



> 80%

EXPORT RATIO

41

SPOKEN LANGUAGES



5

SITES

17

NATION-ALITIES

104

YEARS OF EXPERIENCE

★★★
KORSCH
The Specialist.

252

PATENTS





KORSCH

1 INTRODUCTION

1.1

Our Path to Sustainability

KORSCH has been a family-owned company for over a century. As such, business matters are often managed as if they were within a family setting. In the corporate environment, this means flat hierarchies, short communication channels and pragmatic implementation strategies. It is this flexibility that distinguishes medium-sized businesses, in addition to their specialization. As medium-sized entrepreneurs, we are familiar with quick reactions; they have also been decisive in pandemics and wars on European soil. And, of course, when it comes to the ongoing topic of sustainability...

In a family setting, it is natural for most of us to live and act sustainably. After all, we want to pass on an orderly home and an intact environment to our children in the future. Therefore, the idea of sustainability is present in all decisions, whether consciously or unconsciously. For this simple reason, family-owned businesses are predisposed to translate "private" thinking and actions beneficially to their companies.

At KORSCH, we interpret sustainability in the context of "Environment, Social and Governance" (ESG). This refers to the key factors by which the sustainability, ethical quality, and social impacts of our (entrepreneurial) actions are evaluated.

In this report, we would like to introduce you to our journey towards sustainability – completely sincere and free from any presumption or "greenwashing." As this is a lively process a revised edition of this report will definitely be evolved in the near future. Until then, we hope you enjoy reading this report, which may inspire you to follow our example.

We all have only this one world. Let us protect it together!

Stephan Mies, CEO
Berlin, August 2023



1.2

About KORSCH AG

Emil Korsch founded his company in Berlin in 1919. Initially, he focused on completely overhauling used tablet presses from various manufacturers and then reselling them. It was only in the early 1930s that he, together with his two sons, designed the first proprietary single punch press with 35 tons compression force. This press incorporated all the positive features of other machines while eliminating all the negative characteristics. With the introduction of the KORSCH EK 3, a success story began that continues to impressively unfold to this day.

Many machine generations and five entrepreneurial generations later, KORSCH AG has evolved into a global player and a hidden champion in the pharmaceutical and FC/TC (food and confectionery/technical chemical) industries with its presses. Still family-owned, the company, with its approximately 350 employees, is recognized as a specialist for the entire tableting process. The machine systems from Berlin meet all requirements, from development and production of small batches to blockbuster production, serving the pharmaceutical, food, chemical, and technical industries.

Certainly, we aim to continue our success in the future as we have done so far. However, it has never been more critical than today to combine this pursuit of maintaining and increasing business growth with a strong commitment to a more sustainable, fair, and ethically sound future. In this regard, sustainability at KORSCH is not just important but essential.



1.3

About this Report

Social and environmental responsibility is not a phenomenon of the modern age for companies. Over 100 years ago, responsible handling of the valuable resources of humanity and the environment was already established. Initiatives such as housing construction, social and health care, or the establishment of educational and cultural institutions for employees were in place back then. The social partnerships that emerged at that time are being continued today at a high level and are the basis for trustful cooperation.

As in the past, trust between the company on the one hand and employees, suppliers and customers on the other is the most important currency today. Trust is built through open and honest communication. In this regard, with this report, we aim to contribute to fostering a trusting and constructive dialogue about one of the most important topics of our time – sustainability. It is our hope that through this dialogue, we can collectively work towards a more sustainable future, benefiting all stakeholders involved.

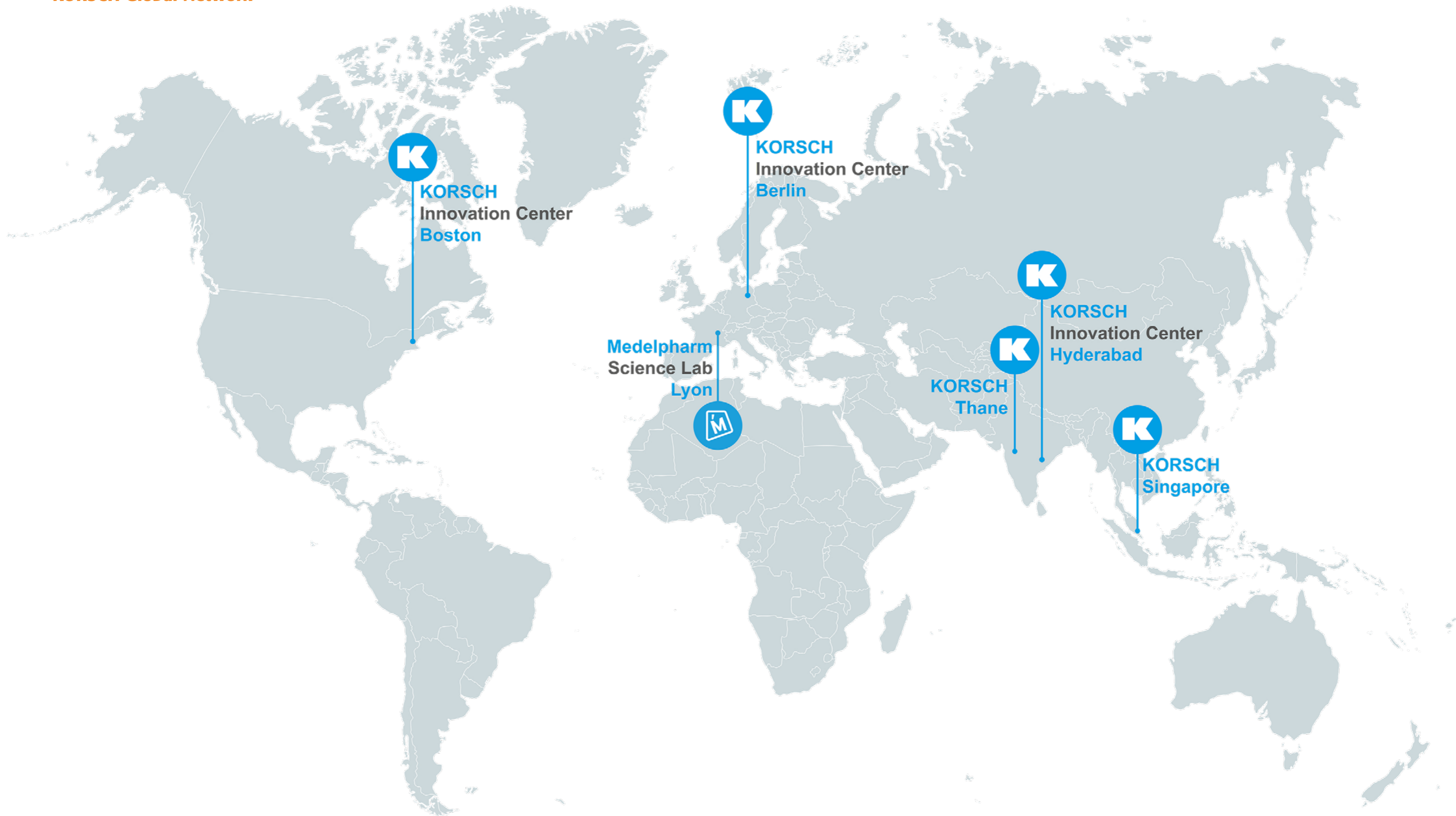
We have endeavored to break down the macrocosm of the Earth into our manageable “microcosm KORSCH.” We chose to go from the big picture to the small to illustrate how we, as a medium-sized company, position ourselves in a process that is changing the world every day. Following the motto “Think global, act local!” we have extensively explored the comprehensive tools used in addressing this global task. These tools range from the Agenda 2030 with its “17 Sustainable Development Goals” to the “Paris Climate Agreement” and the “German Sustainability Strategy” (DNS), along with various

additional guidelines, current developments, and initiatives. While these standards overlap in parts, they each have distinct focuses in examining individual aspects of sustainability.

Just as all sustainability instruments should not be seen as finished user manuals but rather as an evolving process, we at KORSCH understand our sustainability efforts and the documentation in this report as a “living document.” We concentrate on all those sustainability aspects that are of paramount importance to KORSCH at its five global locations. All of “our” sustainability aspects are equally binding for all KORSCH sites; however, a few aspects must be considered in a location-specific context, taking into account the respective cultural and historical background, and adapted regionally as needed. This process is currently underway, which is why the first edition of this report primarily focuses on our sustainability efforts at the company’s headquarters in Berlin.

**...sustainability at
KORSCH is not just im-
portant but essential.**

KORSCH Global Network



KORSCH
The Specialist.



**OUR
COMMITMENT**

At KORSCH, we believe that integrity and ethical conduct are the cornerstones of successful and sustainable business operations. We are actively committed to combating corruption in all its forms and promoting a corporate culture based on transparency, fairness, and responsibility. In this regard, we would like to highlight our dedication to the fight against corruption and outline our measures for prevention and combating corruption.

Zero-Tolerance Policy:

KORSCH enforces a strict zero-tolerance policy towards corruption. We do not tolerate any form of bribery, corrupt practices, or unethical behavior. This stance is consistently implemented and communicated from the management level down to each individual employee.

Compliance Program:

To ensure that our employees adhere to the highest ethical standards, we have implemented a comprehensive compliance program. This program includes training, policies, and procedures to ensure that all employees are informed about the risks and consequences of corruption and know how to act in such situations.

Partnerships and Suppliers:

We place great importance on collaborating with partners and suppliers who share our values and are also committed to fighting corruption. We conduct regular assessments to ensure that our business partners adhere to the same high standards and pose no corruption risks.

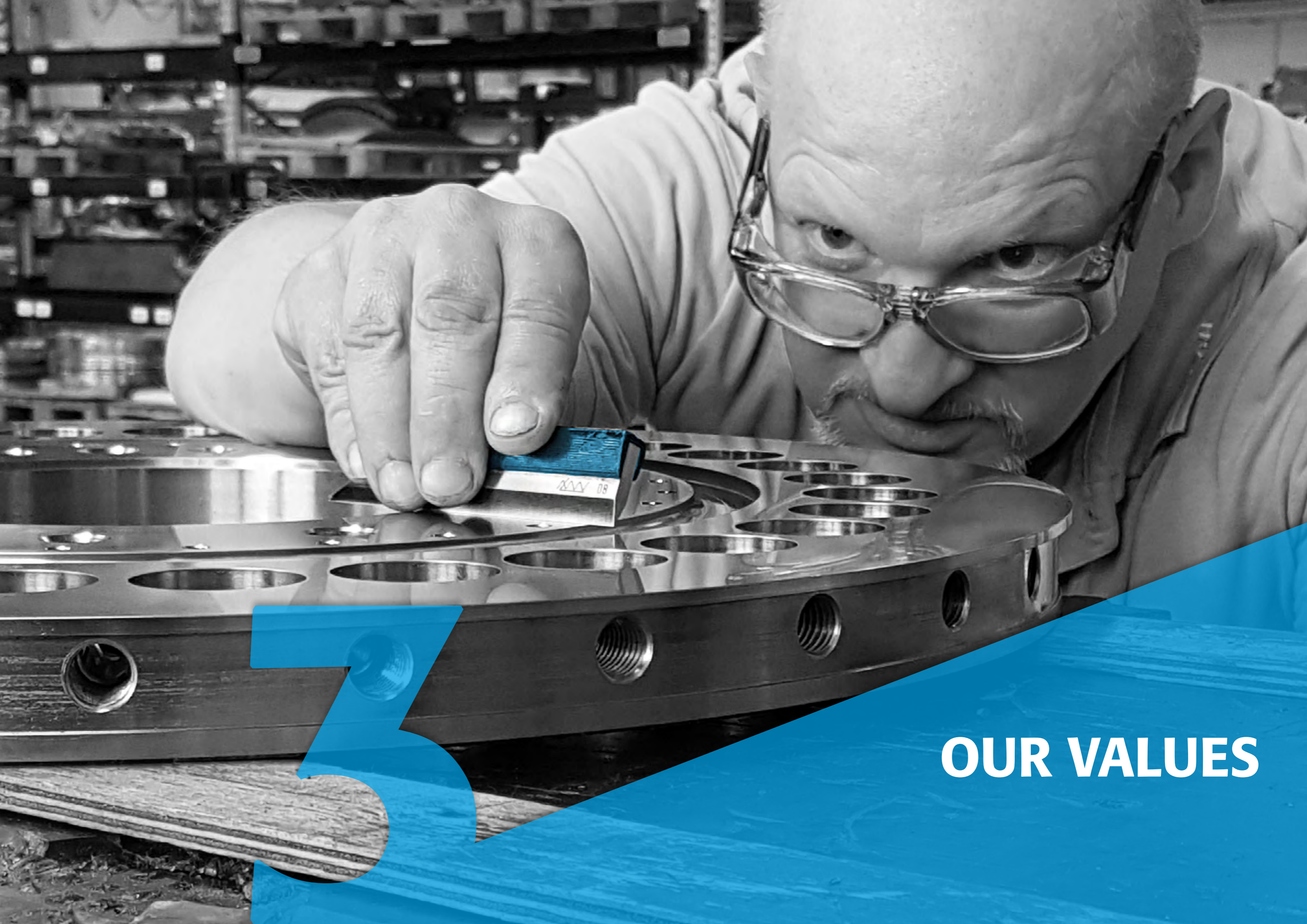
Transparency and Reporting:

We strive to be transparent about our efforts in the fight against corruption. In our CSR report, we openly disclose the measures we have taken to prevent corruption and how we manage possible violations. We are continually working to further develop our anti-corruption strategy and continuously improve our performance in this area.

Conclusion

KORSCH is proud to be a company that actively opposes corruption. We believe that our commitment to integrity and ethical conduct not only strengthens our business operations but also makes a positive contribution to society. We will continue to work diligently to foster a corporate culture based on trust, fairness, and responsibility and to combat corruption in all its forms.





OUR VALUES

Family / Medium-Sized Company / Hidden Champion:

- KORSCH – From a sole proprietor to an innovative global player.
- We value the close-knit family atmosphere and personal interactions.
- With over a century of experience, we have become specialists and world leaders in special machinery.

Trust and Appreciation:

- We treat each other with respect and trust.
- We appreciate good work and are happy about what we achieve together.
- We listen, ask, and engage in dialogue.
- We are open to different opinions and communicate with one another, not about each other.

Leading by Example:

- We act as role models out of conviction.
- We are committed, reliable, and efficient.

Drive for Innovation:

- We embrace innovation.
- We are open to change and new ideas.
- We enrich each other with creative concepts.

Team Spirit:

- We work collaboratively across departments.
- We create a motivating environment.
- We keep the bigger picture in mind and do not get lost in details.

Diversity:

- We understand diversity as an enrichment.
- We consciously build diverse teams with different qualifications, experiences, and skills.
- We promote an atmosphere of equal opportunities.

We have deliberately placed our corporate values at the end of this report because they are closely related to the preceding topics and build upon them. However, to immediately and directly address the topic of sustainability, our foundational values are presented at the end.

Like approximately 95 percent of all medium-sized companies, KORSCH AG is also family-owned. Consequently, our company values closely align with the values that each of us knows from our families, friendships, or partnerships. It is about closeness, trust, rules, appreciation, networking, leading by example, progress, diversity, and more; values that positively influence our interactions with one another.

...our company values closely align with the values that each of us knows from our families, friendships, or partnerships.



STYL'One^{evolution}

OUR APPROACH

Our fundamental principles and self-conception form the core of our mission statement. While it partly describes a desired state, it remains realistically attainable. Through our mission statement, we aim to convey what we stand for - both internally and externally:

- We shape the future of tableting!
- As specialists in tablet technology, we are recognized as a market-leading, innovative provider for high-quality pharmaceutical, nutraceutical, and industrial applications.
- Our customer orientation is instrumental to our success. As a "learning" company – open-minded and driven by inner dynamism – we continuously enhance our processes in an ever-evolving environment.
- As a long-term partner and competent, genuine advisor, we enable our customers to stay one step ahead of the competition with sophisticated system solutions and services throughout the entire production process.
- We embrace our societal responsibility by ensuring significant ecological and economic impacts through our work.

4.1 The KORSCH Sustainability Strategy

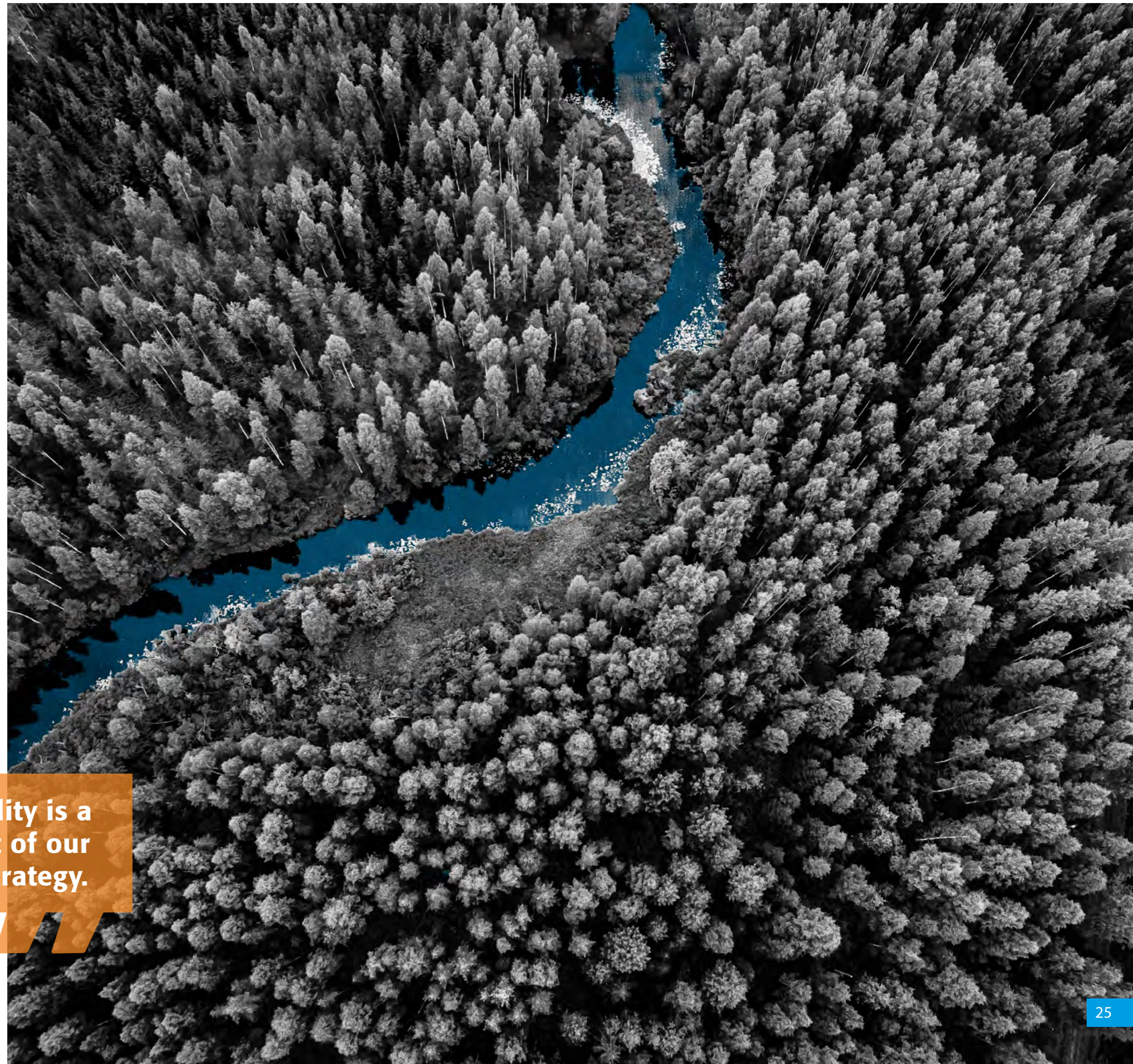
As a family-owned and global technology company, sustainability is a key element of our corporate strategy. We aim to be commercially successful and to contribute positively to society.

We believe that through technological innovations, we can contribute to addressing many global challenges, such as climate change, resource scarcity, and unequal access to health-care. Guided by strong values, responsibility is the foundation of our actions.

Creating long-term value for society is essential to maintaining our competitiveness in the future. As a sustainable company, we strive to balance environmental, social, and economic aspects for ourselves, our stakeholders, and society at large.

Our sustainability strategy includes well-defined, measurable goals and a timeline to achieve them. Additionally, it incorporates a monitoring and reporting structure to track progress toward meeting sustainability objectives.

**...sustainability is a
key element of our
corporate strategy.**



4.2 The KORSCH Sustainability Committee

Sustainability is a top leadership responsibility at KORSCH: Stephan Mies, the company's CEO, along with his authorized representatives, hold the accountability for this matter.

The Sustainability Committee includes the Sustainability Officer, the Environmental Management Representative, the Quality Management Representative, the Occupational Safety Specialist, the EHS (Environmental, Health, and Safety) Responsible, the Head of Property Development, and, on specific topics, representatives from Marketing, Purchasing, or IT.

Our Sustainability Committee meets regularly to evaluate the implementation and effectiveness of sustainability measures and, if necessary, decides on adjustments and course corrections.

Our enduring objective is the consistent worldwide implementation of our strategy across all KORSCH subsidiaries, branches, partners, and suppliers.

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5

**THE AGENDA
2030**

On September 25, 2015, the Agenda 2030 for Sustainable Development was adopted by the heads of state and government of the 193 member states of the United Nations in New York. At the core of Agenda 2030 are the 17 Sustainable Development Goals (SDGs) – a list of global objectives

aimed at promoting sustainable development worldwide and reducing poverty by addressing a wide range of challenges, including poverty, hunger, inadequate healthcare, inequality, climate change, environmental pollution, and lack of educational opportunities.

5.1

The 17 Sustainable Development Goals

No Poverty



Goal 1: End poverty in all its forms everywhere. Poverty is not natural, it is man-made, and can therefore be overcome and eradicated through appropriate measures. Eliminating poverty is not an act of charity, but an act of justice.

Nelson Mandela, Nobel Peace Prize Laureate

Zero Hunger



Goal 2: Achieve food security, improve nutrition, and promote sustainable agriculture. The world's agriculture could easily feed 12 billion people. That means a child who dies of hunger today is murdered.

Jean Ziegler, former UN Special Rapporteur on the right to food

Good Health and Well-Being



Goal 3: Ensure healthy lives and promote well-being for all at all ages.

It is time to constitute health care as part of a "social infrastructure" that understands health as a public good that must be available to all. *medico international*

Excellence in Education



Goal 4: Ensuring inclusive, equitable and quality education for all and promoting lifelong learning opportunities.

So, let us wage a battle against illiteracy, poverty, and terror, and for that, let's take our books and pens in hand. They are our most powerful weapons. A child, a teacher, a pen, and a book can change the world. Education is the only solution. Education is the beginning of everything.

Malala Yousafzai, Children's Rights Activist and Nobel Peace Prize Laureate

Gender Equality



Goal 5: Achieve gender equality and empower all women and girls for self-determination.

A society in which girls and young women can fully realize their intellectual, social, and political potential is also a safe, healthy, and thriving society.

Julia Gillard, Former Prime Minister of Australia

Clean Water and Sanitation for all



Goal 6: Ensure availability and sustainable management of water and sanitation for all.

We can achieve all development goals only if we understand how water, as a globally limited resource, is interconnected with other goals.

BORDA e.V.

Affordable and Clean Energy

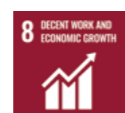


Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.

Building nuclear power plants without knowing where the nuclear waste will be stored is like pulling the pin on a hand grenade before knowing where to throw it.

Dieter Hildebrandt, cabaret artist, actor, and author.

Decent Work and Economic Growth



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.

The problem is not that we want more prosperity. The problem is that we define prosperity through material possessions.

Dennis Meadows, Economist

Industry, Innovation, and Infrastructure



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

The purest form of madness is to keep everything the same and hope that something will change.

Albert Einstein, theoretical physicist and Nobel Laureate

Less Inequality



Goal 10: Reduce inequality within and among countries.

If we were to increase the wealth of the bottom half to 1.5 or two percent, we would achieve as much for the poor as 30 years of growth, without further exceeding planetary boundaries.

Thomas Pogge, Professor of Philosophy

Sustainable Cities and Communities



Goal 11: Design cities and settlements inclusive, safe, resilient, and sustainable.

Sustainability means: Can we continue doing things the way we are doing them today, in the long run? If not, then it is not sustainable.

Anselm Göres, The "Forum for Ecological-Social Market Economy"

Sustainable Consumption and Production



Goal 12: Ensure sustainable consumption and production patterns.

Always the human spends money he doesn't have, on things he doesn't need, to impress people he doesn't like.

Danny Kaye, Actor, comedian, and singer

Measures for Climate Protection.



Goal 13: Take immediate action to combat climate change and its impacts.

Coming generations will not ask which party you belonged to. They will want to know what you did

when you knew the poles were melting.

Martin Sheen, American actor

Life Below Water.



Goal 14: Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.

We are choking ourselves to death with all the plastic we discard. It's killing our oceans. We ingest it through the fish we consume.

Kevin Bacon, American actor

Life on Land



Goal 15: Protect, restore, and promote sustainable use of terrestrial ecosystems.

We live in a dangerous age. Humanity controls nature before learning to control itself.

Albert Schweitzer

Peace, Justice, and Strong Institutions.



Goal 16: Promote peaceful and inclusive societies for sustainable development.

One must take sides. Neutrality helps the oppressor, never the victim. Silence encourages the tormentor, never the tormented.

Elie Wiesel, writer and Nobel Peace Prize laureate

Partnerships for the Goals



Goal 17: Strengthen implementation means and revitalize the global partnership for sustainable development.

We can be the first generation to eradicate poverty, as well as the last one that has the opportunity to save our planet.

Ban-Ki Moon, The UN Secretary-General from 2007 to 2016



KORSCH
INNOVATION CENTER



**KORSCH AND
THE AGENDA 2030**

6.1

KORSCH Goals

The Agenda 2030 is not just aimed at governments, but at everyone – including us, the private sector. Since its adoption by the international community in 2015, the engagement with these ambitious goals has been further intensified at KORSCH as well.

To claim that a medium-sized company could significantly contribute to achieving global goals would be inappropriate. Realistically, though, the midmarket can very well be active in certain areas for the benefit of many. For this reason, we have focused at an early stage on the sub-goals that are actually influenced by our daily actions. These are:

- "Health and well-being"
- "Gender equality"
- "Decent work and economic growth"
- "Industry, innovation and infrastructure"
- "Responsible consumption and production"
- "Climate action"
- "Partnerships to achieve the goals"

Some sub-goals such as "Quality Education" have already been part of our internal agenda. As other sub-goals, such as "Affordable and Clean Energy" or "Life Below Water," are beyond our control, they have not been addressed in this report.

Crucial to all implementation measures – both big and small – is the measurability of success. To achieve this, at KORSCH, we have established a committee that continuously documents and evaluates all sustainability processes, and where necessary, implements suitable measures for improvement. We do not solely focus on KORSCH Germany but also on our global branches, partners, and suppliers. This comprehensive approach ensures that sustainability efforts are consistent throughout our organization and supply chain.



"Health and Well-being"



"Gender Equality"



"Decent Work and Economic Growth"



"Industry, Innovation, and Infrastructure"



"Responsible Consumption and Production"



"Climate Protection Measures"



"Partnerships to achieve the goals"



6.2

The Seven KORSCH Focus Themes

6.2.1 "Health and Well-being"

"Health is not everything, but without health, everything is nothing." No one would seriously disagree with this simple realization because we all desire a healthy life and lifelong well-being. Fortunately, in modern industrialized nations, we have excellent and stable healthcare systems. We have access to clean water, good air quality, and the ability to maintain a healthy diet. Currently, our lives are more threatened by lifestyle diseases such as cancer, cardiovascular diseases, diabetes, or dementia, as well as severe conditions resulting from excessive alcohol, medication, drug, or tobacco consumption, often with fatal consequences.

Consequently, the concept of prevention has become increasingly important for companies. To effectively consider prevention potentials, an optimized integration of occupational health promotion and occupational safety is necessary.

At KORSCH, the well-being and health of our workforce have been recognized as the most crucial prerequisites for satisfied employees. The biggest challenge in this context was the pandemic, which had a firm grip on us, as it did on the rest of the world. The early establishment of a COVID-19 crisis management team and a high degree of personal responsibility, along with our own COVID testing center, helped guide us well through these difficult times.

Even without COVID-19, there are ongoing health care issues: Our company doctor regularly offers flu vaccinations, preventive check-ups, and counseling sessions. Furthermore, a group of first aiders from various departments complement the medical care at KORSCH.

The focus of occupational safety and its five core areas (safety engineering, occupational medicine, occupational hygiene, ergonomics, and work organization) has shifted from solely technical accident prevention to comprehensive prevention, also considering the psychological aspects of work. The current trend is towards an integrated management system, linking occupational safety, quality, and environmental management systems.

The key performance indicators of workplace accidents at KORSCH provide evidence of a positive trend: Ten years ago, there was an accident rate of 43 incidents per 1,000 employees. However, despite a significant increase in the number of employees, this rate has been halved (as of 2021) and is also one-third below the benchmark set by the occupational accident insurance association.

KORSCH offers flexible working hours, which is equally well-established for many employees, as well as remote work. This KORSCH-SDG (Sustainable Development Goal) is complemented by a comprehensive range of company sports activities, including volleyball, running groups, company runs, table tennis, triathlons, and football. Additionally, we offer a modern cafeteria with food subsidies for our employees.

At both our German headquarters and our subsidiaries, KORSCH America and KORSCH India, individual employees' social engagement is noteworthy, as well as the company's commitment through sponsorships and patronage. In Berlin, we support organizations such as CO₂-neutral handball club "Füchse Berlin," the "Red Noses" (clown visits to hospitals), the "kein Abseits!" organization (promoting equal opportunities), as well as other social institutions like "Diakonie" and support associations. Employees personally contribute to various social causes, ranging from voluntary work with organizations like the scouts and UNICEF to strong involvement in children's and youth sports.

At KORSCH America, we actively engage in cancer research and treatment for children, while at KORSCH India, significant emphasis is placed on providing social and medical assistance to those in need in the Hyderabad region.



Occupational Accidents

| | Number of Reportable Occupational Accidents | Illness Days of Reportable Occupational Accidents | Of which Travel Accidents in days) | Of which Occupational Accidents (in days) | Number of KORSCH Employees (Fulltime Employees) | Accident Rate per 1,000 Employees | BGHM (Employer's Liability Insurance Association for Wood and Metal) Comparative Value* |
|------|---|---|------------------------------------|---|---|-----------------------------------|---|
| 2013 | 8 | 92 | 19 | 73 | 185 | 43,24 | - |
| 2014 | 7 | 107 | 6 | 99 | 203 | 34,48 | 39,45 |
| 2015 | 7 | 90 | 22 | 68 | 214 | 32,71 | 36,97 |
| 2016 | 3 | 86 | 25 | 61 | 225 | 13,33 | 37,17 |
| 2017 | 5 | 129 | 93 | 36 | 256 | 19,53 | 34,59 |
| 2018 | 6 | 90 | 50 | 40 | 272 | 22,06 | 34,43 |
| 2019 | 4 | 131 | 10 | 121 | 277 | 14,44 | 32,80 |
| 2020 | 6 | 137 | 31 | 106 | 276 | 21,74 | 31,44 |
| 2021 | 6 | 102 | 13 | 89 | 274 | 21,90 | 33,11 |
| 2022 | 10 | 180 | 94 | 86 | 276 | 36,23 | - |

Days absent from work (working days Mon-Fri), reportable occupational accidents= as of 4th illness days.

*Source: Annual report BGHM



6.2.2 “Gender Equality”

An essential tool for promoting gender equality is Goal 5 of the United Nations’ Agenda 2030 for Sustainable Development, which aims to promote gender equality and empower women and girls. This includes measures such as expanding education and healthcare services, supporting women in agriculture and entrepreneurship, and promoting women in leadership positions.

To promote gender equality globally, efforts are also required at the national level. In case of Germany, this includes raising awareness about the importance of gender equality among the general population and the workforce. The mechanical engineering industry, historically a male-dominated field, offers a significant area of action in this regard. This is partly due to KORSCH’s work falling under the STEM fields (Science, Technology, Engineering, and Mathematics), which have traditionally been pursued mostly by men.

KORSCH supports gender equality and takes various measures to promote it. Besides eliminating all forms of discrimination, KORSCH uses gender-sensitive language in its internal employee magazine and increasingly in external publications like this report.

Years ago, a comprehensive review was conducted to find ways to significantly increase the overall number of women in the workforce, especially in leadership positions. Currently, the proportion of women at KORSCH is still around one-fifth of the total workforce, but the raw numbers can be deceiving. Unlike in the past, women are now increasingly filling managerial roles.

To further increase the proportion of women, creating better work-life balance is crucial. Beyond any debate about quotas, from an economic perspective, it is evident that there is a global shortage of skilled workers, and in many countries, there is also a shortage of children. Since we cannot afford to forego the economic potential of women or the future generation, the business world needs to be even more family friendly.

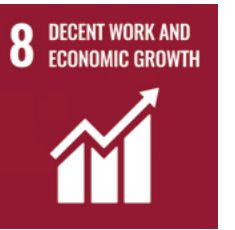
At KORSCH, considerable progress has been made in this area, as confirmed by one of our female leaders: “Starting a family has had no negative consequences for my career.” (Nerea Arcaraz, Marketing)

6.2.3 “Decent Work and Economic Growth”

In Western industrialized nations, the topic of “Decent Work” should ideally not be an issue. However, as with all other KORSCH Goals, our perspective extends beyond Germany’s borders. We critically examine all our subsidiaries and the entire supply chain that involves us and our products.

KORSCH opposes any form of child labor and wage dumping. We consistently pay at least the minimum wage, but in most cases, wages are significantly higher.

Furthermore, KORSCH has long invested significantly in modern workplaces and provides secure and modern workwear. To foster a peaceful and collegial environment among the 20 currently represented nationalities, we have modern common areas and social rooms. Flexible working hours and internal job postings are firmly established at KORSCH, ensuring that employees have opportunities for career development within the company.



Through annual motivation bonuses, all employees share in the company’s success. In challenging times, such as during the COVID-19 pandemic and inflationary periods, we provide additional support through special bonuses to ease the burden on every individual worker.

KORSCH supports gender equality and takes various measures to promote it.





Training, modifications, or maintenance of machines can also be completed emission-free with KORSCH PharmaView.

6.2.4 “Industry, Innovation, and Infrastructure”

In today’s world, the importance of a stable and resilient infrastructure has become evident. When such infrastructure is also of high quality and sustainable, it supports human well-being.

The same principles apply to industrialization – high quality and sustainability are essential for ensuring resilience. Sustainability in this context means: Using resources efficiently with environmentally compatible, innovative technologies and processes.

Cybersecurity

- With the increasing digitalization of most business processes, the IT infrastructure has become a crucial part of the value chain. The rising number of cyber-attacks, even targeting medium-sized companies, requires constant adaptation of measures and shifts the focus from protection against physical damages to information security, safeguarding against cyber-attacks.
- Implemented measures: Authorization concepts, multi-level data backups, access controls, network segregation, network traffic monitoring, encryption of end devices, modern antivirus solutions, and emergency plans.

CO₂ Footprint from Server and Clouds

- The IT department of KORSCH AG addresses the challenges of climate protection by employing modern and energy-efficient hardware and a demand-driven core infrastructure with appropriately sized systems.
- By strategically centralizing computing power in its own server farms, energy consumption and scalability are optimized, resulting in reduced idle times and the targeted shutdown of machines outside core working hours without compromising availability.

Emergency Strategy for Infrastructure Protection

- In an emergency manual, technical and organizational measures for handling emergencies are defined. These measures range from emergency setup and procedures to continuity strategies for various scenarios, as well as crisis management.

Energy and resource efficiency

- Since 2010, the energy consumption has been reduced by almost two-thirds despite increased production. This remarkable achievement occurred even with the implementation of energy-intensive additional projects during this period (such as the conversion of previously subleased spaces, acquisition of an additional large building, and renovation of the administrative building, among others).
- The CO₂ emissions from fuels have been reduced by more than one-third over the last 10 years.

Recycling rates

- Within the last 10 years, the recycling rate has ranged between 77 and 88 percent. In 2022, it reached 79 percent, with an upward trend.

Life cycle analysis and recyclability in product development

- Right from the stage of developing and designing our machines, we prioritize sustainability as a key criterion. This approach helps us achieve our sustainability goals and ensures that our customers benefit from maximum efficiency and minimal undesirable environmental impacts during production.

KORSCH PharmaView

- This technology improves service and support quality by significantly reducing machine downtimes worldwide: KORSCH service technicians travel less because they can resolve the majority of faults remotely using the mixed reality data glasses. If, for example, a customer in Beijing can be supported from Berlin in this way, the service technician’s avoided flight means a CO₂ saving of 2.2 tons – an example of environmentally compatible and resource-saving mobility.
- Training, modifications, or maintenance of machines can also be completed emission-free with KORSCH PharmaView.

Factory acceptance tests (FATs) of our machines by the customer

- Due to the pandemic, on-site Factory Acceptance Tests (FATs) were not possible for two years as our customers

could not travel to Berlin. What initially appeared to be a handicap could be turned into a benefit thanks to video live streaming and other communication channels. As a result, the FATs were carried out smoothly and flawlessly without a single flight mile.

- Even now, after most COVID-related restrictions have eased, many customers still prefer this emission-free alternative to the traditional “analog” FAT.

Online-Meetings

- Online meetings, which quickly became a part of our work routine in combination with remote work at the beginning of the pandemic, have now become a fixed component of our workday. Hybrid meetings have since been established, which no longer necessarily require physical presence and thus contribute to resource conservation. Similarly, KORSCH has conducted entire seminars in the same manner.

Waste Index Producer Number: L22405720

| Waste Designation | Consumption in 2014 [t] | Consumption in 2015 [t] | Consumption in 2016 [t] | Consumption in 2017 [t] | Consumption in 2018 [t] | Consumption in 2019 [t] | Consumption in 2020 [t] | Consumption in 2021 [t] | Consumption in 2022 [t] |
|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Total Waste Generation in (t): | 291,80 | 301,44 | 284,70 | 323,60 | 301,44 | 297,76 | 295,85 | 291,15 | 249,03 |

| Key Figure Recycling | | | | | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Amount not Recyclable (t) | 47,68 | 58,27 | 49,32 | 49,99 | 38,05 | 34,15 | 70,92 | 61,84 | 53,27 |
| Percentage not Recyclable (%) | 16,34 | 19,33 | 17,32 | 15,45 | 12,62 | 11,47 | 23,78 | 21,24 | 21,01 |



6.2.5 “Responsible Consumption and Production”

Sustainability aspects are already integrated into production decisions and processes at KORSCH. The origin of raw materials, for example, plays a vital role. Have human rights been respected in the extraction of raw materials? Have fair wages been paid? These questions are an integral part of our procurement policy.

Sustainability in the Manufacturing of Presses

- ...and in their future products is our stated goal. To achieve this, we have already taken all necessary steps during the development process that will lead to sustainable manufacturing and maximum efficiency for our customers. A simple example is the use of pneumatic systems instead of hydraulic ones, which eliminates the need for hydraulic oil and also increases the machine’s lifespan.
- Other examples include the use of energy-efficient motors and frequency-controlled exhaust systems, which clearly reflect our sustainable thinking and actions in our processes and products.

Energy efficiency

- In general, our machine factory is continuously modernizing on the path towards practiced energy efficiency. Constantly reducing energy consumption is

extremely important, and in the 10-year comparison, we achieved the lowest electricity and fuel consumption last year. The trend is towards further reduction.

- In the metal cutting production, we installed a robot last year that operates two milling machines and a briquetting plant.
- A special unique selling point: Our latest tableting machines measure their own efficiency!

The “Supply Chain Due Diligence Act” (LkSG)

- As of the beginning of 2023, the German legislature has significantly expanded corporate responsibility for large companies. The Supply Chain Due Diligence Act (LkSG), which came into effect on January 1st, regulates for the first time the corporate responsibility for ensuring compliance with human rights through the implementation of defined due diligence obligations in supply chains.
- One of these due diligence obligations is the establishment of a risk management system to identify and minimize the risks of human rights violations and environmental damage. The responsibility of companies under the law does not end “at the factory gate” but is extended to the entire supply chain, including the actions

- of third parties, for which companies must now also take responsibility.
- Although the LkSG initially applies only to companies with more than 3,000 employees (from 2024, it applies to companies with more than 1,000 employees), KORSCH – with 350 employees – decided to comply with this law.
- Suppliers are regularly audited throughout the year in accordance with these requirements.

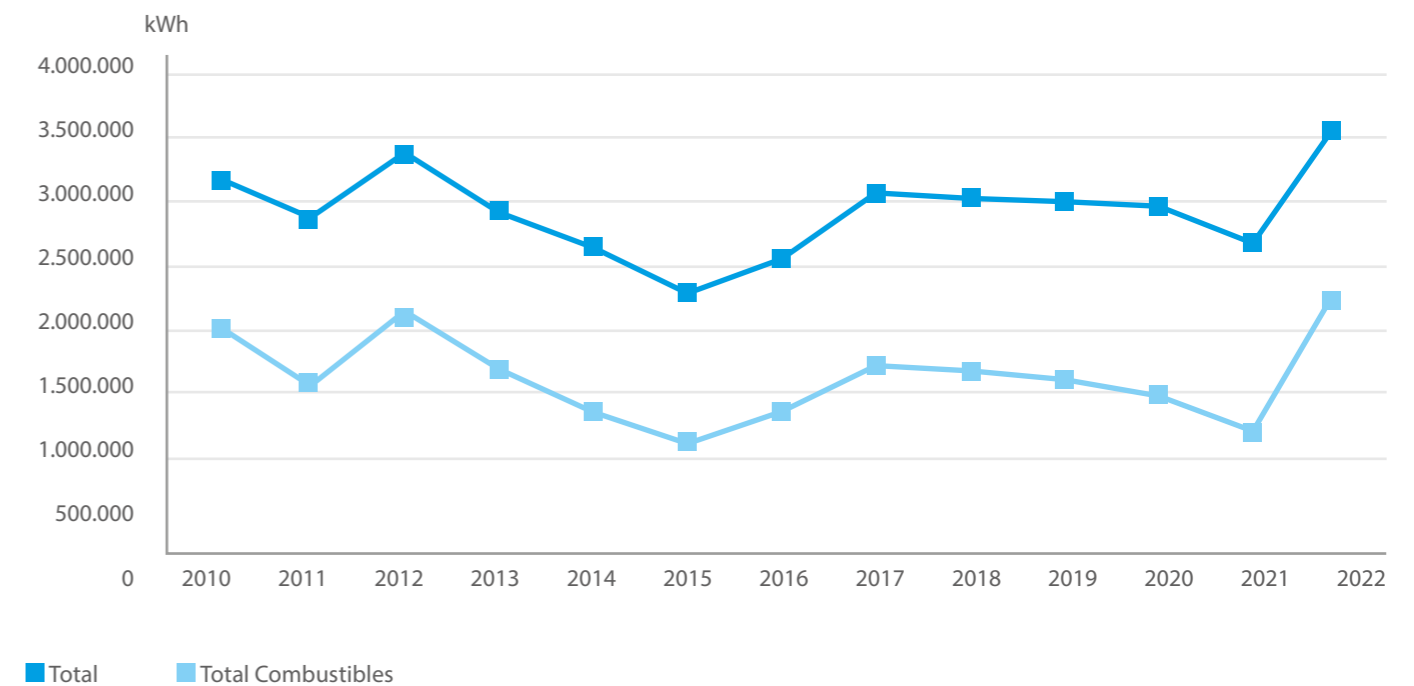
European Standard on Supply Chain Duty of Care (CSRD))

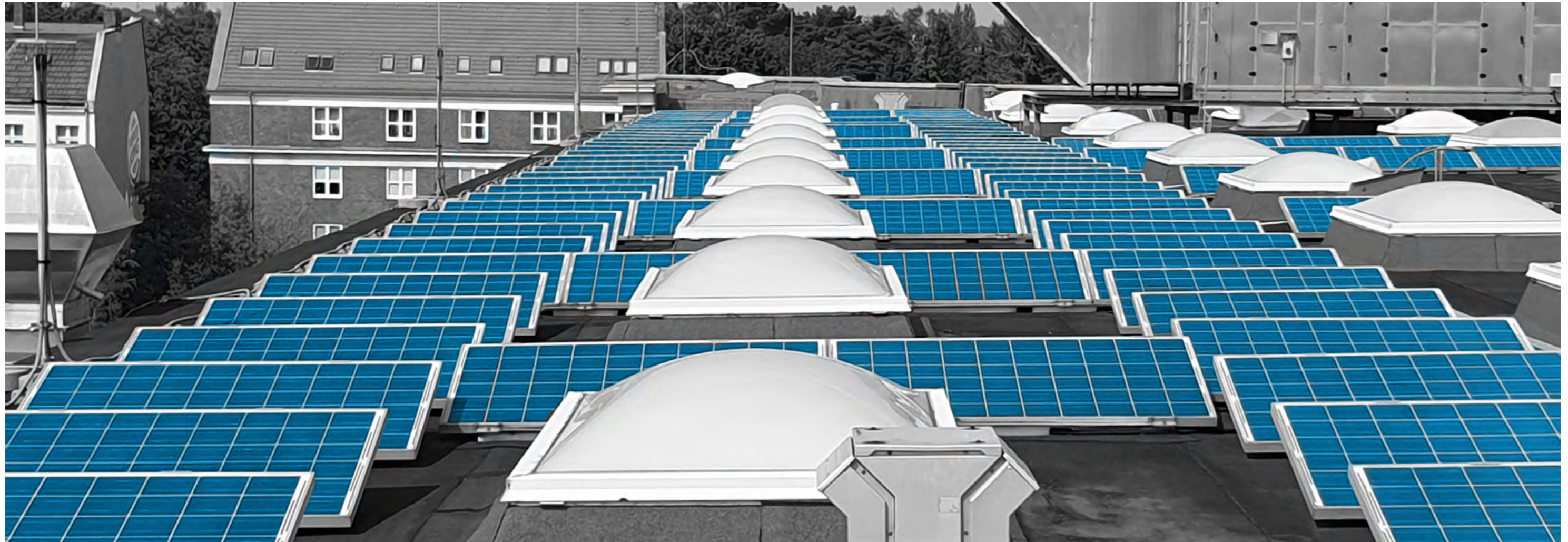
- In addition, KORSCH has committed itself particularly to the Corporate Sustainability Reporting Directive (CSRD), which will come into effect in 2025. The CSRD was

adopted by the EU Parliament in 2022 and represents the evolution of the Non-Financial Reporting Directive (NFRD). The CSRD significantly expands existing rules for non-financial reporting.

- Its objective is to make sustainability reporting mandatory and bring it on par with financial reporting. The new CSRD directive follows a “double materiality” perspective. In the future, companies must record and document the impact of sustainability aspects on the company’s financial performance.

Comparison of Energy Consumption





6.2.6 “Climate Protection Measures”

According to the Paris Climate Agreement, the global temperature increase should be limited to 1.5 degrees Celsius, and at the very least, well below 2 degrees Celsius compared to pre-industrial levels. Translating these goals into national targets, greenhouse gas emissions, for instance, should be reduced by 55 percent (compared to 1990 levels). Ultimately, achieving climate neutrality requires fundamental changes in both the economy and society.

KORSCH contributes to these climate goals, in addition to its previously described sustainability efforts, through a series of measures that support climate protection. Our emission reduction targets are officially documented in the Science-Based Targets (SBTs).

- For instance, KORSCH provides its employees with corporate tickets for public transportation, which are subsidized monthly by the company. This initiative not only encourages environmental-friendly commuting but also promotes safety in public transport.
- Furthermore, KORSCH offers its workforce the opportunity to purchase company bicycles, which can be included

as part of their salary through subsidized leasing. This approach promotes sustainable mobility options and contributes to reducing the carbon footprint.

- KORSCH is committed to playing its part in climate protection and is continuously exploring new ways to contribute to a greener future. By implementing these measures and adhering to our Science-Based Targets, we aim to make a positive impact on climate change and work towards a more sustainable world.
- Owners of electric vehicles have access to several e-charging stations on the company premises. These charging stations are powered by a solar installation that has been operational since 2012, generating 184,000 kWp (Kilowatt peaks) of electricity annually, equivalent to the same number of Kilowatt hours.
- The KORSCH fleet itself includes several electric and hybrid vehicles.
- The expanded and upgraded administrative building features a green roof.
- The new parking lot in front of the administrative building has infiltration areas throughout.

- Various recirculation dark radiators, a type of infrared heater, are used at KORSCH for fresh air heating and are integrated into a central heating system in combination with a heat exchanger.

Of course, both emissions and savings are recorded to document all developments. The different greenhouse gas emissions of the CO₂ footprint are aggregated into Scope 1, 2, and 3, a classification originating from the Greenhouse Gas Protocol (GHG Protocol). The GHG Protocol is a standard for measuring and communicating all greenhouse gas emissions across the entire value chain.

- Scope 1 includes direct emissions within the company; Scope 2 covers indirect emissions from purchased energy; and Scope 3 encompasses indirect emissions throughout the entire value chain.
- As Scope 3 emissions are difficult to determine (and not mandatory), we have focused our analysis on Scope 1 and Scope 2.



| Category | Unit | Current Period 2022 |
|-----------------------------------|---------------------|---------------------|
| CO ₂ Emissionen | t CO ₂ e | 863,96 |
| CO ₂ Emissions Scope 1 | t CO ₂ e | 364,54 |
| CO ₂ Emissions Scope 2 | t CO ₂ e | 499,42 |
| CO ₂ Emissions Scope 3 | t CO ₂ e | not specified |



6.2.7 “Partnerships to achieve the goals”

If companies were individuals, they would be polygamous in the purest sense of the word. They have many partners, who occasionally change! And this is despite the fact that companies, just like individuals, are interested in maintaining long-term, trustworthy, and reliable partnerships...

As with all companies, KORSCH also has a diverse range of partnerships. In terms of shaping the future and sustainability, intense partnerships with research and education institutions, such as universities and similar organizations, are noteworthy. For instance, KORSCH collaborates with the Technical University of Braunschweig and the APV (International Association for Pharmaceutical Technology) on the development of future dosage forms and processes.

Two special partnerships of KORSCH deserve mention: the one with L.B. BOHLE and the one with MEDELPHARM, which became part of KORSCH in 2022. KORSCH, L.B. BOHLE, and MEDELPHARM complement each other perfectly in their product portfolios: KORSCH manufactures tablet presses as the core of every processing chain, L.B. BOHLE produces all other devices and systems for mixing, dosing, granulating, and coating, and MEDELPHARM complements this production line with their compaction simulators for research and development.

Furthermore, there are partnerships with our customers that have lasted for decades. Without the mutual continuous exchange of ideas and expertise, developments towards sustainability would be impossible.

Our sponsorship and patronage engagements are also important partnerships: In Berlin, the company management supports the Füchse Berlin (a CO₂-neutral handball club), the Red Noses (clown visits in hospitals), the kein Absents! association (for an equitable society), and other social institutions.



Without the mutual continuous exchange of ideas and expertise, developments towards sustainability would be impossible.



**RATINGS AND
CERTIFICATIONS**

7.1

DIN ISO EN 9001 and DIN ISO EN 14001 – DEKRA Certification

Commonly known as the “German Industrial Standard,” DIN actually stands for “Deutsches Institut für Normung” (German Institute for Standardization). “ISO” stands for “International Organization for Standardization,” and “EN” is the abbreviation for “European Norm.” A “DIN ISO EN” certification is recognized in Germany, Europe, and worldwide.

The DIN ISO EN 9001, introduced at KORSCH in 1995, is a standard for quality management systems with the aim of establishing further integrated management systems, such as DIN ISO EN 14001. These quality management systems define the requirements that the company must meet to provide its products in a way that meets both customer expectations and legal and regulatory requirements. In this regard, quality and customer satisfaction are key!

The DIN ISO EN 14001 specifies how a company can implement and operate an environmental management system (EMS). The standard describes the requirements for an EMS on the one hand and provides recommendations on how a company can identify, assess, and control its environmental aspects with the goal of minimizing environmental impacts and improving environmental performance.

With the mentioned certification, KORSCH AG has already committed itself in 2014 to considering environmental protection while pursuing its corporate goals. All products and processes are subject to clearly defined environmental and energy objectives, and all employees are trained in environmentally conscious practices. Additionally, KORSCH AG has undertaken at that time to “reduce its energy consumption in the long term and continuously improve energy efficiency.”

The DIN ISO EN 14001 is part of the ISO 14000 family of standards for environmental management systems. It is particularly relevant for companies that directly or indirectly impact the environment and seek to improve their environmental



Quality and customer satisfaction are key!

performance. The standard is issued by the International Organization for Standardization (ISO) and is recognized in many countries worldwide. Companies that implement and operate their EMS according to DIN ISO EN 14001 can seek certification from an independent body to demonstrate compliance with the standard.



7.2 EcoVadis

EcoVadis is an assessment company that helps businesses improve their sustainability performance. It provides a platform where companies can have their sustainability performance evaluated in the areas of environment, social, and governance (ESG). The goal of EcoVadis' CSR ratings is to assess the quality of a company's CSR management system. The evaluation focuses on 21 criteria, grouped into four main themes (environment, labor practices and human rights, fair business practices, sustainable procurement). In the comprehensive assessment process, companies must answer questions about their practices and procedures related to ESG.

Companies analyzed by EcoVadis receive a sustainability rating in the form of an interactive and action-oriented scorecard, summarizing their CSR performance in terms of strengths and

areas for improvement, along with an overall score. (Source: www.deutscher-nachhaltigkeitskodex.de)

Companies can use these ratings to enhance their sustainability performance and optimize their ESG practices. Purchasers and other stakeholders can also utilize them to evaluate the sustainability of supply chains and businesses. Currently, KORSCH is in the application stage and is expected to undergo its first evaluation in the fall of 2023.

7.3 BLUECOMPETENCE Alliance Member

Partner of the Sustainability Initiative in Mechanical and Plant Engineering

The VDMA – Association of German Machinery and Plant Manufacturers – was founded in 1892 and is the most important representative of the mechanical engineering industry.

"Blue Competence is an initiative of the VDMA to promote sustainability in mechanical and plant engineering. At the same time, the goal of the initiative is to showcase sustainable solutions in industry that lead to new energy concepts, efficient use of scarce resources, or an improvement in the quality of life." (www.vdma.org)

Specifically, this means that the VDMA, through Blue Competence, promotes the development of sustainable machinery and equipment. This is particularly relevant for KORSCH, as new machine developments are increasingly viewed from the perspective of sustainability. Another significant aspect of the

Blue Competence initiative for KORSCH is the focus on resource and energy-saving technologies, as well as the reduction of emissions and waste.

As a long-standing member of the VDMA, KORSCH is committed to adhering to the 12 principles of mechanical and plant engineering (see following page) within the framework of Blue Competence, to further improve sustainability performance.

The partners of Blue Competence pursue four major shared objectives:

- Shaping the world with technology, even for the future.
- Achieving more with fewer resources.
- Taking responsibility.
- Being a role model.

The Blue Competence initiative advocates for the use of resources and energy-saving technologies, as well as the reduction of emissions and waste. It also provides training and work-



BLUECOMPETENCE

Alliance Member

Partner of the Engineering Industry
Sustainability Initiative

shops on sustainable machinery and equipment and fosters collaboration between companies and other stakeholders to develop joint solutions for sustainable challenges. The sustainability principles express this commitment:

Sustainability Principles of Machinery and Plant Engineering

Preamble:

Our understanding of forward-looking sustainability is based on the principles of economic success, fairness, respect, and responsibility, encompassing the dimensions of society, ecology, and economy. We view sustainable actions holistically, following the definition of the Brundtland Report and the German Council for Sustainable Development.

Strategic:

1. Sustainability is an integral part of our corporate strategy.
2. Through sustainable business models, we create stable values and ensure entrepreneurial success.
3. Our technology and solutions promote sustainable development worldwide.

Operational:

4. Sustainable thinking and actions are reflected in our processes and products.
5. We act resource-efficiently and advocate for climate protection.
6. Our employees are our most valuable asset. We foster commitment and opportunities for participation.
7. We are committed to upholding human rights.

Cultural:

8. Our company is a living space.
9. In our regions, we take on social responsibility.
10. We do what we promise!

Communicative:

11. We maintain active communication with all stakeholders.
12. We communicate our sustainable practices transparently.

Specific Implementation Measures at KORSCH

Strategic:

1. Our sustainability strategy has clearly defined, measurable goals and includes a timeline to achieve them. It also incorporates a monitoring and reporting structure to track progress in reaching sustainability targets.
2. As a global technology company, sustainability is a crucial component of our corporate strategy. We aim to be commercially successful and to contribute positively to society.
3. We believe that through technological innovations, we can contribute to solving many global challenges, such as climate change, resource scarcity, and unequal health opportunities. Our actions are guided by a strong set of values, with responsibility as the foundation of our actions.

Operational:

4. Sustainability in manufacturing of our presses and in our future products is our declared objective. In the development process, we take all necessary steps to ensure sustainable production and maximum efficiency for our customers. For example, using pneumatic systems instead of hydraulic ones, eliminates the need for hydraulic oil and also extends the machine's lifespan. Further examples include the implementation of energy-efficient motors and frequency-controlled exhaust systems, which clearly reflect our sustainable thinking and actions in our processes and products.
5. KORSCH pursues its sustainability efforts through a range of measures that contribute to climate protection, with the aim of achieving emission reduction targets set in the Science-Based Targets (SBTs). Among these measures, we have a fleet of electric and hybrid vehicles, charging stations, and solar modules for electricity generation (for more individual measures, see section 3.2.6).
6. We maintain an employee suggestion system with rewards, continuously conduct internal job postings, and award annual motivation bonuses (for more individual measures, see section 3.2.3).
7. KORSCH opposes child labor and any form of wage dumping. We ensure and consistently pay minimum wages, usually exceeding them significantly.

Cultural:

8. We promote various sports activities through company sports groups, regularly organize large-scale barbecues and Christmas celebrations, support voluntary social activities, provide modern recreational areas, and maintain a well-equipped cafeteria, offering meal subsidies.
9. We sponsor several sports clubs and non-profit organizations such as ROTE NASEN or kein Abseits! e.V. (for further commitments, see section 3.2.1).
10. In all our social activities, our guiding principle remains: "We have come to stay!"

Communicative:

11. We conduct regular employee surveys on all relevant topics and maintain close communication with our customers to identify areas for improvement. We have a comprehensive intranet and have always fostered an employee suggestion system.
12. We communicate our sustainable practices through our regularly published customer and employee magazines, on our website, as well as through internal communications and notices.



7.4 UN Global Compact

The UN Global Compact is an initiative of the United Nations that advocates for the implementation of Sustainable Development Goals (SDGs) and encourages businesses, governments, civil societies, and other stakeholders to integrate SDGs into their work. The initiative aims to turn the global sustainability goals into a shared agenda for all and ensure that all actors contribute to achieving SDGs. The UN Global Compact provides support and resources for companies and other organizations that want to contribute to the implementation of SDGs and also collaborates with governments to promote the integration of SDGs into national development plans. The initiative also advocates for the inclusion of people with disabilities and for gender equality.

Like over 19,000 other companies from 170 countries, KORSCH has joined the UN Global Compact to work together towards a vision: "A vision of a more inclusive and sustainable economy for the benefit of all people, communities, and markets, today and in the future." (UN Global Compact)

There is hardly a more suitable organization than the United Nations to provide a framework for such an initiative across all industries and borders. The UN Global Compact is neither a certifiable standard nor a regulatory instrument. Instead, it is "an open forum to initiate change processes and share ideas. In national networks, participants develop specific solutions, contributing to the global vision of the UN Global Compact."

All of this is based on ten universal principles that are closely linked to the Sustainable Development Goals (SDGs) of the Agenda 2030:

Human Rights:

1. Companies should support and respect the protection of international human rights.
2. Companies should ensure that they are not complicit in human rights abuses.

Labor Standards:

3. Companies should uphold the freedom of association and the right to collective bargaining.
4. Companies should work towards the elimination of all forms of forced labor.
5. Companies should work towards the abolition of child labor.
6. Companies should work towards eliminating discrimination in employment and occupation.

Environment:

7. Companies should follow the precautionary approach in dealing with environmental challenges.
8. Companies should take initiatives to promote greater environmental awareness.
9. Companies should accelerate the development and diffusion of environmentally friendly technologies.

Anti-Corruption:

10. Companies should oppose all forms of corruption, including extortion and bribery.

WE SUPPORT



Explanation of Terms and List of Abbreviations

When the topic of “sustainability in the private sector” is mentioned in public, the term CSR = Corporate Social Responsibility is inevitable. This corporate social responsibility means the voluntary responsibility of business for sustainable development. In this respect, we feel it is legitimate to equate CSR and sustainability.

List of abbreviations

| | |
|----------------|--|
| ■ APV | International Association for Pharmaceutical Technology |
| ■ CSR | Corporate Social Responsibility |
| ■ CSRD | Corporate Sustainability Reporting Directive |
| ■ DIN | German Industry Standard (Deutsche Industrie-Norm) |
| ■ DNS | German Sustainability Strategy (Deutsche Nachhaltigkeitsstrategie) |
| ■ ESG | Environmental, Social and Governance |
| ■ FAT | Factory Acceptance Test |
| ■ FC/TC | Food & Confectionary / Technical & Chemical |
| ■ GHG Protocol | Greenhouse Gas Protocol |
| ■ ISMS | Information Security Management System |
| ■ ISO | International Organization for Standardization |
| ■ LkSG | Supply Chain Sourcing Obligations Act |
| ■ NFRD | Non-Financial Reporting Directive |
| ■ SBT | Science-Based Target |
| ■ SDGs | Sustainable Development Goals |
| ■ VDMA | Association of German Machinery and Plant Manufacturers |



